

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer, tax advisor, accountant or other professional advisor. If you have questions, you may also contact TD Securities Inc., our Dealer Manager (as defined below), using their contact details set out below and on the back page of this document.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer (as defined below) is not being made to Shareholders (as defined below) in any jurisdiction in which the making or the acceptance thereof would not be in compliance with the laws of such jurisdiction. However, Air Canada may, in its sole discretion, take such action as it may deem desirable to make the Offer in any such jurisdiction and to extend it to Shareholders therein.

This Offer has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

For Shareholders (as defined below) in the United States: The Offer is made by a Canadian issuer for its own Shares (as defined below), and while the Offer is subject to the disclosure requirements of the provinces of Canada, Shareholders in the United States should be aware that these disclosure requirements are different from those of the United States. The financial statements of Air Canada have been prepared in accordance with International Financial Reporting Standards (IFRS) and thus may not be comparable to financial statements of U.S. companies. The enforcement by Shareholders in the United States of civil liabilities under U.S. federal and state securities laws may be adversely affected by the fact that Air Canada exists under the Canada Business Corporations Act and is located in Canada, and that certain of its directors and officers are non-residents of the United States.

August 20, 2026



AIR CANADA

OFFER TO PURCHASE FOR CASH

UP TO \$800,000,000 IN VALUE OF ITS CLASS A VARIABLE VOTING SHARES AND CLASS B VOTING SHARES AT A PURCHASE PRICE OF NOT LESS THAN \$29.00 AND NOT MORE THAN \$33.00 PER SHARE

Air Canada hereby offers, upon the terms and subject to the conditions described herein, to purchase for cancellation a number of Class A Variable Voting Shares (the “**Variable Voting Shares**”) and Class B Voting Shares (the “**Voting Shares**”, and together with the Variable Voting Shares, the “**Shares**”) of Air Canada validly deposited and not validly withdrawn having an aggregate purchase price not exceeding \$800,000,000. The purchase price of any Share taken up by Air Canada (the “**Purchase Price**”) will be determined in the manner described below but will not be less than \$29.00 and not more than \$33.00 per Share.

The offer by Air Canada is subject to the terms and conditions set forth in this offer to purchase (the “**Offer to Purchase**”), the accompanying issuer bid circular (the “**Circular**”), and the related letter of transmittal (the “**Letter of Transmittal**”) and notice of guaranteed delivery (the “**Notice of Guaranteed Delivery**”) (which together constitute, and are herein referred to as, the “**Offer**”).

The Offer will commence on August 20, 2026 and expire at 5:00 p.m. (Eastern time) on September 24, 2026 or such later time and date to which the Offer may be extended by Air Canada (such time on such date, the “Expiration Date”), unless withdrawn or varied by Air Canada. The Offer is not conditional upon any minimum number of Shares being validly deposited under the Offer. The Offer is, however, subject to other conditions and Air Canada reserves the right, in its sole discretion, subject to applicable laws, to waive any condition, and to withdraw, extend, or vary the Offer or to postpone the payment for Shares deposited if, at any time prior to the payment of any Shares, certain events occur. See Section 7 of the Offer to Purchase, “Certain conditions of the Offer”.

Holders of Shares (collectively, the “**Shareholders**”) wishing to tender to the Offer may do so pursuant to:

- auction tenders in which the tendering Shareholders specify the number of Shares being tendered at a price (the “**Auction Price**”) of not less than \$29.00 and not more than \$33.00 per Share in increments of \$0.10 per Share (the “**Auction Tenders**”); or
- purchase price tenders in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price to be determined by the Auction Tenders (the “**Purchase Price Tenders**”).

Shareholders who wish to tender Shares without specifying a price at which such Shares may be purchased by Air Canada should make a Purchase Price Tender. Shareholders who validly deposit Shares without specifying the method in which they are tendering their Shares will be deemed to have made a Purchase Price Tender.

Promptly following the Expiration Date, Air Canada will determine the Purchase Price, which will not be less than \$29.00 and not more than \$33.00 per Share. The Purchase Price will be the lowest price that enables Air Canada to purchase the maximum number of Shares pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed \$800,000,000. If the Purchase Price is determined to be \$29.00 (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by Air Canada is 27,586,206 Shares. If the Purchase Price is determined to be \$33.00 (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by Air Canada is 24,242,424 Shares. If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Shares will be purchased by Air Canada. For the purpose of determining the Purchase Price, Shares tendered pursuant to a Purchase Price Tender will be deemed to have been tendered at a price of \$29.00 per Share (which is the minimum price per Share under the Offer). Shares tendered by a Shareholder pursuant to an Auction Tender will not be purchased by Air Canada pursuant to the Offer if the price per Share specified by the Shareholder is greater than the Purchase Price.

Each Shareholder who has validly deposited Shares pursuant to an Auction Tender at or below the Purchase Price or a Purchase Price Tender and who has not validly withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots described herein.

The Purchase Price will be payable in Canadian dollars; however, Shareholders may elect to receive the Purchase Price in United States dollars as described in the Offer. The risk of any fluctuation in exchange rates, including risks relating to the particular date and time at which funds are converted, will be borne solely by the Shareholder.

If the aggregate purchase price for Shares validly deposited and not validly withdrawn pursuant to Auction Tenders at Auction Prices at or below the Purchase Price and Purchase Price Tenders (the "**Tender Amount**") is less than or equal to \$800,000,000, Air Canada will purchase at the Purchase Price all Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders. If the Tender Amount is greater than \$800,000,000, Air Canada will purchase a portion of the Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders, as follows: (i) first, Air Canada will purchase at the Purchase Price all Shares deposited at or below the Purchase Price by Shareholders who beneficially own, as of the close of business on the Expiration Date, fewer than 100 Shares and who deposited all such Shares (the "**Odd Lot Holders**") at the Purchase Price; and (ii) second, Air Canada will purchase at the Purchase Price on a *pro rata* basis that portion of the Shares deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders having an aggregate purchase price, based on the Purchase Price, equal to (A) \$800,000,000, less (B) the aggregate amount paid by Air Canada for Shares deposited by Odd Lot Holders. If the Tender Amount is equal to or greater than \$800,000,000, Air Canada will purchase a total number of Shares having an aggregate purchase price equal to \$800,000,000. If the Tender Amount is less than \$800,000,000, Air Canada will purchase a total number of Shares having an aggregate purchase price equal to the Tender Amount. Shareholders owning an aggregate of fewer than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Shares on their behalf), but will also avoid any odd lot discounts, each of which may be applicable on a sale of their Shares in a transaction on the Toronto Stock Exchange ("**TSX**"). In the event any proration is applied in accordance with the foregoing, all Auction Tenders and Purchase Price Tenders (other than those made by Odd Lot Holders) will be subject to adjustment to avoid the purchase of fractional Shares (rounding down to the nearest whole number of Shares). All payments to Shareholders will be subject to deduction of applicable withholding taxes. See Section 3 of the Offer to Purchase, "Number of Shares and proration".

Certificates for deposited Shares not purchased under the Offer (including Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, Shares not purchased because of proration and Shares not accepted for purchase due to invalid deposits), or validly withdrawn before the Expiration Date, will be returned or replaced (in the case of tenders where only a partial number of the deposited Shares are purchased under the Offer) promptly after the Expiration Date or termination of the Offer or the date of proper withdrawal of the Shares, without charge by Air Canada to the Shareholder. In the case of Shares deposited through book-entry transfer, such Shares will be credited to the appropriate account maintained with CDS or DTC, as applicable, by the participant who delivered the Shares, without charge by Air Canada to the Shareholder.

As of August 17, 2026, there were 280,167,997 Shares issued and outstanding. The Offer would be for approximately 9.8% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$29.00 (which is the minimum price per Share under the Offer) or approximately 8.7% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$33.00 (which is the maximum price per Share under the Offer).

The Shares are listed and posted for trading on the TSX under a single symbol "AC". On August 11, 2026, the last full trading day prior to the date of announcement of Air Canada's intention to make the Offer, the closing price of the Shares on the TSX was \$27.27 per Share. On August 17, 2026, the last full trading day prior to the public announcement by Air Canada of the price range offered for the Shares pursuant to the Offer, the closing price of the Shares on the TSX was \$29.95.

In accordance with *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions*, Air Canada has determined that: (i) a liquid market existed for the Shares at the time of the Offer, and (ii) it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The board of directors of Air Canada (the "**Board of Directors**") has also obtained, on a voluntary basis, an opinion from TD Securities Inc. ("**TD Securities**" or the "**Dealer Manager**"), who is also serving as Dealer Manager for the Offer, as of August 17, 2026 which, subject to the qualifications, assumptions and limitations set out therein, confirms the determination of Air Canada with respect to market liquidity. The liquidity opinion of TD Securities is reproduced at Schedule A hereto.

The Board of Directors has approved the Offer. However, none of Air Canada, its Board of Directors, the Dealer Manager or the Depositary (as defined below) makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing, or at what price or prices to deposit, 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, and at what price or prices, to deposit Shares under the Offer.

The directors and officers of Air Canada have advised Air Canada that they and their respective associates or affiliates do not intend to deposit Shares under the Offer. See Section 3 "Purpose and effect of the Offer", Section 7 "Ownership of securities of Air Canada", and Section 8 "Arrangements concerning Shares – Acceptance of the Offer" of the Circular.

Shareholders should carefully consider the income tax consequences of having Shares being purchased under the Offer. See Section 11 of the Circular, "Income tax considerations".

Shareholders wishing to deposit all or any portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 5 of the Offer to Purchase, "Procedure for depositing Shares".

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF AIR CANADA AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING, OR AT WHAT PRICE OR PRICES TO DEPOSIT, SHARES UNDER THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY AIR CANADA.

No Canadian, U.S. or foreign securities commission has approved or disapproved of this Offer or passed upon the merits or fairness of this Offer or passed upon the adequacy or accuracy of the information contained in this Offer. Any representation to the contrary is an offence.

Any questions or requests for information regarding the Offer should be directed to TSX Trust Company (Canada) (the “**Depository**”) or the Dealer Manager at their addresses and telephone numbers set forth below and on the last page of the accompanying Circular.

The Offer will expire at 5:00 p.m. (Eastern time) on September 24, 2026, unless withdrawn, extended, or varied.

The Depository for the Offer is:

TSX Trust Company (Canada)

By registered mail, mail, hand or courier:

100 Adelaide Street West, Suite 301

Toronto, Ontario M5H 4H1

Attention: Corporate Actions

Telephone: (416) 682-3860

Toll Free in North America: +1-800-387-0825

Email: shareholderinquiries@tmx.com

The Dealer Manager for the Offer is:

TD Securities Inc.

By registered mail, mail, hand or courier:

1 Place Ville-Marie, Suite 1430

Montreal, Quebec H3B 2B2

Email: AirCanadaSIB@tdsecurities.com

Forward-looking statements

This Offer may include 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. Such forward-looking statements may include, but are not limited to, statements respecting: the terms and conditions of the Offer, the number and aggregate amount of Shares to be purchased for cancellation under the Offer, the timing of the expiration and completion of the Offer, and the take up and payment for the Shares deposited under the Offer, the funding sources for the Offer, the anticipated effects and benefits of the Offer, as well as Air Canada’s plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other events or developments and other statements in this Offer that are not historical facts. 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.

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, 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 Air Canada’s expectations regarding this Offer or Air Canada’s actual results to differ materially from results indicated in forward-looking statements include volatility in the market price of the securities of Air Canada, satisfaction or waiver of the conditions to the Offer, the extent to which Shareholders determine to tender their Shares to the Offer, economic conditions, including high or volatile fuel prices or significant disruptions in the supply of aircraft fuel, including as a result of the military conflict in the Middle East, 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 and security conditions including in relation to 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 or refinance its indebtedness and maintain or increase liquidity on favourable terms and on a timely basis, 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 management's discussion and analysis ("MD&A") for the year ended December 31, 2025 and section 14 "Risk Factors" of Air Canada's MD&A for the three and six months ended June 30, 2026.

The forward-looking statements contained in this Offer represent Air Canada's expectations as of the date of this Offer (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.

Notice to holders of options and convertible or exchangeable securities

The Offer is made only for Shares and is not made for any options to purchase Shares or other securities of Air Canada that are convertible into or exchangeable or exercisable for Shares. Any holder of such options or other securities convertible into or exchangeable or exercisable for Shares who wishes to accept the Offer must, to the extent permitted by the terms thereof and applicable law, fully exercise, convert or exchange, as and where applicable, the options or other securities or other rights in order to deposit the resulting Shares in accordance with the terms and conditions of the Offer. Any such exercise, conversion or exchange, as and where applicable, must occur sufficiently in advance of the Expiration Date to allow Air Canada sufficient time to issue and deliver the underlying Shares and assure holders of options or other securities of Air Canada that are convertible into or exchangeable or exercisable for Shares that they will have sufficient time to comply with the procedures for depositing Shares under the Offer. Any such exercise, conversion or exchange, as and where applicable, will be irrevocable, including where the Shares deposited are subject to proration or are otherwise not taken up. No recommendation is being made as to whether any holder of options or other securities convertible into or exchangeable or exercisable for Shares should exercise, convert or exchange such securities in order to tender the resulting Shares in accordance with the terms and conditions of the Offer. The tax consequences to holders of options, other securities of Air Canada that are convertible into or exchangeable or exercisable for Shares or other rights to acquire Shares in respect of any such exercise, conversion or exchange, as and where applicable, are not described herein and all such holders are advised to contact their own tax advisors for tax advice having regard to their own particular circumstances.

Information for United States Shareholders

The Offer is made by Air Canada, a Canadian issuer, for its own Shares, which are not registered with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended. While the Offer is subject to the disclosure requirements of the provinces of Canada, Shareholders in the United States should be aware that these disclosure requirements are different from those of the United States.

Financial statements of Air Canada have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, and therefore, they may not be comparable to financial statements of U.S. companies prepared in accordance with United States generally accepted accounting principles.

It is a violation of Rule 14e-4 promulgated under the United States Securities Exchange Act of 1934 for a person acting alone or in concert with others, directly or indirectly, to tender Variable Voting Shares for

such person's own account unless at the time of tender and of the expiration of the Offer such person has a "net long position" in (i) a number of Variable Voting Shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such Variable Voting Shares for the purpose of tendering to Air Canada within the period specified in the Offer; or (ii) other securities immediately convertible into, exercisable for or exchangeable into a number of Variable Voting Shares ("**Equivalent Securities**") that is equal to or greater than the number of Variable Voting Shares tendered and, upon the acceptance of such tender, will acquire such Variable Voting Shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such Variable Voting Shares so acquired for the purpose of tender to Air Canada within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Variable Voting Shares made pursuant to any method of delivery set forth in the Circular will constitute the tendering Shareholder's acceptance of the terms and conditions of the Offer, as well as the tendering Shareholder's representation and warranty to Air Canada that (i) such Shareholder has a "net long position" in a number of Variable Voting Shares or Equivalent Securities at least equal to the Variable Voting Shares being tendered within the meaning of Rule 14e-4; and (ii) such tender of Variable Voting Shares complies with Rule 14e-4. Air Canada's acceptance for payment of Variable Voting Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering Shareholder and Air Canada upon the terms and subject to the conditions of the Offer.

The enforcement by Shareholders of civil liabilities under U.S. federal and state securities laws may be adversely affected by the fact that Air Canada exists under the *Canada Business Corporations Act* and is located in Canada, that certain of its directors and officers are non-residents of the U.S., that some or all of the experts named in the Circular are non-residents of the U.S. and that all or a substantial portion of the assets of Air Canada and said persons are located outside the U.S. In addition, Shareholders in the United States should not assume that courts in Canada or in the countries where such directors and officers reside or in which Air Canada's assets or the assets of such persons are located (i) would enforce judgments of U.S. courts obtained in actions against Air Canada or such persons predicated upon civil liability provisions of U.S. federal and state securities laws as may be applicable, or (ii) would enforce, in original actions, any asserted liabilities against Air Canada, its subsidiaries or such persons predicated upon such laws. Enforcement of any asserted civil liabilities under U.S. securities laws may be further adversely affected by the fact that some or all of the experts named in the Offer may be residents of Canada.

Shareholders in the United States should be aware that the acceptance of the Offer will have certain tax consequences under United States and Canadian law. Shareholders in the United States are urged to consult their own tax and legal advisors with respect to their particular circumstances and tax considerations applicable to them, as well as any state, local or foreign income or other tax consequences of a disposition of Variable Voting Shares pursuant to the Offer. See Section 11 of the Circular, "Income tax considerations".

NO CANADIAN, U.S. OR FOREIGN SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS OFFER OR PASSED UPON THE MERITS OR FAIRNESS OF THIS OFFER OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Currency, interpretation and certain terms

All dollar references in the Offer to Purchase and the Circular are expressed in Canadian dollars, except where otherwise indicated. References to "\$" are to Canadian dollars.

