UNDERWRITING AGREEMENT

December 16, 2020

Air Canada
Air Canada Centre
7373 Côte-Vertu Boulevard West
Saint-Laurent, Québec
H4S 1Z3
Attention: Michael Rousseau
Deputy Chief Executive Officer and Chief Financial Officer

Dear Sirs/Mesdames:

The undersigned, TD Securities Inc. ("**TD**"), J.P. Morgan Securities Canada Inc. ("**J.P. Morgan**"), Citigroup Global Markets Canada Inc. ("**Citigroup**") and Morgan Stanley Canada Limited ("**Morgan Stanley**", and together with TD, J.P. Morgan and Citigroup, collectively, the "**Active Bookrunners**") and CIBC World Markets Inc. ("**CIBC**"), Scotia Capital Inc. ("**Scotia**", and together with CIBC, collectively, the "**Passive Bookrunners**"), Barclays Capital Canada Inc., Credit Suisse Securities (Canada), Inc., Deutsche Bank Securities Inc. ("**DBSI**"), Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc. and RBC Dominion Securities Inc. (together with the Active Bookrunners and the Passive Bookrunners, collectively, the "**Underwriters**", and each individually, an "**Underwriter**") understand that Air Canada (the "**Corporation**") proposes to issue and sell to the Underwriters (such transaction being referred to herein as the "**Offering**") an aggregate of 35,420,000 Shares (as defined below) of the Corporation (the "**Firm Shares**") for a price of $24.00 per Firm Share (the "**Offer Price**") on the Closing Date (as defined below).

The Underwriters propose to distribute the Offered Shares (as defined below) (i) in the Qualifying Jurisdictions (as defined below); (ii) in the United States through certain of the Underwriters that are U.S. broker-dealers and through U.S. broker-dealer affiliates of the Underwriters to Qualified Institutional Buyers (as defined below), pursuant to the Rule 144A exemption from the registration requirements of the U.S. Securities Act (as defined below); and (iii) subject to applicable law, including Applicable Securities Laws (as defined below) and the terms of this Agreement, outside of Canada and the United States where they may be lawfully sold on a basis exempt from the prospectus, registration and similar requirements of any jurisdiction, in each case in the manner contemplated herein.

We understand that the Corporation has filed a preliminary short form prospectus (in both the English and French languages) dated December 15, 2020 (such preliminary short form prospectus, including the Documents Incorporated by Reference (as defined below), the "**Preliminary Prospectus**") pursuant to the Passport Procedures (as defined below), electing the *Autorité des marchés financiers* as the principal regulator, and has obtained a receipt issued by the *Autorité des marchés financiers*, as principal regulator, evidencing that a receipt has been issued for the Preliminary Prospectus in each of the Qualifying Jurisdictions. The Underwriters also understand that the Corporation will (i) prepare and file concurrently with the execution and delivery of this Agreement an amended and restated preliminary short form prospectus (such amended and restated preliminary short form prospectus, including the Documents Incorporated by Reference, the "**Amended and Restated Preliminary Prospectus**") in both the English and French languages and use reasonable best efforts to obtain a receipt issued by the *Autorité des marchés financiers*, as principal regulator, evidencing that a receipt has been issued for the

Amended and Restated Preliminary Prospectus in each of the Qualifying Jurisdictions, promptly thereafter; and (ii) satisfy all comments from Securities Commissions (as defined below) as soon as possible after receipt of such comments and the Corporation shall prepare and use reasonable best efforts to file within the time limits and on the terms set out below a (final) short form prospectus (such (final) short form prospectus, including the Documents Incorporated by Reference, the "**Final Prospectus**") in both the English and French languages, and all other necessary documents in order to qualify the Offered Shares for distribution to the public in each of the Qualifying Jurisdictions and use reasonable best efforts to obtain a receipt issued by the *Autorité des marchés financiers*, as principal regulator, evidencing that a receipt has been issued for the Final Prospectus in each of the Qualifying Jurisdictions, promptly thereafter.

In addition, the Corporation hereby grants to the Underwriters an option (the "**Over-Allotment Option**") to purchase, in the proportions set forth in Article 12, jointly (and not solidarily), up to an additional 5,313,000 Shares (the "**Over-Allotment Shares**" and, together with the Firm Shares, the "**Offered Shares**") on the same basis as the purchase of the Firm Shares and at the same price of $24.00 per Over-Allotment Share. The Over-Allotment Option is exercisable in whole or, from time to time, in part, up to and including the date that is 30 days following the Closing Date. The Active Bookrunners, on behalf of the Underwriters, may elect to exercise the Over-Allotment Option by delivering notice in writing to the Corporation (the "**Over-Allotment Notice**") up until and including the 30th day after the Closing Date specifying the aggregate number of Over-Allotment Shares to be purchased by the Underwriters and the date on which such Over-Allotment Shares are to be purchased (the "**Over-Allotment Closing Date**"). The Over-Allotment Closing Date may be the same as (but not earlier than) the Closing Date and will not be earlier than two Business Days nor later than seven Business Days after the date of delivery of the Over-Allotment Notice (except to the extent a shorter or longer period shall be agreed to by the Corporation and the Active Bookrunners). Upon the Active Bookrunners delivering the Over-Allotment Notice, each Underwriter agrees, jointly (and not solidarily), to purchase that number of Over-Allotment Shares (subject to such adjustments to eliminate fractional Shares as the Active Bookrunners, on behalf of the Underwriters, may determine) equal to the total number of Over-Allotment Shares to be purchased multiplied by the percentage set forth in Article 12 opposite the name of such Underwriter.

The Underwriters jointly (and not solidarily) offer to purchase from the Corporation, upon and subject to the terms and conditions contained herein, and by its acceptance hereof, the Corporation agrees to issue and sell to the Underwriters, at the Time of Closing (as defined below) (i) the Firm Shares; and (ii) in the event and to the extent that the Active Bookrunners, on behalf of the Underwriters, exercise the Over-Allotment Option, the Over-Allotment Shares, in each case in accordance with each Underwriters' respective percentage set forth in Article 12.

In consideration of the Underwriters' services to be rendered in connection with the Offering, including assisting in preparing documentation relating to the sale of the Offered Shares, including the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus, the Corporation agrees to pay the Underwriting Fee (as defined below) to the Underwriters. The Corporation agrees that the Underwriters will be permitted to appoint, at their sole expense, other registered dealers or other dealers duly qualified in their respective jurisdictions (the "**Selling Group**"), in each case acceptable to the Corporation, acting reasonably, as their agents to assist in the Offering in the Qualifying Jurisdictions and that the Underwriters may determine the remuneration payable to such other dealers appointed by them.

In accordance and subject to the terms of the Variable Voting Shares and Voting Shares (as each such term is defined below), purchasers of Offered Shares who are Canadians for the

purposes of the *Canada Transportation Act* ("**Qualified Canadians**") will receive Voting Shares and purchasers of Offered Shares who are not Qualified Canadians will receive Variable Voting Shares.

1. INTERPRETATION

1.1 Unless expressly provided otherwise herein, where used in this Agreement or any schedule attached hereto, the following terms shall have the following meanings, respectively:

"**Active Bookrunners**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**affiliate**" means an affiliated entity for purposes of the *Securities Act* (Ontario);

"**Agreement**" means the agreement resulting from the acceptance by the Corporation of the offer made by the Underwriters by this letter;

"**Amended and Restated Preliminary Prospectus**" shall have the meaning ascribed thereto in the third paragraph of this Agreement;

"**Amended and Restated Preliminary U.S. Private Placement Memorandum**" means the amended and restated preliminary U.S. private placement memorandum dated December 16, 2020;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions, their respective regulations, rulings, rules, orders and prescribed forms thereunder, the applicable published policy statements, instruments and notices issued by the Securities Commissions;

"**Business Day**" means any day other than a day on which banks are permitted or required to be closed in New York City, Toronto, Ontario, Winnipeg, Manitoba or Montreal, Québec;

"**Canadian GAAP**" means generally accepted accounting principles in Canada, as set out in the CPA Canada Handbook – Accounting, which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**CIBC**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Citigroup**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Closing Date**" means December 30, 2020 or such earlier or later date as the Corporation and the Underwriters may agree, but in any event no later than January 20, 2021;

"**Continuing Underwriters**" shall have the meaning ascribed thereto in Section 12.2 of this Agreement;

"**Corporation**" means Air Canada;

"**Corporation Financial Information**" means (i) the Corporation's audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018 and as at January 1, 2018, together with the notes thereto and independent auditors' report

thereon; and (ii) the interim unaudited condensed consolidated financial statements of the Corporation as at September 30, 2020 and for the three and nine months ended September 30, 2020;

"**Corporation Information Record**" means all information contained in any material change report, business acquisition report, financial statements, management's discussion and analysis, annual information form or other documents required to be filed on SEDAR by or on behalf of the Corporation pursuant to Applicable Securities Laws or otherwise by or on behalf of the Corporation, and the Prospectus;

"**Corporation Marketing Materials**" means the Investor Presentation, the Indicative Term Sheet and the Pricing Term Sheet;

"**DBSI**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Defaulted Securities**" shall have the meaning ascribed thereto in Section 12.2 of this Agreement;

"**Distribution Period**" means the period commencing on the date of this Agreement and ending on the date on which all of the Offered Shares have been sold by the Underwriters pursuant to the terms of this Agreement;

"**Documents Incorporated by Reference**" means all financial statements, management's discussion and analysis, management information circulars, annual information forms, material change reports, business acquisition reports or other documents issued by the Corporation, whether before or after the date of this Agreement, that are required to be incorporated by reference into the Prospectus pursuant to the Applicable Securities Laws;

"**Environmental Laws**" shall have the meaning ascribed thereto in Subsection 4.1.1(bb) of this Agreement;

"**Final Prospectus**" shall have the meaning ascribed thereto in the third paragraph of this Agreement;

"**Final U.S. Private Placement Memorandum**" means the final U.S. private placement memorandum dated the date of the Final Prospectus;

"**Financial Information**" shall have the meaning ascribed thereto in Subsection 5.1(n) of this Agreement;

"**Governmental Authority**" means any government, regulatory authority, government department, agency, commission, board, tribunal or court having jurisdiction on behalf of any nation, province or state or other subdivision thereof or any municipality, district or other subdivision thereof;

"**including**" means including without limitation;

"**Indemnified Parties**" shall have the meaning ascribed thereto in Section 9.1 of this Agreement;

