

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Oct 7, 2020
2. SEC Identification Number
154675
3. BIR Tax Identification No.
948-229-000
4. Exact name of issuer as specified in its charter
CEBU AIR, INC.
5. Province, country or other jurisdiction of incorporation
Cebu City, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
Level 4 Unit 4030-403, Robinsons Galleria Cebu, General Maxilom Avenue cor. Sergio
Osmena Boulevard, Cebu City
Postal Code
6000
8. Issuer's telephone number, including area code
(632) 8802-7000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	600,316,700
11. Indicate the item numbers reported herein
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The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Cebu Air, Inc.

CEB

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting
*References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules*

Subject of the Disclosure

Notice of Special Stockholders' Meeting

Background/Description of the Disclosure

Notice of Special Stockholders' Meeting

Type of Meeting

Annual

Special

Date of Approval by Board of Directors	Oct 7, 2020
Date of Stockholders' Meeting	Nov 20, 2020
Time	10:00 A.M.
Venue	Via video conferencing in accordance with the rules of the Securities and Exchange Commission
Record Date	Oct 21, 2020

Agenda

The Agenda for the meeting is as follows:

1. Proof of notice of the meeting and existence of a quorum;
2. Amendment of Article Seventh of the Articles of Incorporation to increase the authorized capital stock of the Corporation from One Billion Three Hundred Forty Million Pesos (PHP1,340,000,000.00) to One Billion Seven Hundred Forty Million Pesos (PHP1,740,000,000.00) and to create a new class of convertible preferred shares (the "Convertible Preferred Shares") and delegation of authority to the Board of Directors of the Corporation to determine the features, rights and privileges of the Convertible Preferred Shares;
3. Amendment of Article Seventh of the Articles of Incorporation to include a denial of pre-emptive rights for equity-linked instruments to be issued by the Corporation, which include convertible bonds, exchangeable bonds and convertible preferred shares;
4. Approval for the offer for sale or subscription of the Convertible Preferred Shares via a stock rights offering and delegation of authority to the Board of Directors to determine the terms and conditions of the offering, including the transaction price, the number of shares to be offered, and to engage the services of underwriters, advisors, legal counsel, and other agents as may be necessary, proper or desirable to ensure the success of the offering;
5. Approval for the listing of the (a) Convertible Preferred Shares and the (b) underlying common shares of the Convertible Preferred Shares with the Philippine Stock Exchange ("PSE");
6. Approval for the offer for sale and issuance of convertible bonds (the "Convertible Bonds") to such number of investors to be determined by the Board of Directors, and the delegation of authority to the Board of Directors to negotiate and determine the terms and conditions of the issuance, including the transaction price, the terms and conditions of the issuance, and to engage the services of arrangers, advisors, legal counsel, and other agents as may be necessary, proper or desirable for the transaction;
7. Approval for the listing of the underlying common shares of the Convertible Bonds with the PSE;
8. Waiver of the requirement to conduct a rights or public offer in the event that the holder of the Convertible Bonds and Convertible Preferred Shares will result in the issuance of at least 10% of the Corporation's total issued and outstanding shares pursuant to Article V Part A of the PSE Revised Listing Rules;
9. Consideration of such other matters as may properly come during the meeting;
10. Adjournment.

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End Date	N/A

Other Relevant Information

Please find attached the Explanation of Agenda Items for stockholders' approval.

Filed on behalf by:

Name	Vivian Lim
Designation	Director-General & Cost Accounting

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

The airline industry faces significant challenges as a result of unprecedented events outside the control of CEBU AIR, INC. (the "Corporation") brought by the COVID-19 pandemic. Travel restrictions imposed by various governments, both local and abroad, have led to abrupt reduction in passenger traffic for the Corporation and casts uncertainty over the near term prospects of the Corporation despite its market leadership.

In the first six months of 2020, the Corporation recorded revenues amounting to PHP17.3 billion, a 61.2% decline from the PHP44.7 billion revenues generated in the same period last year. The lockdowns imposed in various parts of the country led to cancellation of flights across the Corporation's entire network. From March 15 to June 30, 2020 alone, around 44,000 flights were cancelled and 2.1 million passengers were affected. Today, the Corporation is operating only about 15% of its pre-COVID 19 operations.

Due to this exceptional change in market conditions and industry dynamics, the Corporation saw the urgent need to fast track its transformation. It is currently implementing a business transformation exercise that involves right-sizing of network and fleet to meet new demand, and improvement of operations efficiency through process and policy enhancements and digitalization, among others. This places the Corporation in a better position to respond to this harsh reality.

As part of the business transformation exercise, the Corporation intends to undergo a fundraising plan (the "Business Transformation Fundraising Plan") that will enable the Corporation to navigate the current environment and thrive in the new normal. As such, the Business Transformation Fundraising Plan aims to raise aggregate proceeds of approximately USD500.0 million involving:

- a. a convertible preferred shares (the "Convertible Preferred Shares") rights issue for an aggregate proceeds of about USD250.0 million (or its equivalent in Philippine Peso) (the "Convertible Preferred Shares Rights Issue"); and
- b. a private placement of convertible bonds (the "Private Placement") with aggregate subscription price of up to USD250.0 million (the "Convertible Bonds").

The proceeds from this Business Transformation Fundraising Plan shall be used to strengthen the balance sheet of the Corporation and for general corporate purposes.

In line with the foregoing, the Board of Directors of the Corporation is seeking shareholders' approval to amend the Amended Articles of Incorporation to increase the Corporation's authorized capital stock from PHP1,340,000,000.00 to PHP1,740,000,000.00 and create a new class of convertible preferred shares with a par value of PHP1.00 per share.

The proposed increase in authorized capital stock will pave the way for the proposed Business Transformation Fundraising Plan. The determination of the final terms and conditions of the Convertible Preferred Shares Rights Issue and the Convertible Bonds Private Placement (including the issue price, transaction size and other salient terms) has been delegated to the Board of Directors. However, the issue price of such offerings will be decided based on various factors, including the prevailing market price at such relevant time, and the broader equity capital market conditions, and the conversion price of the Convertible Preferred Shares and the Convertible Bonds is expected to be the same and to be set within PHP38 to PHP45 range, representing 2% to 21% conversion premium over CEB's 30-day volume weighted average price from August 26, 2020 to October 7, 2020.

The Corporation would also like to highlight that the proposed Convertible Preferred Shares Rights Issue and Convertible Bonds Private Placement would be fair, transparent and equitable to all shareholders. All relevant approvals will be sought from, and appropriate disclosures would be made to, the Securities and Exchange Commission and the Philippine Stock Exchange.