

EXCHANGE INCOME CORPORATION COMPLETES ACQUISITION OF PROVINCIAL AEROSPACE

WINNIPEG, Manitoba, January 2, 2015 – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”), a diversified, acquisition-oriented company announced today it has successfully closed its acquisition of Provincial Aerospace Ltd. (“PAL”), a diversified Canadian-based aerospace and aviation company. The acquisition was first announced November 12, 2014.

EIC paid a total purchase price of approximately \$246 million, subject to customary post-closing adjustments, of which 5% was paid through the issuance of 523,188 common shares of EIC. The balance, or \$234 million, was financed through the Corporation’s unutilized credit facility. In order to satisfy certain retention obligations arising pursuant to the acquisition of PAL, an employee benefit trust has been established pursuant to which EIC shares will be acquired. Any common shares purchased by the trust will be made or deemed to be made pursuant to EIC’s recently announced normal course issuer bid.

PAL is headquartered in St. John’s, Newfoundland & Labrador, operates three distinct businesses across the aerospace, airline and aviation services sectors:

- Provincial Aerospace is a global leader in intelligence, surveillance, reconnaissance and maritime patrol aircraft operations and systems. As a vertically integrated aerospace and defense business, Provincial Aerospace designs, modifies, maintains and operates custom sensor equipped maritime patrol aircraft in Canada, the Caribbean and the Middle East;
- Provincial Airlines is an independent airline that has been operating for over 40 years in Eastern Canada providing scheduled, charter and cargo services. Provincial Airlines operates 210 weekly scheduled and charter flights in Newfoundland and Labrador, Quebec, New Brunswick and Nova Scotia. In addition, Provincial Airlines operates Innu Mikun Airlines, a partnership with the Innu First Nations of Labrador, which services the coastal communities of Labrador.
- PAL Aviation Services operates fixed base operations at two locations, Halifax, NS and St. John’s, NL. Additional services include aircraft refueling, ground handling and aircraft facilities.

CIBC World Markets Inc., Aikins Law and Renaissance Strategic Advisors acted for EIC. BMO Capital Markets acted as financial advisor and Dentons Canada LLP and McInnis Cooper acted as legal counsel to PAL in connection with the transaction.

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth.

The Corporation currently operates two segments: Aviation and Manufacturing. The Aviation segment consists of the operations by Perimeter Aviation, Keewatin Air, Calm Air International, Bearskin Lake Air Service, Custom Helicopters, Regional One and Provincial Aerospace. The Manufacturing segment consists of the operations by Jasper Tank, Overlanders Manufacturing, Water Blast Manufacturing, Stainless Fabrication and WesTower Communications in Canada. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

Caution concerning forward-looking statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, the dependence of Exchange Income Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation's financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclical nature of the industries, seasonality of the businesses, poor weather conditions, and foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

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