"**Indicative Term Sheet**" means the term sheet dated as of December 15, 2020 regarding the terms of the Offered Shares (in both English and French languages unless the context indicates otherwise);

"**Investor Presentation**" means the investor presentation (in both the English and French languages unless the context indicates otherwise) dated December 15, 2020 and filed with the Securities Commissions on December 15, 2020;

"**IT Systems and Data**" shall have the meaning ascribed thereto in Section 4.1.1(oo) of this Agreement;

"**J.P. Morgan**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Liabilities**" shall have the meaning ascribed thereto in Section 9.1 of this Agreement;

"**marketing materials**" has the meaning given to it in NI 41-101;

"**Material Adverse Effect**" means any effect that is or would reasonably be expected to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flow, income or business operations of the Corporation and its subsidiaries taken as a whole and as a going concern;

"**material change**" means a material change for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means a change in the business, operations or capital of the Corporation and its subsidiaries, on a consolidated basis, that would reasonably be expected to have a significant effect on the market price or value of any of the Corporation's securities and includes a decision to implement such a change made by the Corporation's board of directors or by senior management of the Corporation who believe that confirmation of the decision by the board of directors is probable;

"**material fact**" means a material fact for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Offered Shares;

"**Material Proceedings**" shall have the meaning ascribed thereto in Subsection 4.1.1(v) of this Agreement;

"**Material Subsidiaries**" means Touram Limited Partnership, Touram General Partner Inc., Air Canada Rouge LP, Air Canada Rouge General Partner Inc. and Aeroplan Inc. and their respective predecessor entities;

"**MI 11-102**" means Multilateral Instrument 11-102 – *Passport System*;

"**misrepresentation**" means a misrepresentation for the purposes of the Applicable Securities Laws of the applicable jurisdiction or where such term is undefined under such Applicable Securities Laws means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

"**Morgan Stanley**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*;

"**NI 44-101**" means National Instrument 44-101 – *Short Form Prospectus Distributions*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NP 11-202**" means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

"**Offered Shares**" shall have the meaning ascribed to such term in the fourth paragraph of this Agreement;

"**Offering**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Offering Documents**" means, collectively, the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus, the Final Prospectus, any Supplementary Material and the U.S. Placement Memoranda;

"**Offering Jurisdictions**" means the Qualifying Jurisdictions and the United States;

"**Over-Allotment Closing Date**" shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

"**Over-Allotment Notice**" shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

"**Over-Allotment Option**" shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

"**Over-Allotment Shares**" shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

"**Passive Bookrunners**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Passport Procedures**" means the procedures provided for under NP 11-202 among the Securities Commissions;

"**person**" includes any individual, corporation, limited partnership, general partnership, joint stock corporation or association, joint venture association, trust, bank, trust corporation, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

"**Preliminary Prospectus**" shall have the meaning ascribed thereto in the third paragraph of this Agreement;

"**Preliminary U.S. Private Placement Memorandum**" means the preliminary U.S. private placement memorandum dated December 15, 2020;

"**Pricing Term Sheet**" means the term sheet dated as of December 16, 2020 regarding the terms of the Offered Shares (in both English and French languages unless the context indicates otherwise);

"**Proceedings**" shall have the meaning ascribed thereto in Section 9.1 of this Agreement;

"**Prospectus**" means, collectively, the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus, in each case including all of the Documents Incorporated by Reference;

"**Purchasers**" means, collectively, each of the purchasers of Offered Shares arranged by the Underwriters pursuant to the Offering, and, if applicable, the Underwriters;

"**Qualification Deadline**" means 5:00 p.m. (Montréal time) on December 23, 2020 or such later date and time as the Corporation and the Active Bookrunners, on behalf of the Underwriters, may mutually agree upon in writing;

"**Qualified Canadians**" shall have the meaning ascribed thereto in the seventh paragraph of this Agreement;

"**Qualifying Jurisdictions**" means each of the provinces and territories of Canada;

"**Refusing Underwriter**" shall have the meaning ascribed thereto in Section 12.2 of this Agreement;

"**Rule 144A**" means Rule 144A adopted by the SEC under the U.S. Securities Act;

"**Sanctions**" shall have the meaning ascribed thereto in Section 4.1.1(kk)(i) of this Agreement;

"**Scotia**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Commissions**" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

"**Selling Group**" shall have the meaning ascribed thereto in the sixth paragraph of this Agreement;

"**Shares**" means the Voting Shares and the Variable Voting Shares;

"**subsidiary**" means any corporation, limited partnership, general partnership, joint stock corporation or association, joint venture association, trust or any other entity of which the Corporation owns more than 50% of the voting rights or economic interests;

"**Supplementary Material**" means, collectively, any amendment to the Prospectus, any amended or supplemental prospectus, and any ancillary material required to be filed with

any of the Securities Commissions in connection with the distribution of the Offered Shares;

"**Survival Limitation Date**" means the later of:

(i) the second anniversary of the Closing Date; and

(ii) the latest date under the Applicable Securities Laws relevant to a Purchaser (non-residents of Canada being deemed to be resident in the Province of Ontario for such purposes) that a Purchaser is entitled to commence an action or exercise a right of rescission, with respect to a misrepresentation contained in the Offering Documents;

"**TD**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**template version**" has the meaning ascribed to such term in NI 41-101 and includes any revised template version of marketing materials as contemplated by NI 41-101;

"**Time of Closing**" means 8:00 a.m. (Montréal time) on the Closing Date or the Over-Allotment Closing Date;

"**to the Corporation's knowledge**", "**to the knowledge of the Corporation**" or words of similar effect means to the knowledge of any executive officer of the Corporation and "**knowledge**" means the actual knowledge of the President and Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Executive Vice President, Chief Human Resources and Communications Officer, the Executive Vice President, International and Regulatory Affairs and Chief Legal Officer, the Senior Vice President, Finance, the Vice President and Corporate Secretary of the Corporation and the knowledge that such officers reasonably ought to have;

"**Transaction Documents**" shall have the meaning ascribed thereto in Subsection 4.1.1(d) of this Agreement;

"**TSX**" means the Toronto Stock Exchange;

"**Underwriter Information**" shall have the meaning ascribed thereto in Section 9.1(a) of this Agreement;

"**Underwriters**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Underwriting Fee**" means a cash fee equal to 4.0% of the aggregate gross proceeds from the sale of the Firm Shares and, if applicable, the Over-Allotment Shares payable at the Time of Closing;

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**U.S. Placement Memoranda**" means the Preliminary U.S. Private Placement Memorandum, the Amended and Restated Preliminary U.S. Private Placement Memorandum and the Final U.S. Private Placement Memorandum to be delivered together with the applicable Prospectus to offerees and purchasers in the United States;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**U.S. Securities Law**" means all applicable securities laws in the United States, including without limitation, the U.S. Securities Act, the U.S. Exchange Act and the rules and regulations promulgated thereunder, and any applicable state securities laws;

"**Variable Voting Shares**" means the Class A variable voting shares of the Corporation; and

"**Voting Shares**" means the Class B voting shares of the Corporation.

1.2 **Division and Headings**: The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.

1.3 **Governing Law**: This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Québec with respect to all matters related to this Agreement.

1.4 **Currency**: Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

1.5 **Schedules**: The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule "A" – United States Offers and Sales

2. NATURE OF TRANSACTION AND CERTAIN COVENANTS OF THE CORPORATION

2.1 Each Purchaser resident in a Qualifying Jurisdiction shall purchase the Offered Shares pursuant to the Final Prospectus. Except as set forth in Section 3.3, each other Purchaser shall purchase the Offered Shares in accordance with such procedures as the Corporation and the Underwriters may mutually agree, acting reasonably, in order to fully comply with the Applicable Securities Laws and any applicable laws of the jurisdiction in which such purchase takes place. The Corporation hereby agrees to comply with all applicable securities regulatory requirements of the Offering Jurisdictions on a timely basis in connection with the distribution of the Offered Shares. The Underwriters agree to assist the Corporation in all reasonable respects to secure compliance with all regulatory requirements in connection with the Offering.

2.2 The Corporation shall, as soon as possible after the execution of this Agreement and on a basis acceptable to the Underwriters, acting reasonably, prepare and file the Amended and

Restated Preliminary Prospectus under and as required by Applicable Securities Laws with each of the Securities Commissions and use reasonable best efforts to obtain, as soon as possible thereafter, a decision document evidencing the receipt (and deemed receipt) for the Amended and Restated Preliminary Prospectus from the Securities Commission in each of the Qualifying Jurisdictions (under Passport Procedures).

2.3 The Corporation shall use reasonable best efforts to satisfy all comments from Securities Commissions as soon as possible after receipt of such comments and the Corporation shall prepare and file under Applicable Securities Laws, and obtain a decision document evidencing the receipt (and deemed receipt) therefore from the Securities Commission in each of the Qualifying Jurisdictions (under Passport Procedures) by the Qualification Deadline, the Final Prospectus and other related documents relating to the distribution in the Qualifying Jurisdictions of the Offered Shares, and shall have taken all other steps and proceedings that are required to be taken by the Corporation in order to qualify the Offered Shares for distribution (or distribution to the public, as the case may be) in each of the Qualifying Jurisdictions by the Underwriters under Applicable Securities Laws.

2.4 Contemporaneously with the filing of each of the Amended and Restated Preliminary Prospectus and the Final Prospectus under Applicable Securities Laws, the Corporation shall deliver to the Underwriters copies of each of the Amended and Restated Preliminary Prospectus and the Final Prospectus signed on behalf of the Corporation as required by Applicable Securities Laws (which delivery shall constitute the Underwriters' authority to use such Amended and Restated Preliminary Prospectus and such Final Prospectus in connection with the Offering).

2.5 Each of the Corporation and the Active Bookrunners confirms to the other parties hereto that it has approved in writing a template version of each of the Corporation Marketing Materials before such Corporation Marketing Materials were first provided to potential investors of the Offered Shares (which approval constituted the Underwriters' authority to use such Corporation Marketing Materials in connection with the Offering), and the Corporation confirms to the Underwriters that (i) on or before the day the Corporation Marketing Materials were first provided to potential investors of the Offered Shares, it filed a template version of each of the Corporation Marketing Materials with the Securities Commissions, with the comparables (as defined in NI 41-101) removed as permitted by Section 13.7(4) or Section 13.8(4) of NI 41-101; and (ii) it delivered or will deliver an English language version of a complete template version (including all comparables (as defined in NI 41-101)) of the Investor Presentation to the Securities Commissions.

