News Release

Air Canada Renews Normal Course Issuer Bid

MONTREAL, May 19, 2016 – Air Canada today announced that its Board of Directors has approved the renewal of its normal course issuer bid for its Class A variable voting shares and Class B voting shares (collectively the "Shares"), authorizing, between May 30, 2016 and May 29, 2017, the purchase of up to 22,785,511 Shares, representing 10 per cent of the public float of 227,855,112 Shares as at May 16, 2016. Air Canada also received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid.

The renewal will follow on the conclusion of Air Canada's current normal course issuer bid expiring May 28, 2016 and pursuant to which Air Canada has purchased and cancelled since May 29, 2015 a total of 11,300,000 Shares, representing approximately 4.7 per cent of the public float as at May 14, 2015, at a volume-weighted average Share price of approximately $9.71 for an aggregate consideration of $109,691,288. As at May 16, 2016, a total of 277,773,055 Shares were issued and outstanding.

"Our record 2015 and first quarter 2016 results provide compelling evidence of our transformation to achieve long-term, sustainable profitability, and also provide us with the flexibility to launch a more aggressive normal course issuer bid. In line with our capital allocation strategy, the share repurchase program will be employed opportunistically and will serve as a useful tool for increasing shareholder value," said Michael Rousseau, Executive Vice President and Chief Financial Officer.

Air Canada believes that, from time to time, the market price of its Shares may not fully reflect the underlying value of its business and future prospects. In such circumstances, Air Canada may purchase for cancellation outstanding Shares, thereby benefitting all shareholders by increasing the underlying value of the remaining Shares.

Air Canada is authorized to make purchases under its renewed normal course issuer bid during the period from May 30, 2016 to May 29, 2017 in accordance with the requirements of the TSX. Purchases will be made by means of open market transactions on the TSX or alternative trading systems, if eligible, or such other means as the TSX or securities regulatory authorities may permit, including pre-arranged crosses, exempt offers and private agreements under an issuer bid exemption order issued by a securities regulatory authority. The price to be paid by Air Canada for any Share will be the market price at the time of acquisition, plus brokerage fees, or such other price as the TSX may permit. Any purchases made under an issuer bid exemption order would be at a discount to the prevailing market price of the Shares in accordance with the terms of the order.

The average daily trading volume of Air Canada's Shares was 1,902,783 Shares over the period between November 1, 2015 and April 30, 2016. Consequently, under TSX rules, Air Canada is allowed under its renewed normal course issuer bid to purchase daily, through the facilities of the TSX, a maximum of 475,695 Shares representing 25 per cent of the average daily trading volume, as calculated per the TSX rules. In addition, Air Canada may make, once per week, a block purchase of Shares not directly or indirectly owned by insiders of Air Canada, in accordance with TSX rules. All Shares purchased pursuant to the normal course issuer bid are cancelled.

About Air Canada

Air Canada is Canada's largest domestic and international airline serving more than 200 airports on six continents. Canada's flag carrier is among the 20 largest airlines in the world and in 2015 served more than 41 million customers. Air Canada provides scheduled passenger service directly to 64 airports in Canada, 55 in the United States and 87 in Europe, the Middle East, Africa, Asia, Australia, the Caribbean, Mexico, Central America and South America. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network serving 1,330 airports in 192 countries. Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax. For more information, please visit: www.aircanada.com, follow @AirCanada on Twitter and join Air Canada on Facebook.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to preliminary results, guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified by the use of terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, our ability to successfully achieve or sustain positive net profitability or to realize our initiatives and objectives, our ability to pay our indebtedness, reduce operating costs and secure financing, currency exchange, industry, market, credit, economic and geopolitical conditions, energy prices, competition, our ability to successfully implement strategic initiatives and our dependence on technology, war, terrorist acts, epidemic diseases, casualty losses, employee and labour relations, pension issues, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), limitations due to restrictive covenants, insurance issues and costs, changes in demand due to the seasonal nature of the business, dependence on suppliers and third parties, including regional carriers, Aeroplan and the Star Alliance, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties and the ability to attract and retain required personnel, as well as the factors identified throughout this news release and those identified in section 17 "Risk Factors" of Air Canada's 2015 MD&A dated February 17, 2016. The forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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