Unless the subject matter or context otherwise requires, in this document capitalized terms and expressions have the meanings respectively given to them, and all references in the Offer to Purchase and the Circular to "we", "us" or "Air Canada" refer solely to Air Canada, except in Section 1 of the Circular where they refer to Air Canada and its subsidiaries. In addition:

- "Canadian" when used to qualify the status of a holder of Shares shall mean "Canadian" as defined in the *Canada Transportation Act* (the "**CTA**");

- “non-Canadian” when used to qualify the status of a holder of Shares shall mean a person that is not a “Canadian” as defined in CTA; and
- “Shares” refer to, as the context requires, the Variable Voting Shares, which may only be held, beneficially owned or controlled, directly or indirectly, by a person who is a non-Canadian, or Voting Shares, which may only be held, beneficially owned and controlled, directly or indirectly, by persons who are Canadians.

Further, unless the context otherwise indicates or requires, any statement contained in this Offer contemplating the take-up of and payment for Shares by Air Canada or the completion of the Offer assumes that the conditions of the Offer to Purchase (as they may be varied) will have been satisfied or waived prior thereto. All information in this Offer is current as of August 17, 2026 unless otherwise indicated.

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Navigating the Offer to Purchase and Circular

The table of contents, page headers and page and section references within this Offer to Purchase and the Circular include embedded links to the corresponding parts of the document. Our logo in the page footers brings you to the main table of contents. We hope this feature helps you find the information you are looking for conveniently. This may not work on all browsers or tablets.

Summary

This summary is provided for your convenience and is qualified in its entirety by the full text and more specific details in the Offer. It highlights certain material information included in the Offer documents, but you should understand that it does not describe all of the details of the Offer to the same extent as described elsewhere herein. Air Canada therefore urges you to read the entire Offer including the Offer to Purchase, Circular, Letter of Transmittal and Notice of Guaranteed Delivery prior to making any decision regarding whether, and at what price or prices, to deposit Shares under the Offer, because they each contain important information. References have been included to certain sections of the Offer where you will find a more complete discussion.

Purpose and effect of the Offer

Air Canada and its Board of Directors believe that the Offer represents an equitable and efficient means for Air Canada to return up to \$800,000,000 to Shareholders who elect to tender their Shares. The equity ownership of Shareholders who elect not to tender will be proportionately increased. 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 address some of the shareholder dilution experienced from financing decisions necessary during the COVID pandemic.

After giving effect to the Offer, Air Canada believes that it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude Air Canada from pursuing its long term plan and any foreseeable or planned business or strategic opportunities and transactions.

See Section 3 of the Circular, "Purpose and effect of the Offer".

Position of Air Canada and its directors

None of Air Canada, its Board of Directors, TD Securities Inc., including in its capacity as Dealer Manager, or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing, or at what price or prices to deposit, Shares under the Offer. Shareholders are urged to carefully evaluate all information in the Offer to Purchase and Circular, consult their own investment and tax advisors and make their own decisions as to whether, and at what price or prices, to deposit Shares under the Offer. See Section 1 of the Offer to Purchase, "The Offer".

Expiration Date

The Offer expires at 5:00 p.m. (Eastern time) on September 24, 2026 or such later time and date to which the Offer may be extended by Air Canada, unless withdrawn or varied by Air Canada. See Section 1 of the Offer to Purchase, "The Offer".

Payment Date

Air Canada will take up the Shares to be purchased pursuant to the Offer as soon as reasonably practicable after the Expiration Date and in any event not later than ten (10) days after the Expiration Date. Any Shares taken up will be paid for as soon as reasonably practicable, but in any event no later than three (3) business days after they are taken up in accordance with applicable Canadian securities laws. See Section 9 of the Offer to Purchase, "Taking up and payment for deposited Shares".

Currency of payment

The Purchase Price will be payable in Canadian dollars; however, Shareholders may elect to receive the Purchase Price in United States dollars as described in the Offer. The risk of any fluctuation in exchange rates, including risks relating to the particular date and time at which funds are converted, will be borne solely by the Shareholder. See Section 2 of the Offer to Purchase, "Purchase Price".

Methods of transfer

Shareholders wishing to tender to the Offer may do so pursuant to:

- **Auction Tenders** in which the tendering Shareholders specify the number of Shares being tendered and an Auction Price of not less than \$29.00 and not more than \$33.00 per Share in increments of \$0.10 per Share; or
- **Purchase Price Tenders** in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price to be determined by the Auction Tenders.

Purchase Price

The Purchase Price will be determined in the manner described in the Offer but will be not less than \$29.00 and not more than \$33.00 per Share, taking into account the Auction Prices and

the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders. The Purchase Price will be the lowest price that enables Air Canada to purchase the maximum number of Shares pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not exceeding \$800,000,000.

All Shares purchased by Air Canada pursuant to the Offer (including Shares tendered at Auction Prices below the Purchase Price) will be purchased at the same Purchase Price.

A Shareholder making an Auction Tender may deposit different Shares at different prices, but a Shareholder cannot deposit the same Shares pursuant to more than one method of tender or pursuant to an Auction Tender at more than one price. Shareholders may deposit different Shares pursuant to Auction Tenders and Purchase Price Tenders.

Certificates for all Shares not purchased under the Offer (including Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, Shares not purchased because of proration and Shares not accepted for purchase due to invalid deposits), or validly withdrawn before the Expiration Date, will be returned or replaced (in the case of tenders where only a partial number of the deposited Shares are purchased under the Offer) promptly after the Expiration Date or termination of the Offer or the date of proper withdrawal of the Shares, without charge by Air Canada to the Shareholder. In the case of Shares tendered through book-entry transfer, such Shares will be credited to the appropriate account maintained with CDS or DTC, as applicable, by the participant who delivered the Shares, without charge by Air Canada to the Shareholder. See Section 2 of the Offer to Purchase, "Purchase Price".

Number of Shares to be purchased

Air Canada will purchase, at the Purchase Price, deposited Shares up to an aggregate purchase price not exceeding \$800,000,000. Since the Purchase Price will only be determined after the Expiration Date, the number of Shares that will be purchased will not be known until after the Expiration Date. If the Purchase Price is determined to be \$29.00 per Share, being the minimum purchase price under the Offer, the maximum number of Shares that will be purchased under the Offer is 27,586,206. If the Purchase Price is determined to be \$33.00 per Share, being the maximum purchase price under the Offer, the maximum number of Shares that will be purchased under the Offer is 24,242,424.

Proration

If the Tender Amount is greater than \$800,000,000, Air Canada will purchase a portion of the Shares validly deposited pursuant to this Offer, as follows: (i) first, Air Canada will purchase at the Purchase Price all Shares deposited by Odd Lot Holders at or below the Purchase Price; and (ii) second, Air Canada will purchase at the Purchase Price on a *pro rata* basis that portion of the Shares deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders having an aggregate purchase price, based on the Purchase Price, equal to (A) \$800,000,000, less (B) the aggregate amount paid by Air Canada for Shares deposited by Odd Lot Holders. If the Tender Amount is less than \$800,000,000 Air Canada will purchase a total number of Shares having an aggregate purchase price equal to the Tender Amount. See Section 3 of the Offer to Purchase, "Number of Shares and proration".

Odd lot preference

If a Shareholder beneficially owns fewer than 100 Shares as of the close of business on the Expiration Date and tenders all such Shares under the Offer, Air Canada will accept for purchase, without proration but otherwise subject to the terms and conditions of the Offer, all such tendered Shares deposited pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender. An Odd Lot Holder must complete the appropriate box in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. See Section 3 of the Offer to Purchase, "Number of Shares and proration".

Delivery procedure

Each Shareholder wishing to deposit Shares pursuant to the Offer must:

- transfer Shares pursuant to the procedures for book-entry transfer, provided, that a Book-Entry Confirmation of such Shares through CDS Clearing and Depositary Services Inc ("CDS") or an Agent's Message transmitted through The Depositary Trust Company ("DTC") into the Depositary's account at CDS or DTC, respectively, is received by the Depositary at its office in Toronto, Ontario prior to the Expiration Date (as such terms are defined herein);

- provide certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof), in accordance with the instructions in such Letter of Transmittal, together with all other documents required by the Letter of Transmittal and must be delivered to, and received by, the Depositary at the address listed in the Letter of Transmittal by the Expiration Date; or
- follow the guaranteed delivery procedure described in Section 5 of the Offer to Purchase, "Procedure for depositing Shares".

A Shareholder whose Shares are held through DRS (as defined below) must only deliver its Letter of Transmittal and is not required to submit its DRS positions.

A Shareholder who wishes to tender Shares under the Offer and who holds such Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such shares under the Offer. See Section 5 of the Offer to Purchase, "Procedure for depositing Shares".

Brokerage commissions	Shareholders will not be obligated to pay brokerage fees or commissions to Air Canada or the Depositary. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer. Air Canada will pay all fees and expenses of the Depositary in connection with the Offer. See Section 9 of the Offer to Purchase, "Taking up and payment for deposited Shares".
Conditions to the Offer	The obligation of Air Canada to take up and pay for any Shares deposited under the Offer is subject to the conditions described in Section 7 of the Offer to Purchase, "Certain conditions of the Offer".
Withdrawal rights	Shares deposited pursuant to the Offer may be withdrawn by the Shareholder (a) at any time if the Shares have not been taken up by Air Canada before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares, (b) at any time before the expiration of ten (10) days from the date that a notice of change or variation has been given in accordance with Section 8 of the Offer to Purchase, "Extension and variation of the Offer", unless (i) Air Canada has taken up the Shares deposited pursuant to the Offer before the date of the notice of change or variation, (ii) the variation consists solely of an increase in the consideration offered for those Shares pursuant to the Offer where the time for deposit is not extended for greater than ten (10) days, or (iii) the variation consists solely of the waiver of a condition of the Offer; or (c) at any time if the Shares have been taken up but not paid for by Air Canada within three (3) business days of being taken up.
Directors and officers	The directors and officers of Air Canada have advised Air Canada that they and their respective associates or affiliates do not intend to deposit Shares under the Offer. However, Air Canada notes that they may decide to deposit Shares to the Offer in the event that the personal circumstances or decisions of any such persons change and, subject to applicable securities laws, such persons may sell their Shares through the facilities of the TSX or otherwise during the period prior to the Expiration Date. See Section 7 "Ownership of securities of Air Canada" and Section 8 "Arrangements concerning Shares" of the Circular.
Tax considerations	Shareholders should carefully consider the income tax consequences of having Shares being purchased under the Offer. See Section 11 of the Circular, "Income tax considerations".
Trading information	On August 11, 2026, the last full trading day prior to the public announcement of Air Canada's intention to make the Offer, the closing price of the Shares on the TSX was \$27.27 per Share. On August 17, 2026, the last full trading day prior to the public announcement by Air Canada of the price range being offered under the Offer, the closing price of the Shares on the TSX was \$29.95. During the 6-month period ended August 17, 2026, the closing prices of the Shares on the TSX has ranged from a low of \$16.45 to a high of \$31.45. See Section 4 of the Circular, "Price range of Shares".

**Further
information**

The audited consolidated financial statements of Air Canada and the related management's discussion and analysis as at and for the financial years ended December 31, 2025 and December 31, 2024 and the unaudited interim consolidated financial statements of Air Canada and the related management's discussion and analysis as at and for the three- and six-month periods ended June 30, 2026, have been filed and are available under Air Canada's profile on SEDAR+ at www.sedarplus.ca. Shareholders may obtain copies of these financial statements, without charge, upon request to Air Canada, attention: Office of the Corporate Secretary, at Air Canada Centre Zip 1273, P.O. Box 14000, Station Airport, Montréal, Quebec, H4Y 1H4.

For further information regarding the Offer, Shareholders may contact the Depositary, the Dealer Manager or consult their own brokers. The address and telephone numbers and email of the Depositary and Dealer Manager are set forth on page 4 and the back cover of the Offer.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF AIR CANADA AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING, OR AT WHAT PRICE OR PRICES TO DEPOSIT, SHARES UNDER THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THE OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY AIR CANADA.

Offer to Purchase

To the holders of Shares of Air Canada:

1. The Offer

Air Canada hereby offers, upon the terms and subject to the conditions described in this Offer to Purchase, the accompanying Circular, the related Letter of Transmittal and the Notice of Guaranteed Delivery, to purchase for cancellation a number of Shares having an aggregate purchase price not exceeding \$800,000,000.

The Offer will commence on August 20, 2026 and expire at 5:00 p.m. (Eastern time) on September 24, 2026, or at such later time and date to which the Offer may be extended by Air Canada, unless withdrawn or varied by Air Canada.

THE OFFER IS NOT CONDITIONAL UPON ANY MINIMUM NUMBER OF SHARES BEING DEPOSITED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7 OF THIS OFFER TO PURCHASE, "CERTAIN CONDITIONS OF THE OFFER".

Each Shareholder who has validly deposited Shares pursuant to an Auction Tender at or below the Purchase Price or a Purchase Price Tender and who has not validly withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots described herein. Registered Shareholders who deposit their Shares directly with the Depositary will not incur any charges from Air Canada. Shareholders who hold Shares through an investment dealer, stock broker, bank, trust company or other nominee are urged to consult with their nominee to determine whether they will incur any transaction costs. See Section 5 of the Offer to Purchase, "Procedure for depositing Shares".

Air Canada will return all Shares not purchased under the Offer (including Shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, Shares not purchased because of proration and Shares not accepted for purchase due to invalid deposits), or validly withdrawn before the Expiration Date. Certificates for all such Shares not purchased under the Offer will be returned or replaced (in the case of tenders where only a partial number of the deposited Shares are purchased under the Offer) promptly after the Expiration Date or termination of the Offer or the date of valid withdrawal of the Shares, without charge by Air Canada to the Shareholder. In the case of Shares deposited through book-entry transfer into the Depositary's account at CDS or DTC, such Shares will be credited to the appropriate account maintained with CDS or DTC, as applicable, by the participant who delivered the Shares, without charge by Air Canada to the Shareholder.

None of Air Canada, its Board of Directors, the Dealer Manager or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing, or at what price or prices to deposit, 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, and at what price or prices, to deposit Shares under the Offer. Shareholders should carefully consider the income tax consequences of having Shares being purchased under the Offer. See Section 11 of the Circular, "Income tax considerations".

The accompanying Circular and Letter of Transmittal contain important information and should be read carefully before making a decision with respect to the Offer.

2. Purchase Price

Purchase Price

Promptly following the Expiration Date, Air Canada will determine the Purchase Price, which will not be less than \$29.00 and not more than \$33.00 per Share. The Purchase Price will be the lowest price that enables Air Canada to purchase the maximum number of Shares pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not exceeding \$800,000,000.

As promptly as practicable after determining the Purchase Price, Air Canada will publicly announce by press release the Purchase Price, the number of Shares to be purchased and the aggregate consideration therefor. All Shareholders who have validly deposited and not validly withdrawn their Shares pursuant to Auction Tenders at or below the Purchase Price or pursuant to Purchase Price Tenders will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions

of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots described herein. See Section 3 of this Offer, “Number of Shares and proration”.

For the purpose of determining the Purchase Price, Shares tendered pursuant to a Purchase Price Tender will be deemed to have been tendered at a price of \$29.00 per Share (which is the minimum price per Share under the Offer). Shares tendered by a Shareholder pursuant to an Auction Tender will not be purchased by Air Canada pursuant to the Offer if the price per Share specified by the Shareholder is greater than the Purchase Price. Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

Shareholders validly depositing Shares pursuant to Auction Tenders at \$29.00 per Share (the minimum purchase price under the Offer) and Shareholders validly depositing Shares pursuant to Purchase Price Tenders can reasonably expect to have such Shares purchased at the Purchase Price if any Shares are purchased under the Offer (subject to the provisions relating to proration and the preferential acceptance of odd lots described below).

All Shares purchased by Air Canada pursuant to the Offer (including Shares tendered at Auction Prices below the Purchase Price) will be purchased at the Purchase Price. In the event any proration is applied in accordance with the foregoing, all Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Shares (rounding down to the nearest whole number of Shares).

No alternative, conditional or contingent tenders will be accepted.

Currency

Each registered Shareholder who has validly deposited Shares under the Offer will receive payment of the Purchase Price (subject to applicable withholding taxes, if any) for purchased Shares in Canadian dollars, unless such Shareholder exercises the applicable election in the Letter of Transmittal to use the Depositary’s currency exchange services to convert payment of the Purchase Price of the deposited Shares into United States dollars as described below.

Each non-registered or beneficial Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such non-registered Shareholder contacts the intermediary in whose name such Shareholder’s shares are registered and requests that the intermediary make an election on its behalf to receive the Purchase Price in United States dollars as described below.