2.6 During the distribution of the Offered Shares, the Corporation covenants and agrees with the Underwriters and the Underwriters jointly (and not solidarily) covenant and agree with the Corporation:

(a) not to provide any potential investor of the Offered Shares with any marketing materials other than the Corporation Marketing Materials unless a template version of such marketing materials has been approved in writing by the Corporation and the Active Bookrunners and filed by the Corporation with the Securities Commissions, in each case on or before the day such marketing materials are first provided to any potential investor of the Offered Shares; and

(b) not to provide any potential investor of the Offered Shares with any materials or information in relation to the distribution of the Offered Shares or the Corporation other than: (i) the Corporation Marketing Materials and such other marketing materials that have been approved and filed in accordance with this Section 2.6(a);

(ii) the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus, the Final Prospectus and any Supplementary Material, as applicable; (iii) any "standard term sheets", "preliminary prospectus notice" or "final prospectus notice" (each as defined in NI 41-101) approved in writing by the Corporation and the Active Bookrunners; and (iv) in the case of offers and sales of Offered Shares in the United States, the U.S. Placement Memoranda.

2.7 Until the date on which the distribution of the Offered Shares is completed, the Corporation will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under Applicable Securities Laws to continue to qualify the distribution of the Offered Shares or, in the event that the Offered Shares or any of them have, for any reason, ceased to so qualify, to so qualify again such securities, as applicable, for distribution.

2.8 The Corporation will comply with section 57 of the *Securities Act* (Ontario) and with the other comparable provisions of the Applicable Securities Laws in each of the Qualifying Jurisdictions and during the period from the date hereof to the completion of distribution of the Offered Shares, will promptly inform the Underwriters in writing of the full particulars of any material change in the financial condition, assets, liabilities, business or operations of the Corporation and its subsidiaries, taken as a whole, or of any change in any material fact contained or referred to in the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus or the Final Prospectus or any Supplementary Material thereto, and of the existence or discovery of any material fact which is, in any such cases, of such a nature as to render the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus or the Final Prospectus, or any Supplementary Material thereto, untrue, false or misleading in a material respect or result in a misrepresentation. The Corporation shall, to the satisfaction of the Underwriters and their counsel, acting reasonably, promptly comply with all applicable filing and other requirements under Applicable Securities Laws in the Qualifying Jurisdictions as a result of such change. The Corporation shall, in good faith, first discuss with the Underwriters any change in circumstances (actual or proposed within the Corporation's knowledge) which is of such a nature that there is a reasonable doubt whether notice need be given to the Underwriters pursuant to this Section 2.8 and, in any event, prior to making any filing referred to in this Section 2.8. For greater certainty, it is understood and agreed that if a material change or change in a material fact has occurred during the period from the date hereof to the completion of distribution of the Offered Shares which makes untrue or misleading any statement of a material fact contained in the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus or the Final Prospectus or any Supplementary Material thereto, or which results in a misrepresentation, the Corporation will:

(a) prepare and file promptly at the request of the Underwriters any Supplementary Material which in their opinion, acting reasonably, may be necessary or advisable;

(b) contemporaneously with filing any required Supplementary Material under Applicable Securities Laws of the Qualifying Jurisdictions, deliver to the Underwriters:

(i) a copy of the Supplementary Material, signed as required by the Applicable Securities Laws;

(ii) a signed copy of all documents relating to the proposed distribution of the Offered Shares and filed with the Supplementary Material under the Applicable Securities Laws; and

(iii) such other documents as the Underwriters and the Corporation shall agree, acting reasonably.

2.9 The Corporation acknowledges that the Corporation is required by Applicable Securities Laws to prepare and file an amendment to the Final Prospectus at any time prior to the completion of the distribution of the Offered Shares, in the event a material change occurs after the filing of the Final Prospectus. The Corporation will promptly prepare and file with the Securities Commissions in the Qualifying Jurisdictions any amendment or supplement to the Final Prospectus which in the opinion of the Underwriters and the Corporation, each acting reasonably, may be necessary or advisable to reflect such material change.

2.10 For a period of 90 days after the Closing Date, the Corporation will not (a) issue, agree to issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, or submit to, or file a registration statement or prospectus relating to, any Shares or any securities convertible into or exercisable or exchangeable for Shares (other than any registration statement or prospectus relating solely to any of the employee benefit plans of the Corporation, as described in the Prospectus), or publicly disclose the intention to undertake any of the foregoing, or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares or any such other securities or publicly disclose the intention to undertake any of the foregoing, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, without the prior written consent of the Active Bookrunners. Notwithstanding the foregoing, such limitations shall not apply to: (i) the Shares to be sold hereunder; (ii) Shares to be issued in connection with the proposed acquisition of Transat A.T. Inc., as described in the Prospectus; (iii) any Shares issued upon the conversion of the Corporation's 4.0% convertible senior notes due 2025; (iv) any Shares issued (or withheld) upon the exercise or settlement of any options, restricted share units, performance share units or other equity-based awards under existing equity compensation plans and incentive retention plans of the Corporation described in the Prospectus, and any related swap or hedging instruments set up by the Corporation relating to the settlement costs of such awards; (v) any options, restricted share units, performance share units or other equity-based awards granted under existing equity compensation plans and incentive retention plans described in the Prospectus; and (vi) the issuance of warrants or other equity-based consideration by the Corporation as required by or as part of any assistance that the Corporation has received, applies for or will receive under any aid program established by the Government of Canada, and the issuance of Shares by the Corporation upon the exercise or conversion of any such warrants or other equity-based consideration in compliance with the requirements of such assistance.

3. COVENANTS AND REPRESENTATIONS OF THE UNDERWRITERS

3.1 Each of the Underwriters jointly (and not solidarily) covenants with the Corporation that it will (and will use its reasonable best efforts to cause the members of the Selling Group to):

(a) conduct activities in connection with arranging for the sale and distribution of the Offered Shares in compliance with all Applicable Securities Laws, the Prospectus and the provisions of this Agreement, including, without limitation, paragraph 3 of Schedule "A" to this Agreement;

(b) not, directly or indirectly, sell or solicit offers to purchase any Offered Shares, or distribute or publish any offering circular, prospectus, form of application,

advertisement or other offering materials in any country or jurisdiction so as to require registration of any Offered Shares or filing of a prospectus or similar document with respect thereto or compliance by the Corporation with any continuous disclosure obligations or similar reporting obligations under the laws of, or subject to the Corporation (or any of its directors, officers or employees) to any inquiry, investigation or proceeding of any securities regulatory authority, stock exchange or other authority in, any jurisdiction (other than the filing of the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus in the Qualifying Jurisdictions);

(c) use reasonable efforts to complete and to cause the members of the Selling Group to complete the distribution of the Offered Shares as soon as reasonably practicable;

(d) not make any representations or warranties with respect to the Corporation or its securities, other than as set forth in the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus, the Final Prospectus, any Supplementary Material and the U.S. Placement Memoranda;

(e) upon the Corporation obtaining the necessary receipt or deemed receipt in each of the Qualifying Jurisdictions pursuant to MI 11-102, NP 11-202 and NI 44-101, deliver one copy of the Amended and Restated Preliminary Prospectus, the Final Prospectus and any Supplementary Material to each of the Purchasers;

(f) not knowingly sell Offered Shares to any single Purchaser so as to result in such Purchaser holding 20% or more of the aggregate votes attaching to all outstanding Shares of the Corporation immediately after giving effect to the Offering; and

(g) provide Purchasers with forms for their completion as provided by the Corporation, provided such forms are acceptable to the Underwriters, acting reasonably, or otherwise make appropriate verifications necessary to satisfy itself with respect to the Canadian status (as defined in the *Canada Transportation Act*) of the Purchasers.

3.2 The Active Bookrunners shall, on behalf of the Underwriters, notify the Corporation when, in its opinion, the Underwriters and the Selling Group have ceased distribution of the Offered Shares and, if required for regulatory compliance purposes, provide a breakdown of the number of Offered Shares distributed and proceeds received (A) in each of the Qualifying Jurisdictions and (B) in any other jurisdiction.

3.3 DBSI shall only offer and sell Offered Shares outside of Canada and shall not, directly or indirectly, solicit offers to purchase or sell Offered Shares in Canada.

3.4 All offers and sales of Offered Shares in the United States shall only be made in compliance with Schedule “A” to this Agreement which is incorporated herein and forms a part of this Agreement.

3.5 Notwithstanding the foregoing provisions of this Article 3, an Underwriter will not be liable to the Corporation under this Article 3 with respect to a default under this Article 3 by another Underwriter or another Underwriter’s duly registered broker-dealer affiliate in the United States, as the case may be, or by the Corporation.

3.6 Each Underwriter represents and warrants to, and covenants with, the Corporation that at least one of the Underwriters is duly registered under the Applicable Securities Laws in each of the Qualifying Jurisdictions.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

4.1 The Corporation hereby represents, warrants and covenants to and with the Underwriters, and acknowledges that the Underwriters are relying upon such representations, warranties and covenants in purchasing the Offered Shares, that:

4.1.1 *General Matters*

(a) the Corporation and each of the Material Subsidiaries (as defined below) have been duly organized and are validly existing and in good standing (or, if applicable, the equivalent in the applicable jurisdiction) under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing (or, if applicable, the equivalent in the applicable jurisdiction) in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all corporate or partnership power and authority, as applicable, necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing, or to have all such corporate or partnership power and authority, would not, individually or in the aggregate, have a Material Adverse Effect;

(b) the Corporation is a reporting issuer or equivalent thereof in good standing under Applicable Securities Laws, has filed pursuant to such laws all documents required to be filed by it and is either listed on the list of reporting issuers as not being in default or is not on the list of defaulting reporting issuers maintained by the applicable securities regulatory authority in each Qualifying Jurisdiction, as the case may be;

