AIRBUS, BOMBARDIER AND INVESTISSEMENT QUÉBEC AGREE C SERIES PARTNERSHIP CLOSING EFFECTIVE JULY 1, 2018

News / Finance, Manufacturer

Airbus to acquire majority stake in the C Series Aircraft Limited Partnership, effective July 1, 2018

· All regulatory approvals required for the closing of the transaction have been obtained

· Partnership head office, leadership team and primary final assembly line located in Mirabel, Québec (representing some 2,200 employees and subcontractors), with the support of the C Series global supply chain

· Partnership brings together two complementary product lines, with 100-150 seat market segment projected to represent 6,000 new aircraft over the next 20 years

· Addition of Airbus' global reach to create significant value for C Series' customers, suppliers, employees, shareholders and communities

· Significant C Series production efficiencies anticipated by leveraging Airbus' production ramp-up expertise

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· **Growing market for C Series to support second Final Assembly Line in Alabama, serving U.S. customers**

Having received all required regulatory approvals, Airbus SE (EPA: AIR), Bombardier Inc. (TSX: BBD.B) and Investissement Québec (IQ) have agreed to close the C Series transaction effective on July 1, 2018. The transaction by which Airbus will acquire a majority stake in the C Series Aircraft Limited Partnership (CSALP) was initially announced in October 2017. The Mirabel-based partnership, which was originally established between Bombardier and IQ, will benefit from Airbus' global reach, scale, procurement organization and expertise in selling, marketing and producing the C Series – a state-of-the-art jet aircraft family in the 100-150 seat market.

Airbus will work with its partners Bombardier and IQ to fully unlock the C Series' potential and create significant new value for customers, suppliers, employees, shareholders and the communities in which the partnership operates. The partnership's head office, primary assembly line and related functions will be based in Mirabel, Québec.

As previously announced, Bombardier will continue with its current funding plan of CSALP. Due to the early closing of the partnership, the terms of this plan are updated according to the following schedule: Bombardier will fund the cash shortfalls of CSALP, if required, during the second half of 2018, up to a maximum of US$225 million; during 2019, up to a maximum of US$350 million; and up to a maximum aggregate amount of US$350 million over the following two years, in consideration for non-voting participating shares of CSALP with cumulative annual dividends of 2%. Any excess shortfall during such periods will be shared proportionately amongst CSALP's Class A shareholders. Airbus will consolidate CSALP effective from July 1, 2018 onwards. Further financial information on the transaction will be provided later this year.

The C series program continues to ramp up. Having delivered 17 aircraft in 2017, it is gearing up to double its deliveries in 2018.

With the C Series' demonstrated in-service performance and the finalization of this partnership, the parties expect increased demand to support a second C Series Final Assembly Line in Mobile, Alabama, dedicated to supplying U.S.-based customers. The C Series is positioned to capture a large percentage of the estimated 6,000 aircraft needed in this market segment over the next 20 years.

Airbus Chief Executive Officer Tom Enders said: "This partnership extends our commitment to Québec and to all of Canadian aerospace, and we are very glad to welcome so many C Series teammates into the extended Team Airbus. The strength of the entire Airbus organization will be behind the C Series. Not only will that enable this outstanding aircraft to fulfill its market potential, but we are convinced the addition of the C Series to our overall aircraft product offering brings significant value to Airbus, our customers and shareholders."

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“This marks the beginning of a very exciting new chapter for the C Series and the Canadian Aerospace industry,” said Alain Bellemare, Bombardier President and Chief Executive Officer. “The C Series is widely recognized as the most advanced and efficient aircraft in its class and this partnership will ensure its commercial success. Airbus’ unmatched global scale, strong customer relationships and operational expertise are necessary ingredients for unleashing the full value of the aircraft. Together, we will create tremendous new value and opportunities for airlines, suppliers, shareholders and employees.”

“By combining the world’s most innovative and efficient aerospace technology – designed and engineered in Québec – with Airbus’ market and expertise, we are creating a brand new dynamic in a promising segment,” noted Québec’s Deputy Premier, Minister of Economy, Science and Innovation and Minister responsible for the Digital Strategy Dominique Anglade. “Above all, we are ensuring the growth of the C Series and securing the more than 2,000 jobs attached to it in Mirabel. In addition to maintaining the C Series’ head office, engineering and R&D activities in Québec, this partnership positions Montréal as Airbus’ largest research and development centre outside Europe, representing tremendous opportunities for our entire aerospace industry.”

“The C Series team in Québec is proud to participate in this opportunity to drive the success of this amazing aircraft,” said Philippe Balducchi, CEO of the C Series partnership. “Our teams have worked tirelessly to merge cultures and bring operations together well ahead of schedule and are confident in our ability to make this win-win partnership a thriving commercial success. The composition of the C Series leadership team reflects our principles of bringing together the best talent that both sides have to offer. We are ready to turn outward and help our customers get their hands on the hottest aircraft in its segment.”

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