The exchange rate that will be used to convert payments from Canadian dollars into United States dollars will be the rate established by the Depositary, in its capacity as foreign exchange service provider to Air Canada, on the date that the funds are converted; which rates will be based on the prevailing market rates on such date. The risks associated with the currency conversion from Canadian dollars to U.S. dollars, including risks relating to change in rates, the timing of exchange or the selection of a rate for exchange, and all costs incurred with the currency conversion will be borne by the Shareholder and neither Air Canada nor the Depositary nor any of their respective affiliates are responsible for any such matters. The Depositary will act as principal in such currency conversion transactions. While there is no additional fee payable by Shareholders who elect to use the Depositary’s currency exchange services, the Depositary may earn a commercially reasonable spread between its exchange rate and the rate used by any counterparty from which it purchases the elected currency.

3. Number of Shares and proration

Air Canada will purchase, upon the terms and subject to the conditions of the Offer, at the Purchase Price, deposited Shares up to an aggregate purchase price not exceeding \$800,000,000. Since the Purchase Price will only be determined after the Expiration Date, the number of Shares that will be purchased will not be known until after the Expiration Date. If the Purchase Price is determined to be \$29.00 per Share, being the minimum purchase price under the Offer, the maximum number of Shares that will be purchased under the Offer is 27,586,206. If the Purchase Price is determined to be \$33.00 per Share, being the maximum purchase price under the Offer, the maximum number of Shares that will be purchased under the Offer is 24,242,424.

As of August 17, 2026, there were 280,167,997 Shares issued and outstanding. Accordingly, the Offer is for approximately 9.8% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$29.00 per Share (which is the minimum price per Share pursuant to the Offer) or approximately 8.7% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$33.00 per Share (which is the maximum price per Share pursuant to the Offer). If no Auction Tenders or Purchase Price Tenders are made

pursuant to the Offer, no Shares will be purchased by Air Canada. The Offer is not conditional upon any minimum number of Shares being validly deposited under the Offer.

If the Tender Amount is:

- (a) less than or equal to \$800,000,000, Air Canada will purchase at the Purchase Price all Shares validly deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders;
- (b) greater than \$800,000,000, Air Canada will purchase a portion of the Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders, as follows: (i) first, Air Canada will purchase at the Purchase Price Shares deposited by Odd Lot Holders at or below the Purchase Price; and (ii) second, Air Canada will purchase at the Purchase Price on a *pro rata* basis that portion of the Shares deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders having an aggregate purchase price, based on the Purchase Price, equal to (A) \$800,000,000, less (B) the aggregate amount paid by Air Canada for Shares deposited by Odd Lot Holders;
- (c) less than \$800,000,000, Air Canada will purchase a total number of Shares having an aggregate purchase price equal to the Tender Amount; and
- (d) equal to or greater than \$800,000,000, Air Canada will purchase a total number of Shares having an aggregate value equal to \$800,000,000.

For purposes of the Offer, the term “**Odd Lots**” means all Shares validly deposited at or below the Purchase Price by Shareholders who beneficially own as of the close of business on the Expiration Date, fewer than 100 Shares, and tender all such Shares under the Offer (the “**Odd Lot Holders**”). As set out above, Odd Lots will be accepted for purchase before any proration. In order to qualify for this preference, a Shareholder must properly tender, pursuant to an Auction Tender at a price at or below the Purchase Price or pursuant to a Purchase Price Tender, all Shares beneficially owned by such Odd Lot Holder. Partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Shares even if holders have separate share certificates or DRS positions for fewer than 100 Shares or hold fewer than 100 Shares in different accounts. Any Odd Lot Holder wishing to tender all Shares beneficially owned, without proration, must complete the appropriate box on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. Shareholders owning an aggregate of fewer than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Shares on their behalf), but will also avoid any odd lot discounts, each of which may be applicable on a sale of their Shares in a transaction on the TSX.

4. Announcement of results of the Offer

Air Canada will publicly announce the results of the Offer, including the Purchase Price, the number of Shares validly tendered to the Offer and the aggregate purchase price of the Shares to be purchased for cancellation pursuant to the Offer, as promptly as reasonably practicable after the Expiration Date.

5. Procedure for depositing Shares

Proper deposit of Shares

Shareholders who wish to accept the Offer may do so by making Auction Tenders or Purchase Price Tenders. A Shareholder who wishes to make an Auction Tender will be required to specify, among other things, the number of Shares that it wishes to sell and the price per Share (not less than \$29.00 and not more than \$33.00 per Share and in increments of \$0.10 per Share) at which it is prepared to sell those Shares. A Shareholder may make multiple Auction Tenders but not in respect of the same Shares (i.e., Shareholders may deposit different Shares at different prices but cannot deposit the same Shares at different prices). A Shareholder may also make an Auction Tender in respect of certain Shares and a Purchase Price Tender in respect of other Shares. Odd Lot Holders making an Auction Tender or a Purchase Price Tender will be required to tender all Shares owned by the Shareholder. Partial tenders will not be accepted from Odd Lot Holders.

A Shareholder who wishes to make a Purchase Price Tender may not specify an Auction Price. Shares deposited pursuant to an Auction Tender in compliance with the procedures set forth herein will be taken up, subject to proration, if the Auction Price specified in the Auction Tender is equal to or less than the Purchase Price.

Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender. If multiple boxes are checked in the same Letter of Transmittal indicating that Shares are being deposited pursuant to an Auction Tender and/or Purchase Price Tender, all Shares identified will be deemed to have been tendered pursuant to a Purchase Price Tender.

Holders of Shares

To deposit Shares pursuant to the Offer, holders of Shares must (a) transfer Shares pursuant to the procedures for book-entry transfer described below (and a confirmation of such transfer must be received by the Depositary, including either a Book-Entry Confirmation or an Agent's Message (each as defined below) if the tendering Shareholder has not delivered a Letter of Transmittal), (b) provide certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof), in accordance with the instructions in such Letter of Transmittal, together with all other documents required by the Letter of Transmittal and must be delivered to, and received by, the Depositary at the address listed in the Letter of Transmittal by the Expiration Date, or (c) follow the guaranteed delivery procedure described below. For greater certainty, Shareholders whose Shares are held through the Direct Registration System maintained by Air Canada's transfer agent ("**DRS**") must only deliver a completed and duly executed Letter of Transmittal, and any other documents required by the Letter of Transmittal, in order to validly tender their Shares. The term "**Book-Entry Confirmation**" means a confirmation of a book-entry transfer of a Shareholder's Shares into the Depositary's account at CDS. The term "**Agent's Message**" means a message, transmitted by DTC to and received by the Depositary and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by the Letter of Transmittal and that Air Canada may enforce such Letter of Transmittal against such participant.

A non-registered Shareholder who desires to deposit Shares under the Offer should immediately contact such Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.

If an investment dealer, stock broker, bank, trust company or other nominee holds Shares for a Shareholder, it is likely the nominee has established an earlier deadline for that Shareholder to act to instruct the nominee to accept the Offer on its behalf. A Shareholder should immediately contact the Shareholder's investment dealer, stock broker, bank, trust company or other nominee to find out the nominee's deadline.

Participants of CDS or DTC should contact CDS or DTC, as applicable, to obtain instructions as to the method of depositing Shares under the terms of the Offer. CDS and DTC will be issuing instructions to their respective participants as to the method of depositing Shares under the terms of the Offer.

Signature guarantees

No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the share certificate or DRS position deposited therewith, and payment is to be made directly to such registered holder, or (b) Shares are deposited for the account of a Canadian Schedule I bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an "**Eligible Institution**"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See the appropriate instructions in the Letter of Transmittal.

If a certificate or DRS position representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates or DRS positions representing Shares not purchased are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate or DRS position with the signature on the certificate or stock power signature guaranteed by an Eligible Institution.

Book-entry transfer procedures - CDS

An account with respect to the Shares will be established at CDS for purposes of the Offer. Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through CDS's online tendering system pursuant to which book-entry transfers may be effected ("**CDSX**") by causing CDS to transfer such Shares into the

appropriate Depositary's account in accordance with CDS's procedures for such transfer. Delivery of Shares to the Depositary by means of a book-entry transfer through CDSX will constitute a valid deposit under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its Toronto, Ontario office address set forth on the back-cover page of this Offer to Purchase and Circular prior to the Expiration Date. Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depositary are considered a valid deposit in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depositary.**

Book-entry transfer procedures - DTC

The Depositary intends to establish an account with respect to the Shares at DTC for purposes of the Offer. Any financial institution that is a participant in DTC may make book-entry delivery of the Shares by causing DTC to transfer such Shares into the Depositary's account in accordance with DTC procedures for such transfer. Although delivery of the Shares may be effected under the Offer through book-entry transfer into the Depositary's account at DTC, the Letter of Transmittal (or a manually signed photocopy thereof) with any required signature guarantees, or (in the case of a book-entry transfer) an Agent's Message in lieu of the Letter of Transmittal and any other required documents must, in any case, be transmitted to and received by the Depositary at its Toronto, Ontario office address set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Date. **Delivery of documents to DTC does not constitute delivery to the Depositary.**

Shareholders that hold their Shares through DTC participants who are depositing their Shares by book-entry transfer to the Depositary's account at DTC may execute their tender through DTC's Automated Tender Offer Program ("ATOP") by transmitting their acceptance to DTC in accordance with DTC's ATOP procedures. DTC will then verify the acceptance, execute a book-entry delivery to the Depositary's account at DTC and send an Agent's Message to the Depositary. Delivery of the Agent's Message by DTC will satisfy the terms of the Offer in lieu of execution and delivery of a Letter of Transmittal by the participant identified in the Agent's Message. Accordingly, the Letter of Transmittal need not be completed by a Shareholder tendering through ATOP.

Method of delivery of certificates

The method of delivery of certificates representing Shares and all other required documents is at the option and risk of the depositing Shareholder. If certificates representing Shares are to be sent by mail, registered mail that is properly insured is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depositary on or prior to such date. Delivery of a share certificate representing Shares will only be made upon actual receipt of such share certificate representing Shares by the Depositary. A Shareholder whose Shares are held through DRS must only deliver its Letter of Transmittal and is not required to submit a statement of its DRS positions.

Procedure for guaranteed delivery

If a Shareholder wishes to deposit Shares pursuant to the Offer and (i) the certificates representing such Shares are not immediately available, (ii) the Shareholder cannot deliver the certificates representing such Shares and all other required documents to the Depositary on a timely basis at or prior to the Expiration Date, or (iii) the book-entry transfer procedures described above cannot be completed prior to the Expiration Date, such Shares may nevertheless be deposited provided that all of the following conditions are met:

- (a) such a deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery or an originally signed photocopy thereof in the form provided by Air Canada through the Depositary is received by the Depositary, at its Toronto, Ontario office as set forth in the Notice of Guaranteed Delivery (by hand, facsimile transmission or mail), together with a guarantee in the form set forth in such Notice of Guaranteed Delivery, at or prior to the Expiration Date; and
- (c) the certificates for all the Shares to be taken up in proper form for transfer together with a properly completed and duly executed copy of the Letter of Transmittal, or an originally signed photocopy thereof, or, in the case of a book-entry transfer, a Book-Entry Confirmation through CDSX (in the case of Shares held in CDS) or an

Agent's Message (in the case of Shares held in DTC) must be received at the Toronto, Ontario office of the Depositary on or before 5:00 p.m. (Eastern time) on or before the first trading day on the TSX after the Expiration Date (a Shareholder whose Shares are held through DRS must only deliver its Letter of Transmittal and is not required to submit a statement of its DRS positions).

The Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by electronic mail transmission to the Toronto, Ontario office of the Depositary listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares accepted for deposit pursuant to the Offer will be made only after timely receipt by the Depositary of the share certificate(s) for all Shares proposed to be taken up in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal or Book-Entry Confirmation or Agent's Message in lieu thereof relating to such Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently deposited.

Determination of validity, rejection and notice of defect

All questions as to the number of tenders to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any Shares will be determined by Air Canada, in its sole discretion, which determination shall be final and binding on all parties. Air Canada reserves the right, in its sole discretion, to reject any deposits of Shares determined by it not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of, or payment for, which may be unlawful. Air Canada also reserves the right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in the deposit of any particular Shares, and Air Canada's interpretation of the terms of the Offer (including these instructions, the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding on all parties. No individual deposit of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as Air Canada shall determine. **None of Air Canada, the Depositary nor any other person is or will be obligated to give notice of defects or irregularities in deposits, nor shall any of them incur any liability for failure to give any such notice.**

Under no circumstances will interest be paid by Air Canada by reason of any delay in making payment to any person using the guaranteed delivery procedures, including without limitation any delay arising because the Shares to be delivered pursuant to the guaranteed delivery procedures are not so delivered to the Depositary, and therefore payment by the Depositary on account of such Shares is not made until after the date the payment for the deposited Shares taken up pursuant to the Offer is to be made by Air Canada.

Formation of agreement

The valid deposit of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Shareholder and Air Canada, effective as of the Expiration Date, upon the terms and subject to the conditions of the Offer. Such agreement will be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein.

Further assurances

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of Air Canada, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of any Shares proposed to be taken up by Air Canada. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

6. Withdrawal rights

Except as otherwise provided in this Section, deposits of Shares pursuant to the Offer will be irrevocable. Shares deposited pursuant to the Offer may be withdrawn by the Shareholder (a) at any time if the Shares have not been

taken up by Air Canada before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares, (b) at any time before the expiration of ten (10) days from the date that a notice of change or variation has been given in accordance with Section 8 of this Offer to Purchase, "Extension and variation of the Offer", unless (i) Air Canada has taken up the Shares deposited pursuant to the Offer before the date of the notice of change or variation, (ii) the variation consists solely of an increase in the consideration offered for those Shares pursuant to the Offer where the time for deposit is not extended for greater than ten (10) days, or (iii) the variation consists solely of the waiver of a condition of the Offer; or (c) at any time if the Shares have been taken up but not paid for by Air Canada within three (3) business days of being taken up.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depositary by the applicable date specified above at the place of deposit of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery in respect of the Shares being withdrawn or, in the case of Shares tendered by a CDS participant through CDSX, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation or, in the case of Shares tendered by a DTC participant, be signed by such participant in the same manner as the participant's name is listed on the applicable Agent's Message, and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. If the certificates for the Shares deposited pursuant to the Offer have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the depositing Shareholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 5 of the Offer to Purchase, "Procedure for depositing Shares"), except in the case of Shares deposited by an Eligible Institution. If Shares have been deposited pursuant to the procedure for book-entry transfer described in Section 5 of the Offer to Purchase, "Procedure for depositing Shares", the notice of withdrawal must also specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Shares, and must otherwise comply with CDS's or DTC's procedures, as applicable. **A withdrawal of Shares deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depositary of a written or printed copy of a properly completed and executed notice of withdrawal.**

A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such Shares under the Offer. Participants of CDS or DTC should contact these depositaries with respect to the withdrawal of Shares under the Offer.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by Air Canada, in its sole discretion, which determination shall be final and binding. None of Air Canada, the Depositary, the Dealer Manager or any other person shall be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them shall incur any liability for failure to give any such notice.

Any Shares validly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn Shares may be redeposited prior to the Expiration Date by again following the procedures described in Section 5 of this Offer to Purchase, "Procedure for depositing Shares".

If Air Canada extends the period of time during which the Offer is open, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to Air Canada's rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of Air Canada all deposited Shares, and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as described in this Section.