(c) neither the Corporation nor any of its Material Subsidiaries is in violation of its constating documents or by-laws or similar organizational documents. Neither the Corporation nor any of its subsidiaries is (i) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, hypothec, loan agreement or other agreement or instrument to which the Corporation or any of its subsidiaries is a party or by which the Corporation or any of its subsidiaries is bound or to which any of the property or assets of the Corporation or any of its subsidiaries is subject; or (ii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (ii) above, as disclosed in the Prospectus and except for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(d) the execution and delivery of this Agreement and all documents executed or delivered, or to be executed or delivered, pursuant hereto (collectively, the "**Transaction Documents**") and the performance and compliance with the terms of this Agreement and the other Transaction Documents, and the issue and sale of the Offered Shares do not and will not (i) conflict with or result in a breach or

violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, hypothec, charge or encumbrance upon any property or assets of the Corporation pursuant to, any indenture, mortgage, deed of trust, loan agreement, hypothec, debt instrument, joint venture, partnership, lease or other agreement or instrument to which the Corporation is a party or by which the Corporation is bound or to which any of the property or assets of the Corporation is subject, (ii) result in any violation of the provisions of the constating documents or by-laws or similar organizational documents of the Corporation or (iii) result in the violation of any law or statute or any judgment, order, rule, decree or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, hypothec, charge or encumbrance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(e) the Corporation has full right, power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder; and all action required to be taken by it for the due and proper authorization, execution and delivery of this Agreement and such Transaction Documents and the consummation by it of the transactions contemplated hereby and thereby has been duly and validly taken;

(f) this Agreement and the other Transaction Documents have been or will be, as the case may be, duly authorized, executed and delivered by the Corporation and constitute or will constitute, as the case may be, when so executed and delivered legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought and subject to the fact that rights of indemnity and contribution may be limited by applicable law, and except for any other limitations or qualifications customarily set out in legal opinions of recognized and reputable counsel in the relevant jurisdiction with respect to the enforceability of agreements of this nature;

(g) on the Closing Date, the Corporation will have an authorized share capital consisting of an unlimited number of Variable Voting Shares and an unlimited number of Voting Shares, of which an aggregate of 296,752,288 Shares were issued and outstanding on the date immediately prior to the date hereof. No person, firm or corporation has any agreement or option, or right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Corporation of any unissued shares of the Corporation except as otherwise referred to in the Prospectus. All of the issued and outstanding shares of the Corporation have been duly and validly authorized and issued as fully paid and non-assessable, and none of the outstanding shares of the Corporation were issued in violation of the pre-emptive or similar rights of any securityholder of the Corporation;

(h) the rights, privileges, restrictions, conditions and other terms attaching to the Variable Voting Shares and the Voting Shares of the Corporation will at the Time of Closing conform in all material respects to the respective descriptions thereof contained in the Prospectus;

(i) the Shares are listed on the TSX and the Corporation has taken no action designed to, or likely to have the effect of ceasing to be a reporting issuer under the securities laws of any of the provinces and territories of Canada, or delisting the Shares from TSX, nor has the Corporation received any notification that any securities regulatory authority in Canada, or the TSX, is contemplating terminating such reporting issuer status or such listing, as the case may be. The Corporation is subject to, and is in compliance in all material respects with the policies, rules and regulations of the TSX including, to the Corporation's knowledge, the applicable listing requirements of the TSX;

(j) the Corporation will, prior to the Closing Time, apply to list the Offered Shares on the TSX (and use reasonable best efforts to receive conditional approval therefor from the TSX);

(k) the Offered Shares have been duly authorized by the Corporation for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Corporation pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued as fully paid and non-assessable Shares of the Corporation;

(l) the Offered Shares, upon issuance, will not be issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Corporation;

(m) the Corporation Financial Information presents fairly in all material respects the financial position of the Corporation and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with Canadian GAAP applied on a consistent basis throughout the periods covered thereby; and all of the other financial information of the Corporation included or incorporated by reference in the Prospectus has been derived from the accounting records of the Corporation and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby. There has been no material change in accounting policies of the Corporation since September 30, 2020. The information under the heading "Consolidated Capitalization of Air Canada" included in the Prospectus presents fairly in all material respects the information shown therein and has been compiled on a basis consistent with that of the Corporation Financial Information;

(n) since the date of the most recent financial statements of the Corporation included or incorporated by reference in each of the Prospectus, except in each case as otherwise disclosed in the Prospectus, (i) there has not been any material change in the share capital or any change in long-term debt (excluding inter-company debt and other than regularly scheduled payments of long-term debt and the impact of foreign exchange gains and losses) of the Corporation and its subsidiaries on a consolidated basis, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Corporation on any class of share capital, or any adverse material change, or any development that would reasonably be expected to result in a adverse material change, in or affecting the business, properties, financial position or results of operations of the Corporation and its subsidiaries taken as a whole; (ii) neither the Corporation nor any of its subsidiaries has entered

into any transaction or agreement that is material to the Corporation and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Corporation and its subsidiaries taken as a whole; and (iii) neither the Corporation nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Corporation and its subsidiaries taken as a whole from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority;

(o) other than as disclosed or contemplated in the Prospectus, no acquisitions have been made by the Corporation in the two most recently completed fiscal years that are "significant acquisitions" (as defined under Applicable Securities Laws), and the Corporation is not a party to any contract with respect to any transaction that would constitute a "probable acquisition" (as defined under Applicable Securities Laws), in each case which would require disclosure in the Prospectus under Applicable Securities Laws;

(p) PricewaterhouseCoopers LLP, who have audited the annual consolidated financial statements of the Corporation included or incorporated by reference in the Prospectus, are independent within the meaning of the code of ethics of Chartered Professional Accountants (Québec). Since December 31, 2017, there has not been any "reportable event" (within the meaning of NI 51-102) between PricewaterhouseCoopers LLP and the Corporation;

(q) the Corporation and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**")). The Corporation and its subsidiaries have carried out evaluations of the effectiveness of their disclosure controls and procedures as required by NI 52-109;

(r) the Corporation is in material compliance with the requirements, including the filing and certification requirements, of NI 52-109 and the Corporation and its subsidiaries maintain systems of "internal control over financial reporting" (as defined in NI 52-109) that comply in all material respects with the requirements of Applicable Securities Laws. The Corporation and its subsidiaries maintain internal accounting controls sufficient to provide reasonable assurance (i) that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP and that receipts and expenditures of the Corporation and its subsidiaries are being made only in accordance with authorizations of management and directors; and (ii) regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that would have a material adverse effect on the annual financial statements or interim financial statements. As at December 31, 2019, there were no material weaknesses or significant deficiencies in the Corporation's internal controls and as of the date hereof, nothing has come to the attention of the Corporation or any of its subsidiaries that has caused the Corporation or any subsidiary to believe that there are any material weaknesses or significant deficiencies in the Corporation's internal controls over financial reporting;

(s) no securities commission, stock exchange or comparable authority has issued any order preventing or suspending the use or effectiveness of any Offering Document or preventing the distribution of the Offered Shares, if any, in any Qualifying

Jurisdiction or in any jurisdiction of the U.S. nor instituted proceedings for that purpose and, to the knowledge of the Corporation, no such proceedings are pending or contemplated;

(t) the documents forming part of the Corporation Information Record at the time they were issued by the Corporation complied in all material respects with the requirements of Applicable Securities Laws and are, as at the date made, true and correct in all material respects and do not contain a misrepresentation;

(u) AST Trust Company (Canada), at its principal offices in the cities of Montréal, Toronto, Vancouver and Calgary, has been duly appointed as registrar and transfer agent for the Shares;

(v) except as disclosed in the Corporation Information Record, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Corporation or any of its subsidiaries is a party or to which any property of the Corporation or any of its subsidiaries is the subject that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (each a "**Material Proceeding**") and no Material Proceeding has been threatened in writing to the Corporation or any of its subsidiaries or, to the knowledge of the Corporation, is contemplated by any governmental or regulatory authority or by others;

(w) neither the Corporation or any subsidiary of the Corporation has taken, nor will the Corporation or any such subsidiary take, any action which constitutes stabilization or manipulation of the price of any security of the Corporation to facilitate the sale of the Offered Shares;

(x) no consent, approval, authorization, order, registration, filing, recording or qualification of or with any court or arbitrator or governmental or regulatory authority (including, without limitation, under the federal laws of Canada or the laws of any province or territory of Canada) is required for the execution, delivery and performance by the Corporation of this Agreement, the Transaction Documents, the issuance and sale of the Offered Shares and the compliance by the Corporation with the terms thereof, the consummation of the transactions contemplated by this Agreement and the Transaction Documents (including, without limitation, the distribution of the Offered Shares in the Qualifying Jurisdictions), except as disclosed in the Prospectus or as will be obtained or made prior to the Closing Date and as required to comply with the rules of the TSX and Applicable Securities Laws applicable to the distribution of the Securities in the Qualifying Jurisdictions, if any, and except where such failure to obtain would not have a Material Adverse Effect;

(y) the Corporation and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate international, national, federal, state, provincial, local and other governmental or regulatory authorities (including, without limitation, the Canadian Transportation Agency, Transport Canada Civil Aviation and the United States Federal Aviation Administration) that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Prospectus, including all licenses, certificates, permits and other authorizations that relate to the operation of the aircraft operated, and routes flown

by, the Corporation, except where the failure to possess or make the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as described in the Prospectus, neither the Corporation nor any of its subsidiaries has received notice of any revocation or modification of any such license, sublicense, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, other than any revocation or modification or non-renewal that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(z) the Corporation and its subsidiaries have valid, good and marketable title to, or have valid and enforceable rights to lease or otherwise use, all items of real and personal property that are material to the business of the Corporation and its subsidiaries, taken as a whole, in each case free and clear of all liens, hypothecs, encumbrances, claims and defects and imperfections of title except those that (i) are described in the Prospectus, (ii) do not materially interfere with the use made and proposed to be made of such property by the Corporation and its subsidiaries, taken as a whole, or (iii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(aa) except as described in the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) no labor dispute with the employees of the Corporation or any of its subsidiaries exists or, to the knowledge of the Corporation, is imminent and (ii) the Corporation has not been notified of any existing or imminent labor dispute by the employees of any of the Corporation's or any of the Corporation's subsidiaries' principal suppliers, manufacturers or contractors;

(bb) except as described in the Prospectus or as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i)(A) the Corporation and its subsidiaries (x) are in compliance with any and all applicable international, national, federal, state, provincial, regional, local and other laws and regulations relating to the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "**Environmental Laws**"); (y) have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability under or relating to any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and are not a party to any order, decree or agreement that imposes any liability or obligation under any Environmental Law; (B) there are no costs or liabilities associated with Environmental Laws of or relating to the Corporation or its subsidiaries; and (C) the Corporation and its subsidiaries are not aware of, and do not currently anticipate, any required capital expenditures regarding compliance with Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants; and (ii) there are no proceedings that are pending or, to the knowledge of the Corporation, contemplated against the Corporation or any of its subsidiaries under any Environmental Laws;

