

Air Canada announces terms of \$500,000,000 substantial issuer bid

MONTREAL, May 13, 2025 /CNW/ - Air Canada (TSX: AC) today announced the terms of its previously announced substantial issuer bid (the "**Offer**") pursuant to which Air Canada will offer to purchase for cancellation up to \$500 million of its Class A Variable Voting Shares and Class B Voting Shares (collectively, the "**Shares**"). All dollar amounts are in Canadian dollars. The Offer is expected to commence on May 16, 2025 and expire at 11:59 pm (Eastern time) on June 20, 2025, unless extended, varied or withdrawn by Air Canada.



Air Canada logo (CNW Group/Air Canada)

The Offer will proceed by way of a modified "Dutch auction", pursuant to which shareholders wishing to tender their Shares will be entitled to do so by making (i) an auction tender for a specified number of Shares at a price not less than \$18.50 per Share and not more than \$21.00 per Share (an "**Auction Tender**") or (ii) a purchase price tender without specifying a price per Share, but rather agreeing to have a specified number of Shares purchased at the purchase price to be determined by the Auction Tenders (a "**Purchase Price Tender**"). For the purpose of determining the purchase price, shareholders who tender Shares in Purchase Price Tenders will be deemed to have tendered such Shares at the minimum price of \$18.50 per Share. Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender. The purchase price of all Shares under the Offer will be the lowest price that enables Air Canada to purchase up to the maximum number of Shares pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed \$500 million.

The Offer will be for approximately up to 7.4% to 8.4% of the total number of issued and outstanding Shares (based on the maximum and minimum prices per Share thereunder, being \$21.00 and \$18.50 per Share, and 322,726,980 Shares issued and outstanding as of the date hereof. The Offer will be optional for all shareholders, who will be free to choose whether to participate, how many Shares to tender and, in the case of Auction Tenders, at what price to tender within the specified range. All Shares purchased under the Offer will be cancelled.

The purchase price to be paid by Air Canada for each validly deposited Share will be determined upon the expiry of the Offer and will be based on the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders, and the prices specified by shareholders making Auction Tenders. As a result, shareholders who tender their Shares will help determine the purchase price for the Offer. Shares deposited at or below the purchase price as finally determined by Air Canada will be purchased at such purchase price, subject to proration (if applicable, as described below). Shares that will not be taken up and purchased in connection with the Offer, including Shares deposited pursuant to Auction Tenders at prices above the purchase price, Shares not purchased due to proration, or Shares properly withdrawn before the expiration of the Offer, will be returned to shareholders.

If the aggregate purchase price for Shares validly deposited and not withdrawn in accordance with the Offer is greater than \$500 million, Air Canada will purchase a portion of the Shares so deposited from shareholders who made Auction Tenders at or below the purchase price, as finally determined by Air Canada, and Purchase Price Tenders on a *pro rata* basis, except that "odd lot" holders (holders of less than 100 Shares) will not be subject to proration.

Air Canada is making the Offer as it believes that the recent trading price of its Shares is not fully reflective of the value of its business and future prospects. In such circumstances, Air Canada and its Board of Directors believe that the purchase of Shares is an attractive and appropriate use of its available cash on hand, consistent with Air Canada's priority of investing in its growth, maintaining balance sheet strength and generating shareholder value through a balanced capital allocation strategy.

Air Canada expects to fund any purchases of Shares pursuant to the Offer with available cash on hand. Air Canada and its Board of Directors believe that the Offer represents an equitable and efficient means for the Air Canada to return up to \$500 million to shareholders who elect to tender their Shares while at the same time proportionately increasing the equity ownership in relation to Shares not tendered. In addition, as the purchase of Shares pursuant to the Offer will reduce the number of outstanding Shares, the Offer, if completed, is expected to allow Air Canada to further address some of the shareholder dilution experienced from financing decisions necessary during the COVID pandemic.

As part of its long-term plan, Air Canada and its Board of Directors establish capital allocation objectives with disciplined balance sheet management and responsible risk profile and continually evaluate opportunities to create value for shareholders and to return value to them.

The Offer will not be conditional upon any minimum number of Shares being tendered, but will be subject to various other conditions as detailed in the offer to purchase, its accompanying issuer bid circular, the related letter of transmittal and notice of guaranteed delivery and other related documents containing the terms and conditions of the Offer, instructions for shareholders wishing to tender their Shares pursuant to the Offer, and the factors considered by Air Canada and its Board of Directors in making its decision to approve the Offer (collectively, "**Offer Documents**"). Air Canada expects to mail the Offer Documents on or about May 16, 2025 and will file the Offer Documents with the applicable securities regulators on SEDAR+ at www.sedarplus.ca (where they will be available free of charge). Air Canada reserves the right, in its sole discretion, subject to applicable laws, to waive any condition, and to withdraw, extend, vary or cancel the Offer, if, at any time prior to the payment of deposited Shares, certain events occur.