7. Certain conditions of the Offer

The Offer is not conditional on the receipt of financing or any minimum number of Shares being tendered. Notwithstanding any other provision of the Offer, Air Canada shall not be required to accept for purchase, to purchase or to pay for any Shares deposited, and may withdraw, extend, or vary the Offer or may postpone the take up and payment for Shares deposited, if, at any time before the payment for any such Shares, any of the following events shall have occurred (or shall have been determined by Air Canada to have occurred) which, in Air Canada's sole

discretion, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there shall have been threatened, taken or pending any action, suit or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction:
 - (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by Air Canada or otherwise directly or indirectly relating in any manner to or affecting the Offer, or
 - (ii) seeking material damages or that otherwise, in the sole judgment of Air Canada, has or may have a material adverse effect on the Shares, or the business, income/loss, assets, liabilities, condition or position (financial or otherwise), properties, operations, results of operations or prospects of Air Canada and its subsidiaries taken as a whole or has impaired or may impair the contemplated benefits of the Offer to Air Canada or otherwise make it inadvisable to proceed with the Offer;
- (b) there shall have been any action, suit or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or Air Canada or any of its subsidiaries by or before any court, government or governmental authority or regulatory or administrative agency or any statute, rule or regulation shall become operative or applicable in any jurisdiction that, in the sole judgment of Air Canada, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of or impair the contemplated benefits to Air Canada of the Offer, or otherwise make it inadvisable to proceed with the Offer;
- (c) any approval, permit, authorization, favourable review or consent or waiver of or filing with any government or governmental authority or regulatory or administrative agency in any jurisdiction, or any third-party consent, required in the reasonable judgment of Air Canada to be obtained or made in connection with the Offer shall not have been obtained, completed or made on terms and conditions satisfactory to Air Canada;
- (d) there shall have occurred
 - (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States,
 - (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory),
 - (iii) any actual or potential existence, occurrence or continuation of any force majeure events, including any earthquakes, floods, hurricanes, a natural disaster, pandemic, outbreak, epidemic, or the commencement, continuation or escalation of a war, armed hostilities, act of terrorism, political instability or other international, national or regional calamity, crisis, emergency, act of God or any governmental or other response to any of the foregoing, in each case whether or not directly or indirectly involving or affecting Canada, the United States, Europe, Asia or any other country or region where Air Canada maintains significant business activities,
 - (iv) any limitation (whether or not mandatory) by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of Air Canada, might affect the extension of credit by banks or other lending institutions,
 - (v) any significant change, in the sole judgment of Air Canada, in the market price of the Shares since the close of business on August 17, 2026,
 - (vi) any material change in short-term or long-term interest rates,
 - (vii) any change or changes (or any development involving any prospective change or changes) in the general political, market, economic or financial or industry conditions that, in the sole judgment of Air Canada, has or may have a material adverse effect on Air Canada's or its subsidiaries', taken as a whole, business, income/loss, assets, liabilities, condition or position (financial or otherwise), properties, operations, results of operations or prospects, or the trading in, or value of, the Shares

(including, without limitation, the imposition of any new, or any material changes to, duties, tariffs or trade restrictions or similar measures (and any retaliatory measures)),

- (viii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 by an amount in excess of 10%, measured from the close of business on August 17, 2026, or
- (ix) in the case of any of the foregoing existing at the time of the commencement of the Offer, an acceleration or worsening thereof;
- (e) there shall have occurred any change or changes (or any development involving any prospective change or changes) in the business, income/loss, assets, liabilities, properties, condition or position (financial or otherwise), operations, results of operations or prospects of Air Canada or any of its subsidiaries that, in the sole judgment of Air Canada, has, have or may have, individually or in the aggregate, a material adverse significance with respect to Air Canada and its subsidiaries taken as a whole, or in the case of any of the foregoing existing at the time of the commencement of the Offer, an acceleration or worsening thereof;
- (f) any take-over bid or tender or exchange offer with respect to some or all of the securities of Air Canada, or any merger, amalgamation, arrangement, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving Air Canada or any of its affiliates, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board of Directors, shall have been proposed, announced or made by any individual or entity;
- (g) TD Securities shall have withdrawn or amended the liquidity opinion provided by it in connection with the Offer;
- (h) Air Canada shall have determined, in its sole judgment, that the Purchase Price for a Share exceeds the fair market value of such Share at the time of the acquisition of such Share by Air Canada pursuant to the Offer, determined without reference to the Offer;
- (i) Air Canada shall have concluded, in its sole judgment, that the Offer or the take up and payment for any or all of the Shares by Air Canada is illegal or not in compliance with applicable law or stock exchange requirements; or that necessary exemptions under applicable securities legislation are not available to Air Canada for the Offer and, if required under any such legislation, Air Canada shall not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer, or such exemptions or waivers are rescinded or modified in a manner that is not in form and substance satisfactory to Air Canada;
- (j) any change shall have occurred or been proposed to the *Income Tax Act* (Canada) (the "Tax Act") or the *Income Tax Regulations*, as amended, the application thereof pursuant to any judicial decision or to the publicly available administrative policies or assessing practices of the Canada Revenue Agency ("CRA"), or to the CTA, as amended, or the application thereof pursuant to any judicial decision, that, in the sole judgment of Air Canada, is detrimental to Air Canada or its affiliates taken as a whole or to a Shareholder, or with respect to making the Offer or taking up and paying for Shares deposited under the Offer;
- (k) any change shall have occurred or been proposed to the United States Internal Revenue Code of 1986, as amended, the Treasury regulations promulgated thereunder, or publicly available administrative policies of the U.S. Internal Revenue Service or the application thereof pursuant to any judicial decision that, in the sole judgment of Air Canada, is detrimental to Air Canada or its affiliates taken as a whole or to a Shareholder, or with respect to making the Offer or taking up and paying for Shares deposited under the Offer;
- (l) the completion of the Offer subjects Air Canada to any material tax liability;
- (m) Air Canada shall have determined, in its sole judgment, that it would be subject to Part VI.1 tax under the Tax Act in connection with the Offer;
- (n) there will have occurred a material change in North American or any other currency exchange rates or a suspension of or limitation on the markets for such currencies that could have a material adverse effect on the business, income, assets, liabilities, condition or position (financial or otherwise), properties, operations, results of operations or prospects of Air Canada and its subsidiaries taken as a whole, or on the trading of the Shares;
- (o) Air Canada reasonably determines that the consummation and completion of the Offer and the purchase of the Shares may cause the Shares to be delisted from the TSX; or

(p) no Auction Tenders or Purchase Price Tenders have been made pursuant to the Offer.

The foregoing conditions are for the sole benefit of Air Canada and may be asserted by Air Canada in its sole discretion, regardless of the circumstances (including any action or inaction by Air Canada) giving rise to any such conditions, or may be waived by Air Canada, in its sole discretion, in whole or in part at any time. The failure by Air Canada at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by Air Canada concerning the events described in this Section 7 shall be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by Air Canada shall be deemed to be effective on the date on which notice of such waiver or withdrawal by Air Canada is delivered or otherwise communicated to the Depositary. Air Canada, after giving notice to the Depositary of any waiver of a condition or the withdrawal of the Offer, shall make a timely public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is withdrawn, Air Canada shall not be obligated to take up, accept for purchase or pay for any Shares validly deposited under the Offer, and the Depositary will return all certificates for deposited Shares or the equivalent DRS positions, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were deposited.

8. Extension and variation of the Offer

Subject to applicable law, Air Canada expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified in Section 7 of this Offer to Purchase, “Certain conditions of the Offer” shall have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depositary and by causing the Depositary to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 12 of this Offer to Purchase, “Notice”. Promptly after giving notice of an extension or variation to the Depositary, but, in the case of an extension, no later than 9:00 a.m. (Eastern time) on the next business day following the last previously scheduled or announced Expiration Date, Air Canada will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable Canadian securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer shall not expire before ten (10) days after the notice of variation has been given to holders of Shares, unless otherwise permitted by applicable law. During any such extension or in the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by Air Canada in accordance with the terms of the Offer, subject to Section 6 of this Offer to Purchase, “Withdrawal rights”. An extension of the Expiration Date or a variation of the Offer does not constitute a waiver by Air Canada of its rights in Section 7 of this Offer to Purchase, “Certain conditions of the Offer”.

If Air Canada makes a material change in the terms of the Offer or the information concerning the Offer, Air Canada will extend the time during which the Offer is open to the extent required under applicable Canadian securities legislation.

Air Canada also expressly reserves the right, in its sole discretion, at any time or from time to time, (a) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase, “Certain conditions of the Offer”, or (b) to vary the Offer in any respect, including increasing or decreasing the aggregate purchase price for Shares that Air Canada may purchase or the range of prices it may pay pursuant to the Offer, subject to compliance with applicable Canadian securities legislation.

Any such extension, delay, termination or variation will be followed as promptly as practicable by a public announcement. Without limiting the manner in which Air Canada may choose to make any public announcement, except as provided by applicable law, Air Canada shall have no obligation to publish, advertise or otherwise

communicate any such public announcement other than by making a release through a widely circulated news wire service.

9. Taking up and payment for deposited Shares

Upon the terms and conditions of the Offer (including proration) and subject to and in accordance with applicable Canadian securities laws, Air Canada will take up and pay for Shares validly deposited under the Offer in accordance with the terms thereof as soon as practicable after the Expiration Date, but in any event not later than ten (10) days after the Expiration Date. Any Shares taken up will be paid for as soon as reasonably practicable, but in any event no later than three (3) business days after they are taken up in accordance with applicable Canadian securities laws.

For the purpose of the Offer, Air Canada will be deemed to have taken up and accepted for payment validly deposited Shares having an aggregate Purchase Price not exceeding \$800,000,000 if, as and when Air Canada gives written notice or other communication confirmed in writing to the Depositary to that effect.

Air Canada reserves the right, in its sole discretion, to delay taking up or paying for any Shares or to terminate the Offer and not take up or pay for any Shares upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase by giving written notice thereof or other communication confirmed in writing to the Depositary. Air Canada also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable law.

In the event of proration of Shares deposited pursuant to the Offer, Air Canada will determine the proration factor and pay for those deposited Shares accepted for payment as soon as practicable after the Expiration Date. However, Air Canada does not expect to be able to announce the final results of any such proration until approximately three (3) business days after the Expiration Date.

Certificates for all Shares not purchased under the Offer, including Shares not purchased due to proration, will be returned (in the case of certificates representing Shares all of which are not purchased), or replaced with new certificates or a DRS advice representing the balance of Shares not purchased (in the case of certificates representing Shares of which less than all are purchased), or in the case of Shares deposited by book-entry transfer, credited to the account maintained with CDS or DTC, as applicable, by the participant who delivered the Shares, in each case as soon as practicable after the Expiration Date or termination of the Offer without charge by Air Canada to the depositing Shareholder.

Air Canada will pay for Shares taken up under the Offer by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to depositing Shareholders. **Under no circumstances will interest accrue or be paid by Air Canada or the Depositary on the Purchase Price of the Shares purchased by Air Canada, regardless of any delay in making such payment or otherwise.**

Depositing Shareholders will not be obligated to pay brokerage fees or commissions to Air Canada or the Depositary. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer. Air Canada will pay all fees and expenses of the Depositary in connection with the Offer.

The Depositary will act as agent of persons who have validly deposited Shares under the Offer and have not validly withdrawn them, for the purposes of receiving payment from Air Canada and transmitting payment to such persons. Receipt by the Depositary from Air Canada of payment for such Shares will be deemed to constitute receipt of payment by persons depositing Shares. The Depositary will also coordinate with CDS and DTC, as applicable, with respect to Shareholders who have deposited Shares by way of book-entry transfer which are taken up and accepted by Air Canada, to arrange for payment to be made to such Shareholders in accordance with the settlement procedures of CDS and DTC, as applicable, including a currency election if made available by CDS and DTC.

The settlement with each Shareholder who has deposited Shares under the Offer will be effected by the Depositary by forwarding a cheque or via wire transfer, at the Shareholder's expense, representing the cash payment (subject to applicable withholding taxes, if any) for such Shareholder's Shares taken up under the Offer. The cheque will be issued in the name of the person as specified by properly completing the appropriate box in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. Unless the depositing Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, the cheque will be forwarded by first class mail, postage prepaid, to the payee at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address

of the depositing Shareholder as it appears in the registers maintained in respect of the Shares. Cheques mailed in accordance with this paragraph will be deemed to have been delivered at the time of mailing.

All Shares purchased by Air Canada pursuant to the Offer will be cancelled.

10. Payment in the event of mail service interruption

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificates for any Shares to be returned will not be mailed if Air Canada determines that delivery by mail may be delayed. Persons entitled to cheques or certificates that are not mailed for this reason may take delivery at the office of the Depositary at which the deposited certificates for the Shares were delivered until Air Canada has determined that delivery by mail will no longer be delayed. Air Canada will provide notice, in accordance with Section 12 of this Offer to Purchase, of any determination not to mail under this Section 10 as soon as reasonably practicable after such determination is made.

11. Liens and dividends

Shares acquired pursuant to the Offer shall be acquired by Air Canada free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer shall be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution whether or not such Shareholder deposits Shares pursuant to the Offer. See Section 5 of the Circular, Dividend policy, for additional information.

12. Notice

Without limiting any other lawful means of giving notice, any notice to be given by Air Canada or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of Shares at their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, Air Canada will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which Air Canada or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in the *National Post* or *The Globe and Mail* and in *La Presse*.

13. Other terms of the Offer

No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of Air Canada other than as contained in the Offer, and, if any such information or representation is given or made, it must not be relied upon as having been made by or authorized by Air Canada.

It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the “specified amount” in respect of each Share will be an amount equal to the closing trading price for the Shares on the TSX on the Expiration Date. Air Canada will publicly announce the specified amount when Air Canada announces the Purchase Price pursuant to the Offer.

Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 11 of the Circular, “Income tax considerations”.

The Offer and all contracts resulting from the acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. Each party to a contract resulting from an acceptance of the Offer unconditionally and irrevocably attorns to the jurisdiction of the courts of the Province of Québec.

Air Canada, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares. The Offer is not being made to, and deposits of Shares will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in

compliance with the laws of such jurisdiction. Air Canada may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Shareholders in any such jurisdiction.

None of Air Canada, its Board of Directors, the Dealer Manager or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing, or at what price or prices to deposit, Shares pursuant to the Offer. Shareholders are urged to consult their own investment and tax advisors and make their own decision as to whether, and at what price or prices, to deposit Shares under the Offer.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to Air Canada with respect to the Offer.

The accompanying Circular contains additional information relating to Air Canada and the Offer to Purchase and Air Canada urges you to read it and the other Offer documents, including the Letter of Transmittal.

DATED this 20th day of August, 2026.

AIR CANADA

By: *(signed) Michael Rousseau*

Michael Rousseau
President and Chief Executive Officer

Issuer bid circular

This Circular is being furnished in connection with the Offer by Air Canada to purchase for cancellation a number of Shares for an aggregate purchase price not exceeding \$800,000,000 at a Purchase Price of not less than \$29.00 per Share and not more than \$33.00 per Share. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of its terms and conditions.

1. Air Canada

Name, address and incorporation

Air Canada was incorporated as Trans-Canada Air Lines in 1937 and was renamed as Air Canada in 1965. Air Canada was continued under the *Canada Business Corporations Act* pursuant to the 1988 *Air Canada Public Participation Act* (the “ACPPA”). Air Canada’s articles of incorporation have since been amended to reflect changes in its share capital, in the ACPPA or in the Canadian ownership and voting control requirements of the CTA. Air Canada is currently governed by a restated certificate and articles of incorporation dated January 1, 2025.

The head office of Air Canada is located at 7373 Côte-Vertu Boulevard West, Montréal (Saint-Laurent), Quebec, H4S 1Z3. Air Canada’s website address is aircanada.com.

Business of Air Canada

Air Canada is the largest provider of scheduled passenger services in the Canadian market, the Canada-U.S. transborder market and in the international market to and from Canada. Its mission is connecting Canada and the world.

Air Canada enhances its domestic and transborder network through commercial agreements with regional carriers, including a capacity purchase agreement (CPA) with Jazz Aviation LP (Jazz), a wholly owned subsidiary of Chorus Aviation Inc., and a commercial agreement with PAL Airlines Ltd. (PAL), a wholly owned subsidiary of Exchange Income Corporation, operating flights on behalf of Air Canada under the Air Canada Express brand. Regional flying forms an integral part of the airline’s international network strategy, providing valuable traffic feed to Air Canada and Air Canada Rouge routes.

Air Canada is a founding member of the Star Alliance® network. Through the member airline network, Air Canada offers its customers access to a wide global network, as well as reciprocal participation in frequent flyer programs, a seamless travel experience and improved customer service, including the use of airport lounges and other common airport facilities.

Air Canada’s Aeroplan program is Canada’s premier travel loyalty program. The Aeroplan program allows individuals to enrol as members and accumulate Aeroplan points through travel on Air Canada and select partners, as well as through the purchase of products and services from participating partners and suppliers. Members can redeem Aeroplan points for a variety of travel, merchandise, gift cards and other rewards provided directly by participating partners or made available through Aeroplan’s suppliers. Aeroplan Elite Status recognizes Air Canada’s frequent flyers, as well as Aeroplan’s most engaged members, with a range of priority travel services and membership benefits.

Air Canada Cargo, a division of Air Canada, is a global cargo service provider, offering cargo services on passenger flights and on dedicated Boeing 767 freighter aircraft.

Air Canada Vacations is a leading Canadian tour operator, developing, marketing and distributing vacation travel packages, including flight and hotel packages, car rentals and travel-related activities in the outbound leisure travel market (Caribbean, Mexico, U.S., Europe, Central and South America, Asia, Oceania, Middle East), and the leisure travel market to destinations within Canada and offering flight and cruise packages for worldwide destinations including North America, Europe, the Caribbean, Japan and Dubai.

Air Canada Rouge is Air Canada’s leisure carrier, primarily operating short- and medium-haul flights to leisure destinations in Latin America, the Caribbean, the U.S., and Canada. Air Canada Rouge leverages the strengths of Air Canada, including its extensive network with enhanced connection options, operational expertise and frequent flyer program, and also gives Air Canada the ability to compete against low-cost carriers and ultra-low-cost carriers.

2. Authorized capital

Authorized share capital

The authorized share capital of Air Canada comprises an unlimited number of Variable Voting Shares and Voting Shares. As at August 17, 2026, an aggregate number of 280,167,997 Shares were issued and outstanding. The two classes of shares have equivalent rights as shareholders except for voting rights.

Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians (within the meaning of the CTA). An issued and outstanding Variable Voting Share is converted into one Voting Share automatically, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the CTA.

Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by Canadians. An issued and outstanding Voting Share is converted into one Variable Voting Share automatically, if such Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian.

Air Canada's articles provide that holders of Variable Voting Shares are entitled to one vote per share unless (i) the number of Variable Voting Shares outstanding, as a percentage of the total number of voting shares of Air Canada exceeds 49 per cent or (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds 49 per cent of the total number of votes that may be cast at such meeting. If either of the above noted thresholds would otherwise be surpassed at any time (after applying the order of proration set out in the paragraph below), the vote attached to each Variable Voting Share will decrease proportionately such that (i) the Variable Voting Shares as a class do not carry more than 49 per cent of the aggregate votes attached to all issued and outstanding Voting Shares of Air Canada and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49 per cent of the votes that may be cast at such meeting.

Air Canada's articles also provide for the automatic reduction of the voting rights attached to Variable Voting Shares in the event any of the following limits are exceeded. In such event, the votes attributable to Variable Voting Shares will be affected as follows:

- First, if required, a reduction of the voting rights of any single non-Canadian holder (including a single non-Canadian holder authorized to provide an air service) holding more than 25 per cent of the total number of voting shares of Air Canada or carrying more than 25 per cent of the votes to ensure that such non-Canadian holders never carries more than 25 per cent of the aggregate votes attached to all issued and outstanding voting shares of Air Canada or more than 25 per cent of the votes, which holders of Voting Shares cast at any meeting of shareholders.
- Second, if required and after giving effect to the first proration set out above, a further proportional reduction of the voting rights of all non-Canadian holders authorized to provide an air service to ensure that such non-Canadian holders authorized to provide an air service, in the aggregate, never carry more than 25 per cent of the aggregate votes attached to all issued and outstanding voting shares of Air Canada or more than 25 per cent of the votes, which holders of voting shares cast at any meeting of shareholders.
- Third, if required and after giving effect to the first two prorations set out above, a proportional reduction of the voting rights for all non-Canadian holders as a class to ensure that non-Canadians never carry, in aggregate, more than 49 per cent of the aggregate votes attached to all issued and outstanding voting shares of Air Canada or more than 49 per cent of the votes, which holders of voting shares cast at any meeting of shareholders, as described in the preceding paragraph.

Each Variable Voting Share and Voting Share entitles its holder to vote at any meeting of shareholders as described herein, and to rank equally in the payment of dividends, if and when, declared by the directors and in the distribution of assets if Air Canada is liquidated, dissolved or wound up.

Upon liquidation, dissolution or winding up of Air Canada or other distribution of Air Canada's assets among its shareholders for the purpose of winding up its affairs, the holders of Variable Voting Shares and Voting Shares are entitled to receive the remaining property of Air Canada and to share equally, share for share, in all distributions of such assets.

In the event that an offer is made to purchase a single class of either Voting Shares or Variable Voting Shares and the offer is one that must, pursuant to applicable securities legislation, be made to all or substantially all the holders

of the applicable class of shares, each Variable Voting Share or Voting Share, as applicable, becomes convertible at the option of the holder into one Voting Shares or Variable Voting Share, as applicable, which is subject to the offer at any time while such offer is in effect and until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares. The conversion right may only be exercised for the purpose of depositing the resulting shares in response to the offer. If the Variable Voting Shares or Voting Shares, as applicable, resulting from the conversion and deposited pursuant to the offer are withdrawn by the shareholder or are not taken up by the offeror or the offer is withdrawn, the Variable Voting Shares or Voting Shares, as applicable, resulting from the previous conversion are reconverted automatically into Voting Shares or Variable Voting Shares, as applicable.

The foregoing summary of the rights, privileges, restrictions and conditions that are attached to the Variable Voting Shares and the Voting Shares does not purport to be complete and is subject to, and is qualified in its entirety, by the terms of Air Canada's restated articles of incorporation.

Air Canada's dual class shareholding structure was implemented solely to ensure compliance with the requirements of the ACPPA and the CTA. An investor does not control or choose which class of shares it acquires and holds. There are no unique features of either class of shares which an existing or potential investor can choose to acquire, exercise or dispose of; the class ultimately available to it is a function of the investor's Canadian or non-Canadian status only. Moreover, if after having acquired shares, a holder's Canadian/non-Canadian status changes, the shares will convert accordingly and automatically, without formality or regard to any other consideration. In 2012, we obtained exemptive relief from the Canadian securities regulatory authorities in order that formal takeover bid requirements under Canadian securities laws would only apply to an offer to acquire 20% or more of our outstanding Variable Voting Shares and Voting Shares on a combined basis, and early warning reporting requirements under Canadian securities laws would only apply to an acquirer that acquires or holds beneficial ownership of, or control or direction over, 10% or more of our outstanding Variable Voting Shares and Voting Shares on a combined basis (or 5% in the case of acquisitions during a takeover bid). This exemptive relief remains in effect.

Shareholder rights plan

Air Canada's shareholder rights plan, as approved by its shareholders, is in effect until the day following Air Canada's 2029 annual meeting of shareholders. It is available on SEDAR+ at www.sedarplus.ca.

Additional information

Air Canada is subject to the continuous and timely disclosure requirements of applicable Canadian securities legislation, and the rules, policies and guidelines of the TSX and in accordance therewith files or furnishes reports and other information with Canadian securities regulators and the TSX.

Shareholders may access documents filed with Canadian securities regulators through the Canadian System for Electronic Document Analysis and Retrieval + (SEDAR+) at www.sedarplus.ca.

Air Canada's consolidated financial statements are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3. Purpose and effect of the Offer

Air Canada and its Board of Directors believe that the Offer represents an equitable and efficient means for Air Canada to return up to \$800,000,000 to Shareholders who elect to tender their Shares. The equity ownership of Shareholders who elect not to tender will be proportionately increased. 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.

After giving effect to the Offer, Air Canada believes that it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude Air Canada from pursuing its foreseeable or planned business or strategic opportunities. See "Risk Factors" in Air Canada's management's discussion and analysis for the year ended December 31, 2025 and Air Canada's management's discussion and analysis for the three- and six-month periods ended June 30, 2026, each of which is available under Air Canada's profile on SEDAR+ at www.sedarplus.ca.

Canadian securities laws prohibit Air Canada and its affiliates from acquiring or offering to acquire beneficial ownership of any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Date or

termination of the Offer, except, in the case of acquisitions during the period following the Expiration Date, pursuant to certain acquisitions effected in the normal course on a published market or as otherwise permitted by applicable law.

Subject to applicable law, Air Canada may in the future purchase additional Shares on the open market, in private transactions, through issuer bids or otherwise. Any such purchases may be on the same terms or on terms that are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by Air Canada will depend on many factors, including the market price of the Shares, Air Canada's business and financial position, general economic and market conditions, and other considerations that we may consider relevant.

Background to the Offer

Air Canada is committed to continue evaluating and seeking opportunities to create long term value, and to return value to its Shareholders. Management of Air Canada and the Board of Directors establish capital allocation objectives that are consistent with disciplined balance sheet management and a responsible risk profile.

On June 25, 2025, Air Canada completed a \$500 million substantial issuer bid by taking up and paying for 26,595,744 of its Shares at a price of \$18.80 per Share.

On August 11, 2026, Air Canada announced that funds managed by Blackstone and La Caisse, together with other leading Canadian institutions, were making a \$2.5 billion minority equity investment (the "**Aeroplan Investment**") in Aeroplan Inc. ("**Aeroplan**"). Proceeds from the Aeroplan Investment will be used toward the repayment of Air Canada's upcoming US\$1.2 billion (\$1.7 billion) bond maturity, strengthening Air Canada's balance sheet through a reduction in gross indebtedness without a corresponding reduction in cash and cash equivalents, to fund share repurchases contemplated in this Offer, and for other corporate purposes.

Air Canada believes that the recent trading price of its Shares is not fully reflective of the value of Air Canada's business and future prospects. Accordingly, Air Canada and its Board of Directors believe that the purchase of Shares is an attractive and appropriate use of its available funds, 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. The Offer allows Air Canada to purchase its Shares for cancellation at valuations that Air Canada considers currently attractive while maintaining its priority of investing in its growth and maintaining balance sheet strength.

The Board of Directors determined to proceed with the Offer because, based on a number of factors, including recommendations from management, it believes that the Offer is in the best interests of Air Canada and authorized and approved on August 17, 2026 the making of the Offer, its pricing, the Offer, including this Circular and related documents, and the delivery thereof to security holders. In evaluating the Offer and determining that it would be in the best interests of Air Canada, Air Canada and its Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) the recent trading price range of the Shares is not considered to be fully reflective of the value of Air Canada's business and future prospects, and that consequently the purchase of Shares represents an attractive investment by Air Canada and an appropriate and desirable use of available funds;
- (b) Air Canada's belief that the Offer is a prudent use of Air Canada's financial resources given its business profile and assets, the current market price of the Shares, Air Canada's cash requirements relative to its existing cash balance and access to additional capital through its existing debt financing arrangements;
- (c) Air Canada's belief that, after giving effect to the Offer, it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and pursue its foreseeable or planned business strategic opportunities, including as part of its long-term plan;
- (d) the anticipated positive impact that the purchase of Shares could have on Air Canada's earnings and cash flow calculated on a per Share basis, as well as the return on equity of the Shares;
- (e) the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in Air Canada, should they desire liquidity, in quantities and at prices which might not otherwise be available in the market without incurring brokerage fees or commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Shares on their behalf) which might otherwise be payable on a sale of Shares over the facilities of the TSX;

- (f) the deposit of Shares under the Offer is optional, the option is available to all Shareholders, and all Shareholders are free to accept or reject the Offer depending on their investment preferences or other considerations;
- (g) Shareholders wishing to tender Shares may do so pursuant to Auction Tenders or Purchase Price Tenders;
- (h) Shareholders owning fewer than 100 Shares, whose shares are purchased pursuant to the Offer, will not only avoid the payment of brokerage fees or commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Shares on their behalf) but will also avoid any odd lot discounts that may be applicable to a sale of Shares over the facilities of the TSX;
- (i) the price range offered for the Shares pursuant to the Offer represents a discount of 3.2% to a premium of 10.2% over the closing price of the Shares on the TSX on August 17, 2026, being the last full trading day before the public announcement by Air Canada of the price range being offered under the Offer;
- (j) the Offer is not conditional on any minimum number of Shares being deposited;
- (k) there are no anticipated material adverse Canadian tax consequences to Air Canada as a result of the Offer;
- (l) the Offer provides for equal and hence fair treatment of all Shareholders;
- (m) the Offer is not conditional upon the receipt of financing;
- (n) the opinion from TD Securities regarding the liquidity of the market for the Shares currently and after completion of the Offer (see “Liquidity of market” below);
- (o) the fact that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see “Liquidity of market” below); and
- (p) following completion of the Offer in accordance with its terms, any change in the profile of the shareholder base of Air Canada should not have a negative impact on Shareholders.

The foregoing summary of the factors considered by the Board of Directors is not, and is not intended to be, exhaustive of the factors considered by the Board of Directors in determining to authorize and approve the Offer, but includes the material factors considered by the Board of Directors in reaching its decision. In view of the variety of factors and the amount of information considered in connection with its determination to proceed with the Offer, the Board of Directors did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion. In addition, individual directors may have given different weight to different factors. The determination of the Board of Directors to make the Offer was made after careful consideration, evaluation and deliberation of all the factors involved and various other information.

None of Air Canada, its Board of Directors, the Dealer Manager or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing, or at what price or prices to deposit, Shares under the Offer. Shareholders are urged to carefully evaluate all information in the Offer, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether, and at what price or prices, to deposit Shares under the Offer. See Section 11 of the Circular, “Income tax considerations”.

Liquidity of market

As at August 17, 2026, there were 280,167,997 Shares issued and outstanding, of which 279,248,046 Shares comprise the public float, which excludes Shares beneficially owned, or over which control or direction is exercised, by “related parties” of Air Canada and Shares that are not “freely tradeable” (each as defined in Regulation 61-101) (the “**public float**”). The maximum number of Shares that Air Canada is offering to purchase pursuant to the Offer, if the Purchase Price is determined to be \$29.00 (being the minimum price per Share under the Offer), represents approximately 9.8% of the Shares outstanding as at August 17, 2026. If Air Canada purchases such maximum number of Shares, which would be the outcome having the greatest impact on liquidity, there will be approximately 252,581,791 Shares outstanding following completion of the Offer.

Air Canada is relying on the “liquid market exemption” specified in *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“**Regulation 61-101**”) from the requirement to obtain a formal valuation applicable to the Offer. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

Air Canada has determined that there is a liquid market in the Shares because:

- (a) there is a published market for the Shares (the TSX);
- (b) during the 12 months before August 17, 2026 (the last full trading day prior to the public announcement by Air Canada of the price range being offered under the Offer):
 - (i) the number of issued and outstanding Shares was at all times at least 5,000,000 (excluding Shares beneficially owned, or over which control and direction was exercised, by related parties and securities that were not freely tradeable);
 - (ii) the aggregate trading volume of Shares on the TSX (the exchange on which the Shares were principally traded) was at least 1,000,000 Shares;
 - (iii) there were at least 1,000 trades in the Shares on the TSX; and
 - (iv) the aggregate value of the trades in the Shares on the TSX was at least \$15 million; and
- (c) the market value of the Shares on the TSX, as determined in accordance with Regulation 61-101, was at least \$75 million for July 2026 (the calendar month preceding the calendar month in which the Offer was announced).

Air Canada has also obtained, on a voluntary basis, a liquidity opinion of TD Securities to the effect that based upon and subject to the qualifications, assumptions and limitations contained therein and such other matters as TD Securities considered relevant, as of August 17, 2026, (i) a liquid market exists for the Shares, and (ii) it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The liquidity opinion of TD Securities is reproduced at [Schedule A](#) hereto.

Based on the liquid market test set out above and the liquidity opinion of TD Securities, Air Canada determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. Further, Air Canada does not anticipate any change in a principal market following completion of the Offer.

Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

Additional securities law considerations

Air Canada is a reporting issuer (or the equivalent thereof) in each of the provinces and territories of Canada, and the Shares are listed on the TSX. Air Canada believes that the purchase of Shares pursuant to the Offer will not result in (a) Air Canada ceasing to be a reporting issuer in any jurisdiction in Canada, or (b) the Shares being delisted from the TSX.

The audited consolidated financial statements of Air Canada and the related management's discussion and analysis as at and for the financial years ended December 31, 2025 and December 31, 2024 and unaudited interim consolidated financial statements of Air Canada and the related management's discussion and analysis as at and for the three- and six-month periods ended June 30, 2026 have been filed and are available under Air Canada's profile on SEDAR+ at www.sedarplus.ca. Shareholders may obtain copies of these financial statements and the related management's discussion and analysis, without charge, upon request to Air Canada, attention: Office of the Corporate Secretary, at Air Canada Centre Zip 1273, P.O. Box 14000, Station Airport, Montréal, Quebec, H4Y 1H4.

4. Price range of Shares

The Variable Voting Shares and Voting Shares are listed on the TSX under a single symbol "AC".

The following table sets forth the high and low closing prices per Share and the volumes of the Shares traded on the TSX as compiled from published financial sources for each month for the periods indicated below.

Month	High \$	Low \$	Average daily trading volume	Total monthly volume
February 2026	\$21.68	\$18.78	3,272,453	62,176,604
March 2026	\$19.93	\$16.45	3,608,294	79,382,468
April 2026	\$19.61	\$17.80	3,271,328	68,697,882
May 2026	\$22.20	\$18.07	3,194,785	63,895,693
June 2026	\$24.95	\$20.59	2,834,749	62,364,470
July 2026	\$26.39	\$22.05	2,218,803	48,813,666
August 2026 (1 to 17)	\$31.45	\$25.20	3,502,900	35,029,001

On August 11, 2026, the last full trading day preceding the announcement by Air Canada of the approval by its Board of Directors of the Offer, the closing price per Share on the TSX was \$27.27. On August 17, 2026, the last full trading day prior to the public announcement by Air Canada of the price range being offered under the Offer, the closing price of the Shares on the TSX was \$29.95.

5. Dividend policy

Air Canada has not declared or paid dividends on its Voting Shares or Variable Voting Shares during the two years preceding the date of the Offer.

Air Canada's current policy is to reinvest earnings and use excess liquidity in order to finance the growth and development of its business, pay down debt and, when appropriate, buy back Shares. Certain agreements Air Canada has or may enter into from time to time may restrict or impose conditions with respect to Air Canada's ability to declare and pay dividends. Any future determination to declare and pay cash dividends is subject to legal restrictions applicable at the time to Air Canada and to the discretion of Air Canada's Board of Directors. It will also depend on Air Canada's financial condition, results of operations, capital requirements and allocation priorities, restrictive covenants in contracts and such other factors as Air Canada's Board of Directors deems relevant.