(cc) except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) each benefit and compensation plan, agreement, policy and arrangement (other than the Canada Pension Plan, the Québec Pension Plan and any similar statutory pension plan or arrangement) that is maintained, administered or contributed to by the Corporation or any of its subsidiaries for current or former employees or directors of, or independent contractors with respect to, the Corporation or any of its subsidiaries, or with respect to which the Corporation or any of its subsidiaries would reasonably be expected to have any current, future or contingent liability or responsibility, has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations; and (ii) the Corporation and each of its subsidiaries and each of their respective affiliates have complied with all applicable statutes, orders, rules and regulations in regard to such plans, agreements, policies and arrangements;

(dd) except as disclosed in the Prospectus, the Corporation and its subsidiaries have filed all federal, provincial, state and local income and franchise tax returns required to be filed through the date hereof and have paid all taxes due thereon, except such as are being contested in good faith by appropriate proceedings or as would not have a Material Adverse Effect, and no tax deficiency has been determined adversely to the Corporation or any of its subsidiaries which has had, nor does the Corporation have any knowledge of any tax deficiency which, if determined adversely to the Corporation or such subsidiary, would have, a Material Adverse Effect;

(ee) except as disclosed in the Corporation Information Record, the Corporation has not been notified of, nor is it a party to any agreement which affects the voting or control of any securities of the Corporation;

(ff) to the knowledge of the Corporation, the Corporation is in compliance with all foreign ownership restrictions applicable to it under Canadian law;

(gg) the Corporation and the Material Subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Corporation and the Material Subsidiaries and their respective businesses; and neither the Corporation nor the Material Subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect;

(hh) no relationship, direct or indirect, exists between or among the Corporation or any of its subsidiaries, on the one hand, and the directors, officers, shareholders or other affiliates of the Corporation or any of its subsidiaries, on the other hand, that would be required to be disclosed by the Corporation in a prospectus filed pursuant to Applicable Securities Laws or that would be required by the U.S. Securities Act to be described in a registration statement to be filed by the Corporation with the United

States Securities and Exchange Commission and that is not so described in the Prospectus;

(ii) over the last five years, neither the Corporation nor any of its subsidiaries or controlled affiliates, nor, to the knowledge of the Corporation, any director, officer, employee or agent of the Corporation or any of its subsidiaries or affiliates (i) has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) has made or provided any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee from corporate funds; (iii) has violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, the *Corruption of Foreign Public Officials Act* (Canada) or the U.K. Bribery Act 2010 or, to the knowledge of the Corporation, any other applicable anti-bribery or anti-corruption law; or (iv) has made or provided any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or unlawful benefit. The Corporation, its subsidiaries and controlled affiliates have instituted, maintain and enforce and intend to continue to maintain and enforce policies designed to promote and achieve compliance with all applicable anti-bribery and anti-corruption laws;

(jj) the operations of the Corporation and its subsidiaries are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements of all applicable laws, rules and regulations including, without limitation, the Currency and Foreign Transactions Reporting Act of 1970, as amended, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the anti-money laundering statutes of all jurisdictions where the Corporation and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened;

(kk) neither the Corporation nor any of its subsidiaries, nor, to the knowledge of the Corporation, any director or officer of the Corporation or any of its subsidiaries, is a person that is, or is owned 50% or more or controlled by a person that is:

(i) the subject or target of any trade or economic sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union or Her Majesty's Treasury (collectively, "**Sanctions**"), nor

(ii) located, organized or resident in Crimea, Cuba, Iran, North Korea or Syria;

(ll) the Corporation is not obligated to and does not intend to, directly or indirectly, use the proceeds of the offering of the Offered Shares, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person to finance any activities or business of or with any person or in any country or territory that, at the time of such financing, is the subject or target of Sanctions;

(mm) except as has been disclosed to the Underwriters, the minute books and records of the Corporation and its Material Subsidiaries made available to counsel for the Underwriters in connection with their due diligence investigation in respect of the Offering constitute all of the minute books and records of such corporation and contain copies of all proceedings (or certified copies thereof) in respect of material matters of the shareholders, the boards of directors and all committees of the boards of directors of the Corporation to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings in respect of material matters of the shareholders, board of directors or any committees of the board of directors of the Corporation to the date of review of such corporate records and minute books not reflected in such minutes and other records;

(nn) except as contemplated hereby, there is no person acting at the request of the Corporation who is entitled to any brokerage or agency fee in connection with the sale of the Offered Shares;

(oo) there has been no security breach or other compromise of or relating to any information technology and computer systems, networks, hardware, software, data, or equipment owned by the Corporation or its Material Subsidiaries or of any data of the Corporation's or its Material Subsidiaries' respective customers, employees, suppliers, vendors that they maintain or that, to their best knowledge after due inquiry, any third party maintains on their behalf (collectively, "**IT Systems and Data**") that had, or would reasonably be expected to have had, individually or in the aggregate, a Material Adverse Effect, and the Corporation and its Material Subsidiaries have not been notified of, and have no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to their IT Systems and Data that had, or would reasonably be expected to have had, a Material Adverse Effect. The Corporation and its Material Subsidiaries are presently in compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the protection of IT Systems and Data from a security breach or unauthorized use, access, misappropriation, modification or other compromise, except as would not, individually or in the aggregate, have a Material Adverse Effect. The Corporation and its Material Subsidiaries have implemented backup and disaster recovery technology consistent with industry standards and practices, except as would not, individually or in the aggregate, have a Material Adverse Effect; and

(pp) the Corporation's representations, warranties and covenants contained in Schedule "A" attached hereto are hereby incorporated by reference herein and made a part hereof.

4.1.2 *Prospectus Matters*

(a) the Corporation is eligible to file a short form prospectus under NI 44-101 in each of the Qualifying Jurisdictions;

(b) the Corporation has filed the Preliminary Prospectus pursuant to MI 11-102, NP 11-202 and NI 44-101, and has obtained a receipt or deemed receipt in each of the Qualifying Jurisdictions;

(c) the Corporation will use reasonable best efforts to file the Amended and Restated Preliminary Prospectus pursuant to MI 11-102, NP 11-202 and NI 44-101, and to obtain a receipt or deemed receipt in each of the Qualifying Jurisdictions;

(d) the Corporation will use reasonable best efforts to file the Final Prospectus pursuant to MI 11-102, NP 11-202 and NI 44-101, and to obtain a final receipt or deemed receipt in each of the Qualifying Jurisdictions, and shall have taken all other steps and proceedings that are required under the Applicable Securities Laws in order to qualify the Offered Shares for distribution pursuant to the Final Prospectus in each of the Qualifying Jurisdictions by the Qualification Deadline;

(e) all the information and statements to be contained in the Offering Documents shall, at the respective dates of delivery thereof, constitute full, true and plain disclosure of all material facts relating to the Offered Shares as required under Applicable Securities Laws (provided that this representation and warranty is not intended to extend to information and statements included in reliance upon and in conformity with information furnished in writing to the Corporation by or on behalf of the Underwriters specifically for use therein);

(f) the Preliminary Prospectus, as of its date, did not, the Preliminary U.S. Private Placement Memorandum, as of its date, did not, the Amended and Restated Preliminary Prospectus as of its date, did not, the Amended and Restated Preliminary U.S. Private Placement Memorandum, as of its date, did not, and the Final Prospectus and the Final U.S. Private Placement Memorandum, in each case as of their respective dates and as at the Closing Date and each Over-Allotment Closing Date, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Corporation makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Corporation in writing by such Underwriter expressly for use in the Prospectus or the U.S. Placement Memoranda;

(g) the Offering Documents shall in all material respects contain the disclosure required by and conform in all material respects to all requirements of the Applicable Securities Laws; and

(h) during and prior to completion of the Distribution Period, the Corporation will take or cause to be taken all steps and proceedings (including the filing of, and obtaining the issuance of a final receipt or deemed receipt for the Final Prospectus) required under the Applicable Securities Laws to qualify the Offered Shares for sale to the public and to the Underwriters in the Qualifying Jurisdictions through registrants registered under the Applicable Securities Laws who have complied with the relevant provisions thereof.

4.1.3 *Due Diligence Matters*

(a) prior to the filing of the Final Prospectus and any Supplementary Material, the Corporation will allow the Underwriters to participate fully in the preparation of the Final Prospectus and any Supplementary Material and shall allow the Underwriters to conduct all due diligence which they may reasonably require to conduct in order

to fulfil their obligations and in order to enable them to execute the certificates required to be executed by them at the end of the Final Prospectus and any Supplementary Material.

5. CONDITIONS TO PURCHASE OBLIGATION

5.1 The following are conditions of the Underwriters' obligations to purchase the Offered Shares as contemplated hereby, which conditions may be waived in writing in whole or in part by the Active Bookrunners on behalf of themselves and the other Underwriters:

(a) the Corporation shall have made and/or obtained the necessary filings, approvals, consents and acceptances to or from, as the case may be, the Securities Commissions and the TSX required to be made or obtained by the Corporation in connection with the Offering, on terms which are acceptable to the Corporation and the Underwriters, acting reasonably, prior to the Closing Date, it being understood that the Underwriters will do all that is reasonably required to assist the Corporation to fulfill this condition;

(b) the Corporation shall have delivered to the Underwriters without charge and in such numbers as the Underwriters may reasonably request, within one (1) Business Day of the issuance of the receipt or deemed receipt for the Preliminary Prospectus by the Securities Commissions, or such later time as may be agreed by the Active Bookrunners, on behalf of the Underwriters, in Toronto, conformed commercial copies of the Preliminary Prospectus in the English and French languages;

(c) the Corporation shall have used all reasonable best efforts to have delivered to the Underwriters without charge and in such numbers as the Underwriters may reasonably request, within one (1) Business Day (with such delivery, in any case, to occur no later than two (2) Business Days) of the issuance of the receipt or deemed receipt for the Amended and Restated Preliminary Prospectus by the Securities Commissions, or such later time as may be agreed upon by the Active Bookrunners, on behalf of the Underwriters, in Toronto, conformed commercial copies of the Amended and Restated Preliminary Prospectus in the English and French languages;

