Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)
Air Canada		13-1394887
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
TSX Trust Company (Canada)	1-800-387-0825	shareholderinquiries@tmx.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact
100 Adelaide Street West, Suite 301, Attention: Corporate Actions		Toronto, Ontario, M5H 4H1, Canada

8 Date of action	9 Classification and description		
September 28, 2026	COMMON STOCK		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
CA0089118776		AC	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On September 28, 2026, Air Canada (the "Company") completed a tender offer for shares of the Company's common stock (Class A Variable Voting Shares and Class B Voting Shares (together, the "Shares")), in cash, in accordance with the terms and subject to the conditions described in the Offer to Purchase dated August 20, 2026 (the "Tender Offer"). In total, the Company repurchased 27,586,206 Shares at a price of C$29.00 per Share for an aggregate consideration of approximately C$800,000,000.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Pursuant to section 302(b) of the Internal Revenue Code of 1986 as amended, (the "Code"), the purchase of Shares in the Tender Offer transaction is expected to be treated for U.S. federal income tax purposes as a sale or exchange of shares with respect to a shareholder if the purchase (a) results in a "complete termination" of the holder's equity interest in the Company; (b) results in a "substantially disproportionate" redemption with respect to the holder; or (c) is "not essentially equivalent to a dividend" with respect to the holder. Pursuant to Code section 302(d), a redemption transaction that does not qualify for sale or exchange treatment is treated as a distribution of property to which Code section 301 applies. The Code section 302 analysis is applied on a per-shareholder basis, and certain attribution rules must be considered in applying these rules. If the Company was treated as a passive foreign investment company ("PFIC") in any year in which a shareholder held its Shares, such shareholder may (i) recognize ordinary income rather than capital gain unless certain elections were made, (ii) be treated as receiving a dividend, (iii) be subject to additional tax or fail to qualify for preferential tax rates, and (iv) be subject to additional reporting requirements. Each shareholder should consult its tax advisor regarding the application of the Code and PFIC rules.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ If a shareholder qualifies for sale or exchange treatment with respect to its redemption transaction in connection with the Tender Offer, (i) the shareholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received for the tendered Shares (measured by the U.S. dollar value of any Canadian dollars received, and without reduction for withholding tax, if any) and the shareholder's tax basis in such Shares and (ii) the shareholder's tax basis in its retained shares will be unaffected. Each shareholder must determine its adjusted tax basis to calculate whether there is a recognized gain or loss and should consult its tax advisor. If the redemption instead is characterized as a distribution with respect to a shareholder, (i) as the Company does not maintain calculations of its earnings and profits for U.S. federal income tax purposes, holders should expect that that the entire amount received will be treated as a dividend for such purposes and (ii) the tax basis of the holder's redeemed shares generally would be added to the tax basis of such holder's remaining shares. Moreover, if the Company is treated as a PFIC in any year in which a shareholder held its Shares, such shareholder may be subject to additional tax and reporting considerations as noted in Line 15 above.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **IRC Sections 301, 302, 312, and 317.**

18 Can any resulting loss be recognized? ▶ **Shareholders who qualify for sale or exchange treatment could potentially recognize loss if the tax basis in their tendered Shares is greater than the amount of cash received. The character and classification of any such loss is dependent upon a shareholder's particular circumstances, may be subject to limitation, and whether the Company is treated as a PFIC in any year in which a shareholder held its Shares. Shareholders are encouraged to consult their tax advisors for purposes of determining the tax treatment of the repurchase transaction that occurs in connection with the Tender Offer.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **We caution that nothing in this Form 8937 constitutes tax advice. The Company does not provide tax advice to its shareholders. Shareholders should receive advice from their own tax advisors regarding the transaction.**

The reportable tax year in which the Tender Offer occurred is 2026 for calendar year taxpayers. For shareholders reporting taxable income on a basis other than the calendar year, the proper taxable year includes September 28, 2026.

Further discussion of the U.S. federal income tax consequences of the Tender Offer can be found in Section 11 of the Company's Issuer Bid Circular furnished in connection with its Offer to Purchase dated August 20, 2026, under the heading "Income Tax Considerations" (available at: https://sedarplus.ca).

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
	Signature ▶		Date ▶ October 6, 2026		
	Print your name ▶ John Di Bert		Title ▶ EVP & Chief Financial Officer		
Paid Preparer Use Only	Print/Type preparer's name: Matthew Larvick	Preparer's signature	Date: Oct 6, 2026	Check ☐ if self-employed	PTIN: P02214491
	Firm's name ▶ Vedder Price			Firm's EIN ▶	36-3254526
	Firm's address ▶ 222 North LaSalle Street, Chicago, IL 60601			Phone no.	1-312-609-7500

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054