6. Previous distributions of Shares and purchase and sale of securities

Public distributions of Shares

Air Canada has not distributed any Shares in the five years preceding the date of the Offer (other than Shares issued upon the exercise of options of Air Canada or the settlement of performance share units or restricted share units of Air Canada, which are set out in the following section).

Shares issued upon exercise of options and settlement of performance and restricted share units

In the five-year period ending on the date hereof, Air Canada issued an aggregate number of (i) 828,998 Shares upon the settlement of outstanding stock options, at exercise prices ranging from \$9.23 to \$25.32, for aggregate gross proceeds of \$ 9,715,120.10 and (ii) 169,866 Shares upon the settlement of outstanding performance and restricted share units which were granted under Air Canada's Long-Term Incentive Plan.

Securities purchased or sold in the 12-month period preceding the Offer

Excluding securities purchased or sold pursuant to the exercise of stock options and except for the purchase of Shares pursuant to Air Canada's NCIB launched on November 7, 2025, no securities of Air Canada have been purchased by Air Canada during the 12-month period preceding the date of this Offer.

In the fourth quarter of 2025, the TSX accepted notice of Air Canada's intention to make a NCIB allowing Air Canada to purchase for cancellation from November 7, 2025 to November 6, 2026, up to 29,557,428 of its Shares, being about 10% of the public float of its Shares at the time in accordance with TSX rules.

In the fourth quarter of 2025, Air Canada purchased for cancellation 1,778,824 Shares at an average cost of \$18.63 per Share for aggregate consideration of approximately \$33 million. In the first quarter of 2026, Air Canada purchased 7,793,732 Shares for cancellation at an average cost of \$18.20 per Share for aggregate consideration of approximately \$142 million. In the second quarter of 2026, Air Canada purchased 6,723,259 Shares for cancellation at an average cost of \$18.61 per Share for aggregate consideration of approximately \$125 million. Air Canada has purchased an aggregate of 16,295,815 Shares for cancellation under its existing NCIB.

7. Ownership of securities of Air Canada

The following table indicates, as at August 17, 2026, the number of outstanding securities of Air Canada beneficially owned, or over which control or direction was exercised, by each director and officer of Air Canada and, to the knowledge of Air Canada after reasonable inquiry, by each director and officer or its affiliates and each associate of a director or officer of Air Canada or its affiliates. No person is acting jointly or in concert with Air Canada in connection with the Offer.

On July 8, 2026, Air Canada announced that Anko van der Werff will become its next President and Chief Executive Officer, and a member of the Board, by the end of January 2027. Mr. Van der Werff will succeed Michael Rousseau, whose retirement will be effective August 31, 2026.

Name	Relationship with Air Canada	Number of Shares*	Number of deferred share units	Number of performance or restricted share units	Number of options
Amee Chande	Director	14,506	35,152	-	-
Christie J.B. Clark	Director	79,010 ⁽¹⁾	64,571	-	-
Rob Fyfe	Director	-	96,740	-	-
Michael M. Green	Director	91,848 ⁽²⁾	103,961	-	-
Jean Marc Huot	Director	31,097	279,350	-	-
Claudette Marie McGowan	Director	-	24,523	-	-
Rachel Notley	Director	-	2,507	-	-
Madeleine Paquin	Director	18,500 ⁽³⁾	88,419	-	-
Eric Richer La Flèche	Director	22,343	-	-	-
Michael Rousseau	President and Chief Executive Officer	166,805 ⁽⁴⁾	-	920,204	2,945,329
Vagn Sørensen	Director	30,740	216,761	-	-
Kathleen Taylor, C.M.	Director	10,000	84,280	-	-
Annette Verschuren, O.C.	Director	67,768	91,438	-	-
Marc Barbeau	Executive Vice President, Chief Legal Officer and Corporate Secretary	7,842	143,012	102,576	386,038
John Di Bert	Executive Vice President and Chief Financial Officer	38,585 ⁽⁵⁾	-	260,254	596,084
Mark Galardo	Executive Vice President and Chief Commercial Officer and President, Cargo	7,353	-	173,317	450,113
Craig Landry	Executive Vice President and Chief Innovation Officer and President, Aeroplan	57,041	58,122	212,313	759,860
Arielle Meloul-Wechsler	Executive Vice President, Chief Human Resources Officer and Public Affairs	51,001	30,706	150,954	539,698
Mark Nasr	Executive Vice President and Chief Operations Officer	37,347	-	201,325	496,778
Kevin O'Connor	Senior Vice President, Global Airports and Operations Control	18,005	-	49,790	168,219
Murray Strom	Senior Vice President, Flight Operations and Maintenance	19,059 ⁽⁶⁾	-	67,296	209,341
Michael Abbott	Vice President, Labour Relations	6,859	-	28,227	104,268

Name	Relationship with Air Canada	Number of Shares*	Number of deferred share units	Number of performance or restricted share units	Number of options
Jinny Chan	Vice President, General Auditor	2,790	-	34,555	65,821
Melvin Crocker	Vice President and Chief Information Officer	5,901 ⁽⁷⁾	-	28,369	102,977
Cale Daniels	Vice President, System Operations Control	9,160	-	20,736	48,219
Giuseppina Guercio	Vice President, Global Human Resources	13,441	12,324	29,880	91,765
Christophe Hennebelle	Vice President, Corporate Communications	12,830	-	28,025	64,853
Andrew Ka Hoi Yiu	Vice President, In-Flight Service and Air Canada Rouge	6,821	5,227	29,054	119,448
Pierre Houle	Vice President and Treasurer	6,064	-	21,575	85,684
Chris Isford	Vice President, Finance & Controller	26,601	-	32,847	135,204
Alexandre Lefevre	Vice President, Network Planning and Global Sales	662	-	23,377	61,460
Mary-Jane Lorette	Vice-President, Revenue Management, Partnerships and International Affairs	2,307	-	22,668	63,380
Scott O'Leary	Vice President, Loyalty and Product	9,571	-	29,034	97,781
Firas Al Osman	Chief Digital Officer	2,060	-	42,063	80,927
Robert Palmer	Vice President, Safety	8,830	-	24,354	57,511
Gilda Romanelli	Vice President, Airport Operations – International & USA	12,550	-	29,999	96,061
Tom Stevens	Vice President, Customer Experience and Service Operations	6,311	-	37,349	67,681
Jon Turner	Vice President, Cargo	10,680	-	29,735	118,853
Joshua Vanderveen	Vice President, Maintenance	7,663	-	28,234	67,376

* Each indicated number of Shares represents less than 1% of all Shares issued and outstanding as at August 17, 2026.

Notes: (1) Mr. Clark holds 69,310 Shares indirectly through his spouse as permitted under Air Canada's share ownership requirements. (2) Mr. Green holds 3,077 Shares indirectly through the JP Morgan Charitable Giving Fund as permitted under Air Canada's share ownership requirements. (3) Ms. Paquin holds 18,500 Shares indirectly through Majeve Capital ULC as permitted under Air Canada's share ownership requirements. (4) Mr. Rousseau holds 8,500 Shares indirectly through his spouse as permitted under Air Canada's share ownership requirements and holds 5,000 Shares through a joint account. (5) Includes 6,000 Shares held by Mr. Di Bert's three children (each child holds 2,000 Shares). (6) Includes 2,000 Shares held by Mr. Strom's spouse. (7) Includes 530 Shares held by Mr. Crocker's spouse.

As of August 17, 2026, after reasonable inquiry, to the knowledge of the directors and officers of Air Canada, no entity or person beneficially owns or exercises control or direction over, directly or indirectly, Shares carrying 10% or more of the voting rights attached to the Shares.

8. Arrangements concerning Shares

Acceptance of the Offer

To the knowledge of Air Canada, after reasonable inquiry, none of the individuals named under Section 7 of the Circular “Ownership of securities of Air Canada” will be depositing any Shares pursuant to the Offer.

The intentions of the directors and officers of Air Canada and their respective associates or affiliates as described above may change or, subject to compliance with applicable laws, Shares (including those underlying other securities of Air Canada) may be sold on the TSX during the period of the Offer depending on the change in circumstances of such parties.

In accordance with applicable laws or regulations of Canada or its provinces or territories and the United States, including and subject to Rule 14e-5 under the U.S. Securities Exchange Act of 1934, as amended, Air Canada or its affiliates or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, directly or indirectly, the Shares, or any securities that are immediately convertible into, exchangeable for, or exercisable for Shares, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or through private negotiations at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Canada, such information will be disclosed as and when required by Canadian securities laws on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca.

Commitments to acquire Shares

Air Canada has no agreements, commitments or understandings to purchase Shares other than pursuant to the Offer. To the knowledge of Air Canada, after reasonable inquiry, no person or company referred to in this Circular under Section 7 of the Circular “Ownership of securities of Air Canada” has any agreement, commitment or understanding to acquire securities of Air Canada other than in connection with Air Canada’s equity compensation plans for employees and directors.

Benefits from the Offer

Except as described or referred to in the Offer, no person or company named under Section 7 of the Circular “Ownership of securities of Air Canada” will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any Shares purchased by Air Canada in accordance with the terms of the Offer and any benefit available to any Shareholder who does or does not participate in the Offer. See Section 3 of the Circular, “Purpose and effect of the Offer”.

Contracts, arrangements or understandings with Shareholders

Except as described or referred to in the Offer, there are no contracts, arrangements or understandings made or proposed to be made between Air Canada and any holder of any securities of Air Canada in relation to the Offer.

9. Material changes in the affairs of Air Canada

Except as described herein or referred to in the Offer or as has been publicly disclosed, Air Canada does not have any current plans or proposals for material changes in the affairs of Air Canada, and is not aware of any undisclosed material changes, that have occurred since August 11, 2026, the date on which Air Canada’s most recent interim financial report was filed by Air Canada with the Canadian securities regulatory authorities, which may be accessed on SEDAR+’s website at www.sedarplus.ca.

From time to time, and including as part of its long-term plans, Air Canada explores potential business, strategic or other opportunities and transactions and may receive unsolicited offers for its Shares and/or assets. These opportunities and transactions may include the acquisition or disposition of material assets, material contracting arrangements, financings, significant investments and other similar opportunities or transactions. Such opportunities or transactions, if completed, may have a significant effect on the price or value of Air Canada’s securities. Air Canada’s general policy is to not publicly disclose the pursuit of a potential strategic opportunity or transaction until a binding definitive agreement has been signed or otherwise as appropriate in accordance with applicable securities regulations.

10. Prior valuations and *bona fide* offers

To the knowledge of the directors and officers of Air Canada, after reasonable inquiry, no “prior valuation” (as defined in Regulation 61-101) in respect of Air Canada has been made in the 24 months before the date hereof, and the contents of any appraisal or valuation prepared by or for a person other than Air Canada in connection with the Aeroplan Investment are not known to Air Canada nor reasonably obtainable in the circumstances. No *bona fide* prior offer that relates to the Shares or is otherwise relevant to the Offer has been received by Air Canada during the 24 months preceding the date of the Offer.

11. Income tax considerations

Certain Canadian federal income tax considerations

Air Canada has been advised by Stikeman Elliott LLP that the following summary describes certain of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable, as at the date hereof, to a disposition of Shares pursuant to the Offer.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form currently proposed. No assurances can be given that the Proposed Amendments will be enacted as currently proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Shareholder: (i) that is a “financial institution” for the purposes of the “mark to market” rules, (ii) that is a “specified financial institution”, (iii) an interest in which is a “tax shelter investment”, (iv) that reports its “Canadian tax results” in a currency other than Canadian dollars, or (v) that has entered into, in respect of Shares, a “derivative forward agreement”, a “dividend rental arrangement”, a “synthetic equity arrangement”, or a “synthetic disposition arrangement” (all as defined in the Tax Act). This summary is also not applicable to a Shareholder that acquired or is considering acquiring Shares through the exercise of stock options or under an equity compensation plan and who disposes of such Shares pursuant to the Offer. **Such Shareholders should consult their own tax advisors regarding their particular circumstances as the tax considerations applicable to such Shareholders could be significantly different from the ones described hereinafter.**

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Shareholder and no representations with respect to Canadian federal income tax consequences to any particular Shareholder are made. Accordingly, Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

Having regard to the potential deemed dividend tax treatment (including Canadian withholding tax for non- residents of Canada) described below on a disposition of Shares pursuant to the Offer as opposed to capital gains (or capital loss) treatment which would generally apply to a disposition in the market, Shareholders who wish to dispose of their Shares and who are not generally exempt from Canadian federal income tax should consult their tax advisors regarding the disposition of their Shares in the market as an alternative to disposing of their Shares pursuant to the Offer, in order to obtain capital gains (or capital loss) treatment on the disposition of their Shares.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition or deemed disposition of Shares must be expressed in Canadian dollars. This summary assumes that at all relevant times the Shares will be listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX).

Residents of Canada

This portion of the summary is applicable to a Shareholder who, at all relevant times for the purposes of the Tax Act (i) is or is deemed to be a resident of Canada, (ii) deals at arm’s length with Air Canada and is not affiliated with Air Canada, (iii) is not exempt from tax under Part I of the Tax Act, and (iv) holds its Shares as capital property (a “**Resident Shareholder**”). Generally, Shares will be considered to be capital property to a Resident Shareholder provided that the Resident Shareholder does not hold the Shares in the course of carrying on a business and has

not acquired the Shares in one or more transactions considered to be an adventure or concern in the nature of trade. A Resident Shareholder whose Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have the Shares and every other “Canadian security”, as defined in the Tax Act, owned by such Resident Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Shareholders are advised to consult their own tax advisors to determine if this election is appropriate in their particular circumstances.

A Resident Shareholder who disposes of Shares pursuant to the Offer will be deemed to receive a taxable dividend on a separate class of shares comprising the Shares so sold to the extent the amount paid by Air Canada for the Shares, being the Purchase Price, exceeds their paid-up capital for purposes of the Tax Act. Air Canada estimates that the paid-up capital per Share for purposes of the Tax Act as of the date hereof is not less than approximately \$10.60 (and, following the Expiration Date, Air Canada will advise Shareholders of any material change to this estimate). The exact quantum of the deemed dividend, if any, cannot be guaranteed.

Any dividend deemed to be received by a Resident Shareholder who is an individual will be subject to gross-up and dividend tax credit rules applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit with respect to eligible dividend, if applicable. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Air Canada intends to designate the maximum amount, as permitted without creating taxes for Air Canada under the Tax Act, of the deemed dividend as an eligible dividend.

Subject to the possible application of subsection 55(2) of the Tax Act, as described below, any dividend deemed to be received by a Resident Shareholder that is a corporation will be included in computing such Resident Shareholder's income as a dividend, and will ordinarily be deductible in computing its taxable income subject also to all other limitations under the Tax Act. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay tax under Part IV of the Tax Act at a rate of 38 1/3% of the amount of the deemed dividend. This additional tax may be refundable in certain circumstances.

Under subsection 55(2) of the Tax Act, a Resident Shareholder that is a corporation may be required to treat all or a portion of any deemed dividend that is deductible in computing taxable income as proceeds of disposition of capital property and not as a dividend where the Resident Shareholder would have realized a capital gain if it disposed of any Share at fair market value immediately before the disposition of Shares to Air Canada, the disposition to Air Canada resulted in a significant reduction in such capital gain and the dividend exceeds the “safe income” in respect of the particular Share that could reasonably be considered to contribute to such capital gain. Subsection 55(2) of the Tax Act does not apply to the portion of the taxable dividend subject to tax under Part IV of the Tax Act that is not refunded under the circumstances specified in subsection 55(2) of the Tax Act. The application of subsection 55(2) of the Tax Act involves a number of factual considerations that will differ for each Resident Shareholder and a Resident Shareholder to whom it may be relevant is urged to consult its own tax advisors concerning its application having regard to its particular circumstances.

The amount paid by Air Canada under the Offer for the Shares less any amount deemed to be received by the Resident Shareholder as a dividend (after the application of subsection 55(2) of the Tax Act, if applicable, in the case of a corporate Resident Shareholder) will be treated as proceeds of disposition of the Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Shares to the extent the amount by which the Resident Shareholder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Shares sold to Air Canada pursuant to the Offer.

A Resident Shareholder is generally required to include in computing its income for the taxation year of disposition one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in such year. Subject to and in accordance with the provisions of the Tax Act and the Proposed Amendments, a Resident Shareholder is generally required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in the taxation year of disposition against taxable capital gains realized in the same taxation year. Allowable capital losses in excess of any taxable capital gains realized in the taxation year of disposition may generally be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such taxation years.