(d) the Corporation shall have used all reasonable best efforts to have delivered to the Underwriters without charge and in such numbers as the Underwriters may reasonably request, within one (1) Business Day (with such delivery, in any case, to occur no later than two (2) Business Days) of the issuance of the receipt or deemed receipt for the Final Prospectus by the Securities Commissions, or such later time as may be agreed upon by the Active Bookrunners, on behalf of the Underwriters, in Toronto, conformed commercial copies of the Final Prospectus and any Supplementary Material, if applicable, in the English and French languages;

(e) the Corporation shall have delivered to the Underwriters, without charge and in such numbers as the Active Bookrunners, on behalf of the Underwriters, may reasonably request, in New York City, commercial copies of the U.S. Placement Memoranda and any amendments thereto;

(f) the representations and warranties of the Corporation contained in this Agreement will be true and correct, in all material respects, or, if already qualified by materiality,

true and correct, as of the Time of Closing (except for representations and warranties stated to be as at a certain date) as if such representations and warranties were made at and as of such time and all agreements, covenants and conditions required by this Agreement to be performed or complied with by the Corporation will have been performed or complied with prior to such time;

(g) the Corporation's board of directors will have authorized and approved this Agreement, the issuance and sale of the Offered Shares, and all matters relating to the foregoing;

(h) the Offered Shares shall have been approved for listing by the TSX, subject only to the standard listing conditions imposed by the TSX, and the Firm Shares and, if applicable, the Over-Allotment Shares, will, at the opening of trading on the TSX on the date of the relevant Time of Closing, be listed for trading on the TSX;

(i) the Corporation shall have delivered a certificate of the Corporation signed on behalf of the Corporation, but without personal liability, by the Deputy Chief Executive Officer & Chief Financial Officer of the Corporation and another senior executive satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters and dated the Closing Date, in form and content satisfactory to the Underwriters, acting reasonably, certifying that:

(i) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation (including the Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to such knowledge of such officers, contemplated or threatened by any regulatory authority;

(ii) the Corporation has duly complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Time of Closing;

(iii) the representations and warranties of the Corporation contained in this Agreement are true and correct in all material respects, or if already qualified by materiality, true and correct, at the Time of Closing (except for representations and warranties stated to be as at a certain date), with the same force and effect as if made by the Corporation as at the Time of Closing after giving effect to the transactions contemplated hereby;

(iv) there has been no adverse material change with respect to the Corporation since the date hereof which has not been generally disclosed; and

(v) no material change in the business, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation and its subsidiaries, on a consolidated basis, has occurred since the date hereof with respect to which the requisite material change report has not been filed and no such disclosure has been made on a confidential basis;

(j) the Corporation's legal counsel, Stikeman Elliott LLP, shall have delivered (i) a favourable legal opinion, dated as of the Closing Date, addressed to the

Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, relating to the due incorporation (or formation) and existence, corporate power and capacity of the Corporation and the Material Subsidiaries, the reporting issuer status of the Corporation, the authorization, execution, and delivery of this Agreement by the Corporation, enforceability, the share capital of the Corporation, the authorization and valid issuance of the Offered Shares, the appointment of AST Trust Company (Canada) as the Corporation's transfer agent, the compliance with the laws of the Province of Québec relating to the use of the French language, confirming the accuracy of the statements set out in the Prospectus under the headings "Certain Canadian Federal Income Tax Considerations" and "Eligibility for Investment" and to all such other matters as may be reasonably requested by the Underwriters. In giving such opinion, counsel shall be entitled to rely, to the extent appropriate in the circumstances, on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than the Provinces of Québec, Ontario, Alberta, British Columbia or the federal laws of Canada applicable therein, and shall be entitled, to the extent appropriate in the circumstances, as to matters of fact to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy; and (ii) a 10b-5 statement dated as of the Closing Date in form and substance satisfactory to the Underwriters, acting reasonably;

(k) if any Offered Shares are sold in the United States, the Corporation's legal counsel, Vedder Price P.C., shall have delivered (i) a favourable legal opinion dated as of the Closing Date, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, to the effect that no registration under the U.S. Securities Act is required for the sale of the Offered Shares in the United States; and (ii) a 10b-5 statement dated as of the Closing Date in form and substance satisfactory to the Underwriters, acting reasonably;

(l) the Active Bookrunners shall have received an opinion and 10b-5 statement dated as of the Closing Date of each of Milbank LLP, special New York counsel for the Underwriters, and Blake, Cassels & Graydon LLP, Canadian counsel for the Underwriters, each with respect to such matters as the Active Bookrunners may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters;

(m) on the Closing Date, the Underwriters shall have received from PricewaterhouseCoopers LLP a letter to the effect that they reaffirm, to a date not more than two Business Days prior to the date of such letter, the statements made in the comfort letters furnished pursuant to Section 6.1 below;

(n) on the filing date of each of the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus, the Corporation shall have caused Stikeman Elliott LLP to deliver an opinion, dated the date of such Prospectus, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters, the Corporation, Underwriters' counsel and the directors of the Corporation, to the effect that the French language version of such Prospectus, including all Documents Incorporated by Reference, except for the Corporation Financial Information and certain other financial information, including management's discussion and analysis and the sections of the Prospectus entitled

"Consolidated Capitalization of Air Canada" and "Presentation of Financial Information" (collectively, the "**Financial Information**"), as to which no opinion need be expressed by such counsel, is, in all material respects, a complete and proper translation of the English language version thereof;

(o) on the filing date of each of the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus, the Corporation shall have caused PricewaterhouseCoopers LLP to deliver an opinion addressed to the Underwriters, the Corporation, Underwriters' and Corporation's counsel, prior to the filing of the Prospectus, in form and substance satisfactory to the Underwriters, acting reasonably, to the effect that the French translation of the Financial Information in such Prospectus is, in all material respects, a complete and accurate translation of the English language version thereof;

(p) the Corporation shall cause AST Trust Company (Canada) to deliver a certificate as to the issued and outstanding Shares of the Corporation to a date not more than two Business Days prior to the Closing Date or Over-Allotment Closing Date, as applicable; and

(q) the Corporation will deliver such further certificates and other documentation as may be contemplated by this Agreement or as the Underwriters and the Corporation agree upon, acting reasonably.

6. ADDITIONAL DOCUMENTS UPON FILING OF FINAL PROSPECTUS

6.1 The Corporation shall cause to be delivered to the Underwriters, concurrently with the filing of the Final Prospectus and any Supplementary Material, comfort letters dated the date thereof from PricewaterhouseCoopers LLP, as auditors of the Corporation, and addressed to the Underwriters and to the directors of the Corporation, in form and substance satisfactory to the Underwriters, acting reasonably, relating to the verification of the financial information and accounting data and other numerical data of a financial nature contained therein and matters involving changes or developments since the respective dates as of which specified financial information is given therein, to a date not more than two Business Days prior to the date of such letter. The Corporation shall cause its auditors to deliver a draft of such comfort letters to the Underwriters prior to the filing of the Final Prospectus, which draft shall be acceptable to the Underwriters, acting reasonably.

7. CLOSING

7.1 The Offering will be completed at the offices of the Corporation's counsel in the City of Montréal at the Time of Closing or such other place, date or time as may be mutually agreed to; provided that if the Corporation has not been able to comply in any material respect with any of the covenants or conditions set out herein required to be complied with by the Time of Closing or such other date and time as may be mutually agreed to or such covenant or condition has not been waived by the Active Bookrunners on behalf of themselves and the other Underwriters, the respective obligations of the parties will terminate without further liability or obligation except for payment of expenses, indemnity and contribution provided for in this Agreement.

7.2 At the Time of Closing, the Corporation shall cause to be delivered to the Underwriters, as directed by the Underwriters in writing:

(a) evidence of an electronic deposit pursuant to the non-certificated inventory system maintained by CDS Clearing & Depository Services Inc. representing, in the aggregate, the Firm Shares (and the Over-Allotment Shares, as applicable) registered in the name of CDS & Co. or its nominee; and

(b) the requisite legal opinions, certificates and documents as contemplated by this Agreement;

against payment of the aggregate purchase price for the Offered Shares, net of the Underwriting Fee incurred up to the Closing Date as contemplated in this Agreement, by wire transfer payable to the Corporation. Any expenses of the Underwriters incurred in connection with the Offering to which the Corporation is responsible pursuant to Section 11 of this Agreement shall be paid by the Corporation forthwith upon invoices being provided therefor.

7.3 In the event the Over-Allotment Option is exercised in whole or in part, the Over-Allotment Shares issued shall be deemed to form part of the Offering and all provisions relating to Closing on the Closing Date shall, with necessary adaptations, apply on the Over-Allotment Closing Date.

8. TERMINATION OF PURCHASE OBLIGATION

8.1 Without limiting any of the other provisions of this Agreement, any Underwriter will be entitled, at its sole option, to terminate and cancel, without any liability on its part or on the part of the other Underwriters and the Purchasers, its obligations under this Agreement to sell the Offered Shares, by giving written notice to the Corporation at any time at or prior to the Time of Closing if:

(a) there occurs any material change in the business or affairs of the Corporation and its subsidiaries, on a consolidated basis, or there should be discovered any previously undisclosed material fact (other than a material fact related solely to any of the Underwriters) or there should occur a change (other than a change related solely to any of the Underwriters) in a material fact, in each case which in the opinion of that Underwriter would reasonably be expected to have a significant adverse effect on the market price or value of the Shares;

(b) there should develop, occur or come into effect any occurrence of national or international consequence, or any event, action, condition, governmental law or regulation, inquiry or other occurrence of any nature whatsoever, including by a result of the COVID-19 outbreak to the extent only that there are material adverse impacts related thereto occurring after the date hereof, which, in the opinion of such Underwriter, seriously adversely affects or would reasonably be expected to seriously adversely affect;

(i) the financial markets generally in Canada or the United States; or

(ii) the business, operations or affairs of the Corporation and its subsidiaries on a consolidated basis;

(c) any action, suit, inquiry, investigation or other proceeding (whether formal or informal) is threatened, announced or commenced, any order or ruling is issued under or pursuant to any statute of Canada or of any province or territory of Canada (including, without limitation by any of the Securities Commissions or the TSX) which

in the reasonable opinion of such Underwriter would be expected to operate to prevent or materially restrict trading in or distribution of the Shares; or

(d) the state of financial markets in Canada or the United States is such that, in the reasonable opinion of any of the Underwriters, the Offered Shares cannot be marketed profitably.