Shareholders holding Shares through an investment dealer, stock broker, bank, trust company or other nominee should contact such investment dealer, stock broker, bank, trust company or other nominee if they wish to tender Shares pursuant to the Offer. Such shareholders should check with such broker, dealer, commercial bank, trust company or other nominee to determine whether any fees will be charged in relation to tendering Shares on behalf of such shareholders. Such shareholders should also confirm with their investment dealer, stock broker, bank, trust company or other nominee any deadlines by which they must provide tender or deposit instructions, as the relevant deadlines set by such nominee may be earlier than the deadlines set forth in the Offer Documents.

TSX Trust Company has been engaged by Air Canada to act as depositary for the Offer (the "**Depositary**"). TD Securities Inc. (the "**Dealer Manager**") has been retained to act as financial advisor to Air Canada and dealer manager in connection with the Offer. Shareholders who have questions with respect to the Offer, or require any assistance with respect to the Offer, including how to tender or deposit Shares pursuant to the Offer, may contact the Depositary by telephone at +1-800-387-0825 (toll-free in North America) or at (416) 682-3860 or by email at: shareholderinquiries@tmx.com, or the Dealer Manager by email at AirCanadaSIB@tdsecurities.com.

Air Canada's Board of Directors has approved the Offer. However, none of Air Canada, its Board of Directors, the Dealer Manager or the Depositary makes any recommendation to any shareholder as to whether to tender or refrain from tendering Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own financial, legal, investment and tax advisors, and make their own decisions as to whether to tender Shares under the Offer, and, if so, how many Shares to tender and the price or prices at which to tender. Shareholders should carefully consider the income tax consequences of accepting the Offer and tendering Shares to the Offer.

This news release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell Shares or any other securities of Air Canada. The Offer referred to in this news release has not yet commenced. The solicitation and the offer to buy Shares will only be made pursuant to Offer Documents to be filed with the applicable securities regulators in Canada.

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 guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using 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. These statements also include statements relating to the terms of the Offer and its anticipated benefits, the maximum dollar value of Shares that Air Canada may purchase under the Offer, the structure of the Offer including a modified Dutch auction procedure, the timing for mailing of the Offer Documents, commencement and expiration of the Offer, the price at which Air Canada will repurchase Shares under the Offer, and Air Canada's intention to fund the Offer with cash on hand.

Forward-looking statements, by their nature, are based on assumptions including those described herein and are subject to important risks and uncertainties, which are amplified in the current environment. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic conditions, statements or actions by governments and uncertainty relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting impacts on the Canadian, North American and global economies and travel demand, geopolitical conditions such as the military conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, Air Canada's dependence on technology, cybersecurity risks, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), employee and labour relations and costs, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay its indebtedness and maintain or increase liquidity, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star

Alliance® and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.ca and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2024 MD&A and in section 14 "Risk Factors" of Air Canada's First Quarter 2025 MD&A.

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 because of new information, future events or otherwise, except as required under applicable securities regulations.

About Air Canada

Air Canada is Canada's largest airline, the country's flag carrier and a founding member of Star Alliance, the world's most comprehensive air transportation network. Air Canada provides scheduled service directly to more than 180 airports in Canada, the United States and Internationally on six continents. It holds a Four-Star ranking from Skytrax. Air Canada's Aeroplan program is Canada's premier travel loyalty program, where members can earn or redeem points on the world's largest airline partner network of 45 airlines, plus through an extensive range of merchandise, hotel and car rental partners. Through Air Canada Vacations, it offers more travel choices than any other Canadian tour operator to hundreds of destinations worldwide, with a wide selection of hotels, flights, cruises, day tours, and car rentals. Its freight division, Air Canada Cargo, provides air freight lift and connectivity to hundreds of destinations across six continents using Air Canada's passenger and freighter aircraft. Air Canada's climate-related ambition includes a long-term aspirational goal of net-zero greenhouse gas emissions by 2050. For additional information, please see [Air Canada's TCFD disclosure](#). Air Canada shares are publicly traded on the TSX in Canada and the OTCQX in the US.

Internet: aircanada.com/media

Sign up for Air Canada news: aircanada.com

Media Resources:

[Photos](#)

[Videos](#)

[B-Roll](#)

[Articles](#)

SOURCE Air Canada

 View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/May2025/13/c8839.html>

%SEDAR: 00001324E

CO: Air Canada

CNW 20:23e 13-MAY-25