A Resident Shareholder who is an individual (other than a trust) and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss denied under the “superficial loss” rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such

Resident Shareholder has acquired Shares in the period beginning 30 days before the disposition of Shares pursuant to the Offer and ending 30 days after the disposition of Shares pursuant to the Offer, and such acquired Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period. Resident Shareholders are urged to consult their own tax advisors with respect to the “superficial loss” rules.

A Resident Shareholder that is a corporation or trust and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss denied under the “stop-loss” rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such Resident Shareholder has acquired Shares in the period beginning 30 days before the disposition of Shares pursuant to the Offer and ending 30 days after the disposition of Shares pursuant to the Offer, and such acquired Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period. Resident Shareholders are urged to consult their own tax advisors with respect to the “stop-loss” rules.

A Resident Shareholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” (all as defined in the Tax Act) throughout the year may be liable to pay an additional tax on its “aggregate investment income” for the year, which is defined to include an amount in respect of taxable capital gains. This additional tax may be refundable in certain circumstances.

A Resident Shareholder who is an individual or a trust (other than certain specified trusts), who realizes a capital gain or who is deemed to receive a dividend on the disposition of Shares pursuant to the Offer may be subject to alternative minimum tax under the Tax Act. Resident Shareholders should consult their own tax advisors with respect to the alternative minimum tax rules set out in the Tax Act.

Non-Residents of Canada

This portion of the summary is applicable to a Shareholder who, at all relevant times for purposes of the Tax Act: (i) is not resident or deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Shares in connection with carrying on a business in Canada, (iii) has not, either alone or in combination with persons with whom the Shareholder does not deal at arm’s length and partnerships in which the Shareholder and any such non-arm’s length persons hold a membership interest directly or indirectly through one or more partnerships, owned (or had an option to acquire) 25% or more of the issued shares of any class or series of the capital stock of Air Canada at any time within a 60-month period preceding the disposition of the Shares under the Offer, and whose Shares are not otherwise deemed to be “taxable Canadian property” (as defined in the Tax Act), (iv) deals at arm’s length with Air Canada and is not affiliated with Air Canada, and (v) is not an insurer that carries on an insurance business in Canada and elsewhere (a “**Non-Resident Shareholder**”).

A Non-Resident Shareholder who disposes of Shares pursuant to the Offer will be deemed to receive a dividend to the extent the amount paid by Air Canada for the Shares, being the Purchase Price, exceeds their paid-up capital for purposes of the Tax Act. Air Canada estimates that the paid-up capital per Share for purposes of the Tax Act as of the date hereof is not less than approximately \$10.60 (and, following the Expiration Date, Air Canada will advise Shareholders of any material change to this estimate). The exact quantum of the deemed dividend, if any, cannot be guaranteed.

Any such dividend will be subject to Canadian withholding tax at a rate of 25% or such lower rate as may be provided under the terms of an applicable Canadian tax treaty. For example, a dividend received or deemed to be received by a Non-Resident Shareholder that is a resident of the United States for the purposes of the Canada-United States Income Tax Convention (the “**US Treaty**”), is eligible for benefits under the US Treaty, and is the beneficial owner of such dividends will generally be subject to withholding tax at a treaty-reduced rate of 15%.

A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of a Share pursuant to the Offer. In the event a Share is “taxable Canadian property” to a Non-Resident Shareholder at the time of disposition and the capital gain realized on disposition of the Share is not exempt from tax under the Tax Act pursuant to the provisions of an applicable tax treaty, the tax consequences in respect of capital gains described above under the heading “Residents of Canada” will generally apply.

In view of the potential deemed dividend tax treatment described above on a sale of Shares pursuant to the Offer and the resulting Canadian withholding tax, Non-Resident Shareholders should consult their own tax advisors regarding selling their Shares in the market as an alternative to selling Shares pursuant to the Offer.

Certain United States Federal Income Tax Considerations

The following discussion describes certain material U.S. federal income tax consequences of the Offer to Shareholders that are U.S. Holders (as defined below) who tender Shares in the Offer and, to the extent noted below, to U.S. Holders who do not tender Shares.

This discussion is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), existing final and temporary regulations promulgated thereunder (the “**Treasury Regulations**”), current published administrative rulings, court decisions and the US Treaty, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the U.S. federal income tax consequences to vary substantially from those described below.

This discussion applies only to U.S. Holders (as defined below) of the Shares that own the Shares as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not comment on all aspects of U.S. federal income taxation that may be important to certain Shareholders in light of their particular circumstances, such as Shareholders subject to special tax rules (e.g., banks and other financial institutions, brokers, dealers or traders in securities or commodities, insurance companies, regulated investment companies, real estate investment trusts, traders that elect to mark-to-market their securities, U.S. expatriates or certain former long-term residents of the United States, personal holding companies, “S” corporations, tax-exempt organizations, tax-qualified retirement plans, persons that own or are deemed to own 10% or more of Air Canada’s stock or voting power, persons who are subject to an alternative minimum tax, persons who hold Shares as a position in a “straddle” or as part of a “hedging,” “conversion” or “integrated” transaction, persons that have a functional currency other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, persons subject to Section 451(b) of the Code or persons who acquired or are considering acquiring Shares through the exercise of employee stock options or under an equity compensation plan or otherwise as compensation for services). Such Shareholders should consult their own tax advisors regarding their particular circumstances as the tax considerations applicable to such Shareholders could be significantly different from the ones described hereinafter. This summary does not address any tax consequences arising from the Medicare tax on net investment income, and it assumes that the provisions of Section 5881 of the Code are not applicable to any payments made pursuant to the Offer. This discussion does not address tax considerations arising under any state, local or non-U.S. laws, under United States federal estate or gift tax laws or any United States tax reporting requirements. No assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

For purposes of this summary, a “**U.S. Holder**” is a beneficial owner of Shares that is, for U.S. federal income tax purposes: (i) a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source, or (iv) a trust that either is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all of its substantial decisions or has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a Shareholder, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. This summary does not address partnerships or partners in a partnership holding Shares. Such Shareholders should consult their own tax advisors regarding the tax consequences to them of participating in the Offer.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OFFER. SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS) OF THE OFFER.

Characterization of the Purchase — Distribution vs. Sale Treatment

The purchase of Shares from a U.S. Holder pursuant to the Offer generally will be a taxable transaction for U.S. federal income tax purposes. As a result, a U.S. Holder will, depending on the U.S. Holder’s particular circumstances, be treated either as having sold its Shares or as having received a distribution in respect of such Shares. The purchase will be treated as a sale if a U.S. Holder meets at least one of the three tests discussed below (the

“Section 302 Tests”). The purchase will be treated as a distribution if the U.S. Holder does not satisfy any of the Section 302 Tests.

Section 302 Tests — Determination of Sale or Distribution Treatment

The purchase of Shares pursuant to the Offer will be treated as a sale of the Shares by a U.S. Holder if any of the following Section 302 Tests is satisfied:

- as a result of the purchase, there is a “complete redemption” of the U.S. Holder’s equity interest in Air Canada;
- as a result of the purchase, there is a “substantially disproportionate” reduction in the U.S. Holder’s equity interest in Air Canada; or
- the receipt of cash by the U.S. Holder is “not essentially equivalent to a dividend”.

For purposes of the Section 302 Tests, the constructive ownership rules of Section 318 of the Code generally apply. As a result, a U.S. Holder is treated as owning not only stock of Air Canada actually owned by such holder but also stock of Air Canada actually (and in some cases constructively) owned by certain related entities and individuals. Under the constructive ownership rules, a U.S. Holder will be considered to own stock of Air Canada owned, directly or indirectly, by certain members of the holder’s family and certain entities (such as corporations, partnerships, trusts and estates) in which the U.S. Holder has an equity interest or (in the case of a U.S. Holder that is itself an entity) which have an interest in the U.S. Holder, as well as certain stock of Air Canada which the U.S. Holder has an option to acquire or can acquire by exchange of a convertible security. U.S. Holders should consult their own tax advisors with respect to the operation of these constructive ownership rules.

The purchase of Shares pursuant to the Offer will result in a “complete redemption” of a U.S. Holder’s equity interest in Air Canada for purposes of the Section 302 Tests if, immediately after such purchase, such U.S. Holder does not own, actually and constructively, any stock of Air Canada. In applying the “complete redemption” test, U.S. Holders may be able to waive the application of constructive ownership through the family attribution rules, provided that such U.S. Holders comply with the provisions of Section 302(c)(2) of the Code and applicable U.S. Treasury Regulations. U.S. Holders wishing to satisfy the “complete redemption” test through satisfaction of the special conditions set forth in Section 302(c)(2) of the Code should consult their own tax advisors concerning the mechanics and desirability of those conditions.

In general, the purchase of a U.S. Holder’s Shares pursuant to the Offer will be “substantially disproportionate” as to a U.S. Holder for purposes of the Section 302 Tests if, immediately after the purchase, (i) such U.S. Holder actually and constructively owns less than 50% of the total combined voting power of the stock of Air Canada, (ii) the percentage of the outstanding voting stock of Air Canada that the U.S. Holder actually and constructively owns, by voting power, is less than 80% of the percentage of the outstanding voting stock of Air Canada actually and constructively owned by such U.S. Holder immediately before the purchase and (iii) the percentage of the outstanding common stock of all classes of Air Canada that the U.S. Holder actually and constructively owns, by value, is less than 80% of the percentage of the outstanding common stock of all classes of Air Canada actually and constructively owned by such U.S. Holder immediately before the purchase.

The purchase of a U.S. Holder’s Shares pursuant to the Offer will be treated as “not essentially equivalent to a dividend” for purposes of the Section 302 Tests if it results in a “meaningful reduction” in the U.S. Holder’s proportionate interest in Air Canada, given the U.S. Holder’s particular facts and circumstances. The IRS has indicated in a published ruling that even a small reduction in the percentage interest of a Shareholder whose relative stock interest in a publicly held corporation is minimal after taking into account the constructive ownership rules of Section 318 of the Code, and who exercises no control over corporate affairs, should constitute a “meaningful reduction”. U.S. Holders who intend to qualify for sale treatment by demonstrating that the proceeds received from Air Canada are “not essentially equivalent to a dividend” should consult their own tax advisors to determine the possibility of satisfying this test.

Air Canada cannot predict whether any particular U.S. Holder will be subject to sale or distribution treatment.

Each U.S. Holder should be aware that because proration may occur in the Offer, even if all of the Shares actually and constructively owned by a U.S. Holder are tendered pursuant to the Offer and the U.S. Holder does not actually or constructively own any other stock of Air Canada, fewer than all of such Shares may be purchased by Air Canada. Also, a tendering U.S. Holder may not be able to satisfy one of the Section 302 Tests because of contemporaneous acquisitions of Shares by such U.S. Holder or a related party whose Shares are attributed to such U.S. Holder.

Similarly, one of the Section 302 Tests may not be satisfied if a U.S. Holder's relative interest in Air Canada increases immediately after the purchase. For example, if a U.S. Holder were to sell a percentage of its Shares that is less than the percentage of outstanding Shares purchased by Air Canada, this result may occur. These calculations take into account Shares held by certain parties related to a U.S. Holder whose Shares may be attributed to such U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisors regarding the consequences of such sales or acquisitions in their particular circumstances. Air Canada cannot provide assurances that a sufficient number of any particular U.S. Holder's Shares will be purchased to ensure that this purchase will be treated as a sale, rather than as a distribution, for U.S. federal income tax purposes.

Treatment of a Sale of Shares

Subject to the rules applicable to passive foreign investment companies ("**PFICs**"), which are discussed below, a U.S. Holder that satisfies any of the Section 302 Tests described above will be treated as having sold the Shares purchased by Air Canada pursuant to the Offer and generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received under the Offer (without reduction for withholding tax, if any) and the U.S. Holder's adjusted tax basis in such Shares. The gain or loss recognized generally will be treated as (i) long-term capital gain or loss if the U.S. Holder's holding period is greater than one year as of the date of Air Canada's purchase pursuant to the Offer and (ii) U.S. source income or loss, as applicable, for foreign tax credit purposes. Consequently, a U.S. Holder may not be able to credit any Canadian tax imposed on the sale of Shares unless (a) such credit can be applied (subject to applicable limitations) against tax due on other foreign source income or (b) such U.S. Holder is eligible for the benefits of the US Treaty and properly makes an election under the Code to treat any such gain from the disposition of the Shares as from foreign sources. U.S. Holders should consult their own tax advisors regarding the application of such rules to them in their particular circumstances.

Certain U.S. Holders, including individuals, may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. A U.S. Holder's ability to deduct capital losses is subject to certain limitations (including the "wash sale" rules under the Code). A U.S. Holder must calculate gain or loss separately for each block of Shares (generally, Shares acquired at the same cost in a single transaction). A U.S. Holder may be able to designate which blocks of Shares it wishes to tender and the order in which different blocks will be purchased in the event that less than all of its Shares are tendered. U.S. Holders should consult their tax own advisors concerning the mechanics and desirability of that designation.

Treatment of a Distribution in Respect of Shares.

Subject to the PFIC rules discussed below, if a U.S. Holder does not satisfy any of the Section 302 Tests described above, the full amount received by the U.S. Holder pursuant to the Offer will be treated as a distribution to the U.S. Holder with respect to the U.S. Holder's Shares. The tax basis of the U.S. Holder's sold Shares generally will be added to the tax basis of such holder's remaining Shares. To the extent of Air Canada's current and accumulated earnings and profits allocated to the U.S. Holder's Shares, as determined under U.S. federal income tax principles, the distribution generally will be treated as a dividend. A dividend would be includible in the U.S. Holder's gross income without reduction for the tax basis of the Shares exchanged, and no current loss would be recognized.

Non-corporate U.S. Holders generally will be subject to U.S. federal income tax at preferential rates with respect to any such dividend income, provided that (1) the Shares are readily tradable on an established securities market in the United States or Air Canada is eligible for benefits under a comprehensive United States income tax treaty which the IRS has approved for these purposes (and the IRS has approved the US Treaty for this purpose), (2) Air Canada is not (i) PFIC in the taxable year in which such dividends are paid or in the preceding taxable year or (ii) a "surrogate foreign corporation," (3) such U.S. Holder satisfies a holding period requirement and (4) such U.S. Holder is not under an obligation (whether pursuant to a short sale or otherwise) to make payments with respect to positions in substantially similar or related property. Air Canada believes that it is eligible for benefits under the US Treaty.

Amounts treated as a dividend will be treated as foreign source income for U.S. federal income tax purposes. Subject to various limitations, a U.S. Holder may elect to claim a foreign tax credit against its United States federal income tax liability for Canadian income tax paid with respect to any such dividend income. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any amount treated as a dividend will generally be categorized as "passive category income" for United States foreign tax credit purposes. U.S. Holders who do not elect to claim the foreign tax credit may instead claim a deduction for Canadian income tax withheld or paid, but only for a year in which the U.S. Holder elects to do so with respect to all foreign income taxes. A deduction does not reduce the United States tax on a dollar-for-dollar basis like a tax credit. The

deduction, however, is not subject to the same limitations applicable to foreign tax credits. The rules relating to the foreign tax credit determination are complex. Accordingly, U.S. Holders should consult their own tax advisors to determine whether and to what extent they may be entitled to the credit.

Distributions in excess of Air Canada's current and accumulated earnings and profits allocated to the U.S. Holder's Shares will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in its Shares and thereafter as capital gain, which will be either long-term or short-term capital gain depending upon whether the U.S. Holder has held the Shares for more than one year.

Air Canada does not maintain and will not report calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. Accordingly, in the event that a U.S. Holder determines that the distribution in redemption of the U.S. Holder's Shares does not qualify for sale or exchange treatment, the U.S. Holder should expect that the entire amount received for such U.S. Holder's Shares will be classified as a dividend for United States federal income tax purposes. U.S. Holders should consult their own tax advisors as to whether all or any part of the payment received from Air Canada should be treated as a dividend.

Effect of Repurchases on Non-Tendering Shareholders

Under Sections 305(b)(2) and 305(c) of the Code, if any tendering Shareholder is treated as receiving a dividend pursuant to the Offer, other Shareholders whose percentage interest in Air Canada increases as a result of the Offer (either because such Shareholder (i) did not tender any Shares or (ii) tendered a relatively small portion of their Shares) may be deemed to have received a taxable constructive stock dividend from Air Canada (to the extent of Air Canada's current and accumulated earnings and profits, as determined under U.S. federal income tax principles), unless the Offer is considered to be incident to an "isolated redemption" of stock. While Air Canada is of the view that the Offer should be viewed as an isolated transaction, and not part of a plan to make periodic tender offers, there is no assurance that the IRS could not successfully assert a contrary position (particularly in light of the fact that Air Canada consummated a prior tender offer in 2025 and certain share repurchases on the open market). Shareholders should consult their own tax advisors regarding the possibility of receiving a constructive stock dividend if their percentage interest in Air Canada increases as a result of the Offer.