8.2 All terms and conditions of this Agreement shall be construed as conditions and any breach or failure to comply with any such terms or conditions in any material respect shall entitle any Underwriter to terminate its obligations under this Agreement to purchase the Offered Shares by notice to that effect given to the Corporation and the other Underwriters at or prior to the Time of Closing. The Underwriters may waive in whole or in part or extend the time for compliance with, any of such terms and conditions without prejudice of the Underwriters' rights in respect of any other such terms and conditions or any other or subsequent breach or non-compliance, except that to be binding on the Underwriters any such waiver or extension must be in writing and signed by the Active Bookrunners, on behalf of all of the Underwriters. No act of any Underwriter in offering the Offered Shares or in assisting in the preparation or joining in the execution of the Offering Documents shall constitute a waiver or estoppel against the Underwriter.

An Underwriter shall give notice to the Corporation in writing of the occurrence of any of the events referred to in this Section; provided that neither the giving nor the failure to give such notice shall in any way affect the Underwriters' entitlement to exercise this right at any time prior to the Time of Closing.

The Underwriters' rights of termination contained in this Section may be exercised by any of the Underwriters and are in addition to any other rights or remedies they may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement. A notice of termination given by one Underwriter under this Section shall not be binding on the other Underwriters.

8.3 If the obligations of an Underwriter are terminated under this Agreement pursuant to the termination rights provided for herein, there shall be no further liability on the part of such Underwriter to the Corporation, or of the Corporation to such Underwriter, except in respect of any liability under the indemnity, contribution and expense provisions of this Agreement.

9. INDEMNITY BY THE CORPORATION

9.1 The Corporation hereby indemnifies and holds harmless each Underwriter, each affiliate of an Underwriter, each director, officer, employee, partner, agent and shareholder of an Underwriter or its affiliate, and each Person (if any) that controls, directly or indirectly, an Underwriter (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") from and against any and all actual or threatened claims, actions, suits, investigations and proceedings (collectively, the "**Proceedings**") and any and all losses (other than losses of profit), damages, liabilities, obligations, fees, costs and expenses (collectively, the "**Liabilities**"), including all statutory duties and obligations, all amounts paid to settle any Proceeding or to satisfy any judgement or award, and all legal fees and disbursements incurred by an Indemnified Party (including legal fees and disbursements incurred in enforcing the indemnity contained in this Section 9.1), caused or arising, directly or indirectly, by reason of or in consequence of:

(a) any misrepresentation of a material fact or untrue statement of a material fact or any alleged misrepresentation of a material fact or untrue statement of a material fact

contained in an Offering Document, in any certificate of the Corporation or any officer of the Corporation delivered under or pursuant to this Agreement, other than a misrepresentation, alleged misrepresentation, or untrue statement relating solely to the Underwriters which has been provided by the Underwriters for inclusion in such Offering Document, it being understood and agreed that the only such information consists of the following information in the Prospectus: the names of the Underwriters set forth on the cover page and the paragraph relating to market stabilization activities under the heading "Plan of Distribution – General" (the "**Underwriter Information**");

(b) any omission or alleged omission to state in any Offering Document, or in any certificate of the Corporation or any officer of the Corporation delivered under or pursuant to this Agreement, any material fact or information (other than any fact or information relating solely to the Underwriters which has been provided by the Underwriters for inclusion therein, it being understood and agreed that the only such information consists of the Underwriter Information) required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which it was made;

(c) any breach by the Corporation of any term of this Agreement or of any agreement or instrument among the Corporation and the Underwriters relating to the transactions contemplated by this Agreement;

(d) any breach or violation or any alleged breach or violation of any Applicable Securities Laws, rules of the TSX or U.S. Securities Laws resulting from any action taken or omitted to be taken by the Corporation or any of its directors, officers, agents or employees, as the case may be; or

(e) any order made or any Proceeding announced, brought, instituted or threatened by the TSX, or by any Securities Commission or any other Governmental Authority or other competent authority based on any misrepresentation of a material fact or untrue statement of a material fact or any alleged misrepresentation of a material fact or untrue statement of a material fact contained in an Offering Document (other than a misrepresentation or untrue statement or alleged misrepresentation of a material fact or untrue statement of a material fact, relating solely to the Underwriters which has been provided by the Underwriters for inclusion therein), or any omission or alleged omission to state in any Offering Document any material fact or information (other than any fact or information relating solely to the Underwriters which has been provided by the Underwriters for inclusion therein), in each case preventing, prohibiting, restricting or making impractical the completion of the transactions contemplated by this Agreement, including the trading or distribution of the Offered Shares in any of the Qualifying Jurisdictions.

9.2 The Corporation hereby waives any right it may have to require an Indemnified Party to proceed against or enforce any other right, power, remedy or security or to claim payment from any other person before claiming under the indemnity provided for herein. It is not necessary for an Indemnified Party to incur expense or make payment before enforcing that indemnity.

9.3 If any Proceeding is announced, brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this Agreement, that Indemnified Party shall promptly after receiving notice (or otherwise being made aware) of the

Proceeding notify the Corporation, in writing, and the Corporation shall be entitled (but not required) to assume conduct of the defence of the Proceeding and retain counsel on behalf of that Indemnified Party who is acceptable to that Indemnified Party, acting reasonably, to represent that Indemnified Party in the Proceeding and the Corporation shall pay the reasonable fees and disbursements of that counsel and all other expenses of that Indemnified Party relating to the Proceeding as incurred. Failure to so notify the Corporation shall not relieve the Corporation from liability except and only to the extent that the failure materially prejudices the Corporation. If the Corporation assumes conduct of the defence for an Indemnified Party, that Indemnified Party shall fully cooperate in the defence including the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceeding.

9.4 In any Proceeding referred to in this Article 9, the Indemnified Party shall have the right to employ separate counsel and to participate in the defence of that Proceeding but the fees and disbursements of that counsel shall be at the expense of that Indemnified Party unless:

(a) that Indemnified Party determines, based on the advice of counsel, that there are legal defences available to it that are different from or in addition to those available to the Corporation or that a conflict of interest exists which makes representation by counsel chosen by the Corporation not advisable;

(b) the Corporation has not assumed the defence of the Proceeding and employed counsel for the Proceeding acceptable to that Indemnified Party (acting reasonably) within a reasonable period of time after receiving notice of the Proceeding; or

(c) the Corporation has authorized the employment of such other counsel;

in which case the reasonable fees and disbursements of such other counsel (and in any event not more than one such counsel for the Indemnified Parties), in addition to any local counsel, shall be paid by the Corporation.

9.5 No admission of liability and no settlement of any Proceeding shall be made without the consent of the affected Indemnified Parties, that consent not to be unreasonably withheld. No admission of liability shall be made by an Indemnified Party without the consent of the Corporation, and the Corporation shall not be liable for any settlement of any Proceeding made without its consent, that consent not to be unreasonably withheld.

9.6 If any Proceeding is brought in connection with the transactions contemplated by this Agreement and any of the Underwriters is required to testify in connection with, or is required to respond to procedures designed to discover information relating to, that Proceeding, that Underwriter shall have the right to employ its own counsel in connection therewith, and the reasonable fees and disbursements of that counsel as well as the reasonable fees of such Underwriter at the normal *per diem* rate for its directors, officers, employees and agents involved in preparation for and attendance at that Proceeding or in so responding and any other reasonable costs and out-of-pocket expenses incurred by that Underwriter in connection therewith shall be paid by the Corporation as they are incurred.

9.7 Each of the Underwriters shall act as trustee for its affiliates, directors, officers, employees, agents, partners and shareholders of the Corporation’s covenants herein in respect of those persons and accepts the trust and shall hold and enforce the covenants on behalf of those persons.

9.8 The indemnifying obligations herein shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

10. CONTRIBUTION

10.1.1 *Rights of Contribution*

(a) In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Article 9 would otherwise be available in accordance with its terms but is, for any reason not solely attributable to one or more of the Indemnified Parties, held to be unavailable to, insufficient or unenforceable by the Underwriters or enforceable otherwise than in accordance with its terms, the Corporation and the Underwriters, jointly and not solidarily, agree to contribute to the aggregate of all liabilities, losses, costs, damages and expenses (other than loss of profits and other consequential damages) of a nature contemplated by Article 9 in such proportions as is appropriate to reflect, as between the Corporation and the Underwriters, the relative benefits received by the Corporation on the one hand and by the Underwriters on the other hand from the Offering and the relative fault of the Corporation on the one hand and the Underwriters on the other hand, provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among Underwriters relating to the offering of the Offered Shares) be responsible for any amount in excess of the Underwriting Fee applicable to the Offered Shares purchased by such Underwriter from the Corporation hereunder;

(b) As regards item (a) above, benefits received by the Corporation shall be deemed to be equal to the total net proceeds (before deducting expenses) received by it from the offering of the Offered Shares purchased by the Underwriters from the Corporation, and benefits received by the Underwriters shall be deemed to be equal to the total Underwriting Fee received from the Corporation. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Corporation on the one hand and the Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission.

(c) No party who has been determined by the final judgment of a court of competent jurisdiction to have engaged in any fraud, wilful default, fraudulent misrepresentation or negligence in connection with the Proceeding or Proceedings which resulted in such losses, claims, damages, liabilities, costs or expenses shall be entitled to indemnification under this Agreement or to claim contribution from any person who has not been determined by the final judgment of a court of competent jurisdiction to have engaged in such fraud, wilful default, fraudulent misrepresentation or negligence in connection with such Proceeding or Proceedings.

(d) The Corporation and the Underwriters agree that it would not be just and equitable if contribution were determined on a *pro rata* allocation or any other method of allocation which does not take account the equitable considerations referred to above. Notwithstanding the other provisions of this Agreement, no person guilty of fraudulent misrepresentation under Applicable Securities Laws in relation to any

Proceedings shall be entitled to claim contribution from any person who was not guilty of such fraudulent misrepresentation.

10.1.2 *Calculation of Contribution*

(a) In the event that an indemnifying party hereunder may be held to be entitled to contribution from the Underwriters under the provisions of the *Civil Code of Québec*, any statute or at law, the indemnifying party's entitlement to such contribution shall be limited to contribution in an amount not exceeding the lesser of:

(i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriters are responsible, as determined in Section 10.1.1(a) or (b) or, as the case may be, and

(ii) the amount of the Underwriting Fee actually received by the Underwriters from the Corporation under this Agreement;

and an Underwriter shall in no event be liable to contribute any amount in excess of such Underwriter's portion of the Underwriting Fee actually received from the Corporation under this Agreement.