Passive Foreign Investment Company

Special U.S. federal income tax rules apply to U.S. Holders owning stock of a PFIC. A foreign corporation will be considered a PFIC for any taxable year in which (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the value (determined on the basis of a quarterly average) of its assets are considered "passive assets" (generally, assets that generate passive income).

Air Canada believes it has not been a PFIC for any taxable year ending on or after December 31, 2019, and Air Canada expects that it should not be a PFIC for its current taxable year (although the determination cannot be made until the end of such taxable year). However, this conclusion depends on complex factual determinations that are made annually and thus there can be no assurance that Air Canada is not and has not been a PFIC during any taxable year. Air Canada has not made a determination as to its PFIC status for any taxable year ending before December 31, 2019. If Air Canada were to be treated as a PFIC at any time during a U.S. Holder's holding period in a Share, gain realized on the sale or other disposition of such Share would in general not be treated as capital gain. Instead, unless a U.S. Holder makes, or has made, certain elections with respect to such U.S. Holder's Shares, such U.S. Holder would be treated as if it had realized such gain and certain "excess distributions" ratably over its holding period for the Shares. If Air Canada were to be treated as a PFIC, the amounts allocable to the taxable year of the sale or other disposition of the Shares and to any taxable year in such U.S. Holder's holding period for the Shares before Air Canada became a PFIC would be taxable as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. With certain exceptions, a U.S. Holder's Shares will be treated as stock in a PFIC if Air Canada were a PFIC at any time during such U.S. Holder's holding period in its Shares. Dividends received by a U.S. Holder from Air Canada will not be eligible for the tax rates applicable to "qualified dividend income" if Air Canada is treated as a PFIC with respect to such U.S. Holder either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

The rules dealing with PFICs and associated elections are very complex and are affected by various factors in addition to those described above. U.S. Holders are urged to consult their own tax advisors regarding the adverse United

States federal income tax consequences of owning stock of a PFIC and of making certain elections designed to lessen those adverse consequences.

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in Canadian dollars, or on the sale or exchange of Shares pursuant to the Offer, generally will be equal to the U.S. dollar value of such Canadian dollars based on the exchange rate applicable on the date of receipt (regardless of whether such Canadian dollars are converted into U.S. dollars at that time). A U.S. Holder will have a tax basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of such Canadian dollars after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Backup Withholding and Information Reporting

The sale by a U.S. Holder of Shares pursuant to the Offer may be subject to information reporting requirements. Additionally, backup withholding (currently at the rate of 24%) may apply to the purchase price for Shares paid pursuant to the Offer to a non-corporate U.S. Holder that fails to provide an accurate taxpayer identification number, is notified by the IRS that the holder has failed to report all interest and dividends required to be shown on the holder's federal income tax returns, or, in certain circumstances, fails to comply with applicable certification requirements. Backup withholding is not an additional tax. A U.S. Holder generally may obtain a refund of amounts withheld under the backup withholding rules that exceed the U.S. Holder's income tax liability by timely filing a valid refund claim with the IRS.

THIS DISCUSSION IS GENERAL IN NATURE AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR SHAREHOLDER IN LIGHT OF THE SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, OR TO CERTAIN TYPES OF SHAREHOLDERS SUBJECT TO SPECIAL TREATMENT UNDER U.S. FEDERAL INCOME TAX LAWS. YOU ARE ADVISED TO CONSULT WITH YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE OFFER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND FOREIGN TAX LAWS.

12. Legal matters and regulatory approvals

Air Canada is not aware of any license or regulatory permit that is material to Air Canada's business that might be adversely affected by the Offer or Air Canada's acquisition of Shares pursuant to the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the Offer or the acquisition of Shares by Air Canada pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be required, Air Canada currently contemplates that such approval will be sought or other action will be taken. Air Canada cannot predict whether it may determine to delay the acceptance for payment of Shares deposited pursuant to the Offer pending the outcome of any such matter.

There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to Air Canada's business.

Air Canada is relying on the "liquid market exemption" specified in Regulation 61-101. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

13. Source of funds

Air Canada expects to fund the purchase of Shares pursuant to the Offer, including all related fees and expenses, with a portion of the proceeds from the Aeroplan Investment.

14. Dealer manager

TD Securities has been retained to serve as Dealer Manager of the Offer. TD Securities has also been retained as financial advisor in connection with the Offer and to provide a liquidity opinion. The Dealer Manager may communicate

with Shareholders, investment dealers, stock brokers, commercial banks, trust companies and dealers with respect to the Offer.

TD Securities and its affiliates have provided, and may in the future provide, various investment banking, commercial banking and other services to us, for which they have received, or we expect they will receive, customary compensation from us.

In the ordinary course of business, including their trading and brokerage operations and in a fiduciary capacity, TD Securities and its affiliates may hold positions, both long and short, for their own accounts and for those of its customers, in our securities. TD Securities may from time to time hold Shares in their proprietary accounts, and, to the extent they own Shares in these accounts at the time of the Offer, TD Securities may tender some or all of such Shares pursuant to the Offer.

15. Depositary

Air Canada has appointed TSX Trust Company (Canada) to act as a depositary for, among other things, (a) the receipt of certificates representing Shares and/or DRS positions and related Letters of Transmittal deposited under the Offer, (b) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth in Section 5 of the Offer to Purchase, "Procedure for depositing Shares", (c) the receipt from Air Canada of cash to be paid in consideration of the Shares acquired by Air Canada under the Offer, as agent for the depositing Shareholders, and (d) the transmittal of such cash to the depositing Shareholders, as agent for the depositing Shareholders, including the conversion of such cash from Canadian dollars to United States dollars for depositing Shareholders who elect to receive payment of the Purchase Price for their Shares in United States dollars. The Depositary may contact Shareholders by mail, telephone or facsimile and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners. The Depositary is not an affiliate of Air Canada and the Depositary acts as Air Canada's transfer agent and registrar.

16. Fees and expenses

TD Securities has been retained by Air Canada to serve as exclusive Dealer Manager and financial advisor in connection with the Offer and to deliver a liquidity opinion in connection with the Offer to the Board of Directors for which it will receive a fee from Air Canada for its services. Air Canada has agreed to reimburse TD Securities for certain reasonable documented out-of-pocket expenses incurred in connection with the Offer and to indemnify TD Securities against certain liabilities to which it may become subject as a result of its engagement. None of the fees payable to TD Securities are contingent upon the conclusions reached by TD Securities in the liquidity opinion.

Air Canada has retained TSX Trust Company (Canada) to act as the Depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial and territorial securities laws.

Air Canada will not pay any fees or commissions to any broker or dealer or any other person for soliciting deposits of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by Air Canada for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

Air Canada is expected to incur expenses of approximately \$2.6 million in connection with the Offer, which includes filing fees, advisory fees, the fees of TD Securities, TSX Trust Company (Canada), legal, translation, accounting, transfer agent and printing fees.

17. Canadian statutory rights

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Approval and certificate

August 20, 2026

The board of directors of Air Canada has approved the contents of the Offer to Purchase and the accompanying Issuer Bid Circular dated August 20, 2026, and the delivery thereto to Shareholders. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

(signed) Michael Rousseau

Michael Rousseau
President and Chief Executive Officer

(signed) John Di Bert

John Di Bert
Executive Vice President and Chief Financial
Officer

On behalf of the Board of Directors

(signed) Vagn Sørensen

Vagn Sørensen
Director

(signed) Jean Marc Huot

Jean Marc Huot
Director

Consent of TD Securities Inc.

To: The Board of Directors of Air Canada

We consent to the inclusion of our liquidity opinion dated August 17, 2026 as Schedule A to the Circular dated August 20, 2026, which schedule is incorporated by reference in the Circular, and consent to the inclusion of our name and reference to our liquidity opinion in the sections titled “*Purpose and Effect of the Offer – Liquidity of Market*” and “Fees and Expenses” of the Circular. Our liquidity opinion was given as at August 17, 2026 and remains subject to the qualifications, assumptions, and limitations contained therein. In providing our consent, we do not intend that any person other than the directors of Air Canada will be entitled to rely upon our opinion.

August 20, 2026

(*Signed*) TD Securities Inc.

TD Securities Inc.

Consent of Stikeman Elliott LLP

To: The Board of Directors of Air Canada

We consent to the inclusion of our name and reference to our opinion in the section titled “Income Tax Considerations” in the Circular dated August 20, 2026.

August 20, 2026

(*Signed*) Stikeman Elliott LLP

Stikeman Elliott LLP

Schedule A: Liquidity opinion of TD Securities Inc.



TD Securities
TD Securities Inc.
66 Wellington Street West
TD Bank Tower, 10th Floor
Toronto, Ontario M5K 1A2

August 17, 2026

The Board of Directors of Air Canada
7373 Cote-Vertu Boulevard West
Saint-Laurent, Quebec
H4S 1Z3

To the Board of Directors of Air Canada:

TD Securities Inc. ("TD Securities") understands that Air Canada is considering a transaction whereby Air Canada would make an offer by way of a substantial issuer bid (the "Substantial Issuer Bid") to purchase for cancellation a number of Class A Variable Voting Shares (the "Variable Voting Shares") and Class B Voting Shares (the "Voting Shares", and together with the Variable Voting Shares, the "Shares") of Air Canada having an aggregate purchase price not exceeding \$800,000,000.

Holders of Shares ("Shareholders") wishing to tender to the Offer (as defined below) may do so pursuant to: (a) auction tenders in which the tendering Shareholders specify the number of Shares being tendered at a price of not less than \$29.00 and not more than \$33.00 per Share in increments of \$0.10 per Share (the "Auction Tenders"); or purchase price tenders in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price (as defined below) to be determined by the Auction Tenders (the "Purchase Price Tenders"). Shareholders who validly deposit Shares without specifying the method in which they are tendering their Shares will be deemed to have made a Purchase Price Tender.

Promptly following the expiration date of the Offer, Air Canada will, upon the terms and subject to the conditions of the Offer, determine a single price per Share (the "Purchase Price") (which will not be less than \$29.00 and not more than \$33.00 per Share) that it will pay for Shares validly deposited pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. The Purchase Price will be the lowest price that enables Air Canada to purchase the maximum number of Shares pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed \$800,000,000. For the purpose of determining the Purchase Price, Shares tendered pursuant to a Purchase Price Tender will be considered to have been tendered at a price of \$29.00 per Share (which is the minimum price per Share under the Offer). Shares tendered by a Shareholder pursuant to an Auction Tender will not be purchased by Air Canada pursuant to the Offer if the price per Share specified by the Shareholder is greater than the Purchase Price.

TD Securities also understands that the terms and conditions of the Substantial Issuer Bid will be set forth in the offer to purchase to be issued by Air Canada and dated August 20, 2026, the accompanying issuer bid circular, and the related letter of transmittal and notice of guaranteed delivery (which together constitute the "Offer"). Capitalized terms used herein, unless defined otherwise, have the same meaning as used in the Offer.

ENGAGEMENT OF TD SECURITIES

TD Securities was formally engaged by Air Canada pursuant to an engagement agreement effective July 28, 2026 (the “Engagement Agreement”) to act as financial advisor and dealer manager (“Dealer Manager”) in connection with the Substantial Issuer Bid and to prepare and deliver a written opinion (the “Opinion”) to the Board of Directors of Air Canada (the “Board”) as to (i) whether a liquid market exists for the Shares as of the date hereof, and (ii) whether it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The Opinion is being delivered to assist the Board in making its determination if the Offer qualifies for the “liquid market” exemption from the valuation requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

The terms of the Engagement Agreement provide that TD Securities will receive a fee from Air Canada for its services, a portion of which is payable on delivery of the Opinion and a portion of which is contingent on completion of the Substantial Issuer Bid, and will be reimbursed by Air Canada for its reasonable expenses. Furthermore, Air Canada has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, investigations, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement. As financial advisor and Dealer Manager, TD Securities is not independent of Air Canada within the meaning of MI 61-101.

TD Securities acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of Air Canada, including the Shares, or any of its associates or affiliates, and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to Air Canada, its respective associated or affiliated entities, or the Offer.

Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion in its entirety and a summary thereof, in a form acceptable to TD Securities, in the Offer to be provided to the Shareholders and to the filing thereof, as necessary, by Air Canada with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. a draft of the Offer dated August 17, 2026;
2. the daily trading activity, volumes, and price history of the Shares on the Toronto Stock Exchange (the “TSX”), as we determined necessary in order to provide the Opinion;
3. the trading activity and volumes of shares of other companies listed and traded on the TSX as we determined necessary in order to provide the Opinion;
4. the distribution of ownership of the Shares to the extent publicly disclosed or provided to us by Air Canada;
5. the number of Shares proposed to be purchased under the Offer relative to (i) the number of outstanding Shares less (ii) the number of Shares owned by related parties of Air Canada and Shares or blocks thereof, that are known to us, that could be considered to not be freely tradable (i.e. the “public float”);
6. the customary difference (i.e. the “spread”) between bid and ask prices in trading activity of the Shares and the shares of other companies listed and traded on the TSX as we determined necessary in order to provide the Opinion;
7. other public information with respect to Air Canada;
8. discussions with senior management of Air Canada;
9. representations contained in a certificate dated August 17, 2026, from senior officers of Air Canada (the “Certificate”);
10. the definition of “liquid market” as set out in MI 61-101 as well as the other parameters set forth in MI 61-101;
11. precedent issuer bids that we considered relevant; and
12. such other corporate, industry, and financial market information, investigations and analyses as we considered necessary or appropriate in the circumstances.

ASSUMPTIONS AND LIMITATIONS

The Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof, and conditions affecting Air Canada and the Shares as at the date hereof. In formulating the Opinion, TD Securities made several other assumptions, including that all of the conditions required to implement the Substantial Issuer Bid, as set forth in the Offer, will be met, that there will be no significant change in the terms of the Offer, and that there will be no significant change in the holdings of the Shares other than as a result of the Substantial Issuer Bid.

With Air Canada’s acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation in all material respects of

all financial and other data and information filed by Air Canada with securities regulatory or similar authorities (including on SEDAR+), provided to it by or on behalf of Air Canada or its representatives in respect of Air Canada and/or its affiliates, or otherwise obtained by TD Securities, including the Certificate identified above (collectively, the “Information”). The Opinion is conditional upon such accuracy, completeness and fair presentation of the Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

Senior officers of Air Canada, on behalf of Air Canada and not in their personal capacities, have represented to TD Securities in the Certificate that, among other things, to the best of their knowledge, information and belief after due inquiry: (i) the information, data and other material as filed under Air Canada’s profile on SEDAR+ and/or provided to TD Securities by or on behalf of Air Canada or its representatives in respect of Air Canada or its affiliates in connection with the Substantial Issuer Bid is or, in the case of historical information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the information not misleading in the light of circumstances in which it was presented; and (ii) to the extent that any of the information identified in (i) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by Air Canada and there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Air Canada and no material change has occurred in the information or any part thereof which would be, or which would reasonably be expected to be, material to the Opinion.

TD Securities has not prepared a formal valuation of Air Canada or any of its securities or assets for the purposes of the Opinion and the Opinion should not be construed as such. The Opinion does not constitute an opinion concerning the fairness, from a financial point of view, of the consideration offered to the Shareholders pursuant to the Offer.

The Opinion has been provided to the Board for its use only in determining the availability of an exemption from the formal valuation requirements of MI 61-101 (pursuant to Sections 3.4(b)(i) and (ii) thereof) and may not be relied upon for any other purpose or by any other person without the prior written consent of TD Securities. The Opinion is not an opinion referred to in paragraph (b) of subsection 1.2(1) of MI 61-101. The Opinion is rendered as of August 17, 2026, and TD Securities disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of TD Securities after the date hereof. Without limiting the foregoing, if, after the date hereof, we learn of any material change in any fact or matter affecting the Opinion, TD Securities reserves the right to change, modify or withdraw the Opinion.

TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Opinion is not to be construed as a recommendation to any Shareholder as to whether or not to tender their Shares to the Offer. In addition, for the purpose of the Opinion we are not expressing any opinion as to the value of the Shares, or the prices at which the Shares will trade after completion of the Offer.

For purposes of the Opinion, the phrase “liquid market” has the meaning ascribed thereto in MI 61-101.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that as of the date hereof, (i) a liquid market exists for the Shares, and (ii) it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

Yours very truly,

A handwritten signature in black ink that reads "TD Securities Inc." in a cursive, flowing script.

TD SECURITIES INC.

The Depositary for the Offer is:

TSX Trust Company (Canada)

By registered mail, mail, hand or courier:

100 Adelaide Street West, Suite 301

Toronto, Ontario M5H 4H1

Attention: Corporate Actions

Telephone: (416) 682-3860

Toll Free in North America: +1-800-387-0825

Email: shareholderinquiries@tmx.com

The Dealer Manager for the Offer is:

TD Securities Inc.

By registered mail, mail, hand or courier:

1 Place Ville-Marie, Suite 1430

Montreal, Quebec H3B 2B2

Email: AirCanadaSIB@tdsecurities.com