10.1.3 *Notice*

(a) If an Indemnified Party has reason to believe that a claim for contribution may arise, it shall give the indemnifying party notice of such claim in writing, as soon as reasonably possible, but failure to notify the indemnifying party shall not relieve the indemnifying party of any obligation which it may have to an Indemnified Party under this Article 10.

10.1.4 *Right of Contribution in Favour of Others*

(a) With respect to this Article 10, the Corporation acknowledges and agrees that the Underwriters are contracting on their own behalf and as agents for their affiliates, directors, officers, employees and agents.

(b) For purposes of this Article 10, each person, if any, who controls an Underwriter within the meaning of Applicable Securities Laws or Section 15 of the 1993 Act or Section 20 of the 1934 Act and each Underwriter's affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each person, if any, who controls the Corporation within the meaning of Applicable Securities Laws or Section 125 or the U.S. Securities Act or Section 20 of the U.S. Exchange Act shall have the same rights to contribution as the Corporation. The Underwriter's respective obligations to contribute pursuant to Article 10 are joint (and not solidary) in proportion to the percentages of the Offered Shares set forth opposite their respective names in Article 12 hereof.

10.1.5 *Remedy Not Exclusive*

(a) The remedies provided in this Article 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any party at law or in equity.

11. EXPENSES

11.1 Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Corporation agrees to pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Offered Shares, any taxes payable in connection therewith and the filing of the Prospectus; (ii) all reasonable costs incurred in connection with the preparation of documentation relating to the Offering, including all expenses and fees relating to the French translation of the Prospectus and the Documents Incorporated by Reference and expenses and fees relating to printing of the Prospectus and the distribution thereof; (iii) the reasonable fees and expenses of the Corporation's legal counsel and independent accountants; (iv) all expenses incurred by the Corporation in connection with any "road show" presentation to potential investors; and (v) all expenses and application fees related to the listing of the Offered Shares on TSX. It is understood, however, that except as otherwise provided in this Agreement, the Underwriters will pay all of their costs and expenses in connection with the transactions contemplated by this Agreement, including out-of-pocket expenses incurred by the Underwriters and the fees and disbursements of their counsel.

11.2 If this Agreement shall be terminated by the Underwriters, or any of them, pursuant to Section 8 or because of any failure on the part of the Corporation to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Corporation shall be unable to perform its obligations under this Agreement, the Corporation agrees to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, jointly (and not solidarily), upon demand for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) reasonably incurred and documented by such Underwriters in connection with this Agreement or the offering of Offered Shares.

12. SYNDICATION OF THE UNDERWRITERS

12.1 The sale of the Offered Shares in connection with the Offering shall be as to the following percentage:

Name of Underwriter	Syndicate Position
TD Securities Inc.[1]	22.0%
J.P. Morgan Securities Canada Inc.[1]	22.0%
Citigroup Global Markets Canada Inc.[1]	17.5%
Morgan Stanley Canada Limited[1]	17.5%
CIBC World Markets Inc.[2]	6.0%
Scotia Capital Inc.[2]	6.0%
Barclays Capital Canada Inc.	1.5%
Credit Suisse Securities (Canada), Inc.	1.5%
Deutsche Bank Securities Inc.	1.5%
Merrill Lynch Canada Inc.	1.5%
BMO Nesbitt Burns Inc.	1.0%
National Bank Financial Inc.	1.0%
RBC Dominion Securities Inc.	1.0%

(1) Active Bookrunners.
(2) Passive Bookrunners.

12.2 If an Underwriter (a "**Refusing Underwriter**") shall not complete the purchase and sale of the Offered Shares (the "**Defaulted Securities**") which such Underwriter has agreed to purchase hereunder for any reason whatsoever, the other Underwriters (the "**Continuing Underwriters**") shall be entitled, at their option, to purchase all but not less than all of the Defaulted Securities which would otherwise have been purchased by such Refusing Underwriter pro rata according to the number of Offered Shares to have been acquired by the Continuing Underwriters hereunder or in such proportion as the Continuing Underwriters shall agree in writing. If the Continuing Underwriters do not elect to purchase the Defaulted Securities pursuant to the foregoing:

12.2.1 if the number of Defaulted Securities does not exceed 10% of the number of the Offered Shares to be purchased hereunder, the Continuing Underwriters shall be obligated, each jointly (and not solidarily), to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligation of all Continuing Underwriters; or

12.2.2 if the number of Defaulted Securities exceeds 10% of the number of Offered Shares to be purchased hereunder, the Continuing Underwriters may, but shall not be obligated to purchase any of the Defaulted Securities and the Continuing Underwriters shall be entitled to terminate their respective obligations under this Agreement, in which event there shall be no further liability on the part of the Corporation or the Continuing Underwriters, except pursuant to the indemnity, contribution and expense obligations.

13. ACTION BY UNDERWRITERS

13.1 All steps which must or may be taken by the Underwriters in connection with the closing of the Offering, with the exception of the matters relating to (i) termination of selling obligations, and (ii) indemnification, contribution and settlement, may be taken by the Active Bookrunners on behalf of themselves and the other Underwriters and the execution of this Agreement by the other Underwriters and by the Corporation shall constitute the Corporation's authority and obligation for accepting notification of any such steps from, and the Corporation's authority for delivering evidence of electronic deposit the Offered Shares to or to the order of, the Active Bookrunners. The Active Bookrunners shall fully consult with the other Underwriters with respect to all notices, waivers, extensions or other communications to or with the Corporation. The rights and obligations of the Underwriters under this Agreement shall be joint and not solidary.

14. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 All representations, warranties, covenants, and indemnities related thereto of the Corporation and the Underwriters herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the sale by the Corporation of the Offered Shares and shall continue in full force and effect for the benefit of the Underwriters and the Corporation, as the case may be, regardless of the Closing and regardless of any investigation which may be carried out by the Underwriters and the Corporation or on their behalf until the Survival Limitation Date.

15. RELATIONSHIP BETWEEN THE CORPORATION AND THE UNDERWRITERS

15.1 The Corporation acknowledges that in connection with the offering of the Offered Shares: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, the Corporation or any other person, (ii) the Underwriters owe the Corporation only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not

superseded by this Agreement), if any, and (iii) the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities and that, in the ordinary course of their businesses, the Underwriters or their respective affiliates may at any time hold long or short positions, and may trade for their own account or the accounts of customers, in the securities of the Corporation; and (iv) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the Offering contemplated hereby, and it has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Any review by any Underwriter of the Corporation and the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of such Underwriter, and shall not be on behalf of the Corporation or any other person. The Corporation waives to the full extent permitted by applicable law any claims they may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Offered Shares.

16. RECOGNITION OF THE U.S. SPECIAL RESOLUTION REGIMES

16.1 In the event that any Underwriter that is a Covered Entity (as defined below) becomes subject to a proceeding under a U.S. Special Resolution Regime (as defined below), the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

16.2 In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate (as defined below) of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights (as defined below) under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

16.3 For purposes of this section:

16.3.1 "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k);

16.3.2 "**Covered Entity**" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b);

16.3.3 "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable; and

16.3.4 "**U.S. Special Resolution Regime**" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

17. GENERAL CONTRACT PROVISIONS

17.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by e-mail, as follows:

if to the Corporation to:

Air Canada
Air Canada Centre
7373 Côte-Vertu Boulevard West
Saint-Laurent, QC H4S 1Z3

Attention: Michael Rousseau, Deputy Chief Executive Officer & Chief Financial Officer
E-mail: michael.rousseau@aircanada.ca

and to

Attention: Executive Vice President, International and Regulatory Affairs and Chief Legal Officer / General Counsel
E-mail: david.perez@aircanada.ca

with a copy to (not to constitute notice to the Corporation):

Stikeman Elliott LLP
1155 René-Lévesque Blvd. West
Suite 4000
Montréal, QC H3B 3V2

Attention: Robert Carelli
E-mail: rcarelli@stikeman.com

or if to the Underwriters to:

TD Securities Inc.
66 Wellington Street West, 9th Floor
Toronto, ON M5K 1A2

Attention: Steve Dumanski, Managing Director, Co-Head of Diversified Industries
E-mail: steve.dumanski@tdsecurities.com

J.P. Morgan Securities Canada Inc.
Suite 4500, TD Bank Tower
66 Wellington Street West
Toronto, ON M5K 1E7

Attention: David Rawlings, Managing Director
E-mail: david.rawlings@jpmorgan.com

Citigroup Global Markets Canada Inc.
123 Front Street West
Toronto, ON M5J 2M3

Attention: Grant Kernaghan, Chairman
E-mail: grant.kernaghan@citi.com

Morgan Stanley Canada Limited
Suite 3700, Brookfield Place
181 Bay Street
Toronto, ON M5J 2T3

Attention: Dylan McGuire, Executive Director
E-mail: Dylan.McGuire@morganstanley.com

with a copy to (not to constitute notice to the Underwriters):

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Attention: Tim Andison
E-mail: tim.andison@blakes.com

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being e-mailed and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address.

17.2 This Agreement and the other documents herein referred to constitute the entire Agreement between the Underwriters and the Corporation relating to the subject matter hereof and supersedes and replaces all prior agreements between the Underwriters and the Corporation with respect to their respective rights and obligations in respect of the Offering.

17.3 Time shall be of the essence for all provisions of this Agreement.

17.4 This Agreement may be executed by PDF transmission and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first noted above.

[*Remainder of page intentionally left blank.*]

If this Agreement accurately reflects the terms of the transactions which we are to enter into and if such terms are agreed to by the Corporation, please communicate your acceptance by executing where indicated below.

Yours very truly,

TD SECURITIES INC.

Per: (signed) "*Steve Dumanski*"

Name: Steve Dumanski
Title: Managing Director, Co-Head of Diversified Industries

J.P. MORGAN SECURITIES CANADA INC.

Per: (signed) "*David Rawlings*"

Name: David Rawlings
Title: Managing Director

CITIGROUP GLOBAL MARKETS CANADA INC.

Per: (signed) "*Grant Kernaghan*"

Name: Grant Kernaghan
Title: Chairman

MORGAN STANLEY CANADA LIMITED

Per: (signed) "*Dylan McGuire*"

Name: Dylan McGuire
Title: Executive Director

CIBC WORLD MARKETS INC.

Per: (signed) "*Paul St-Michel*"

Name: Paul St-Michel
Title: Managing Director

SCOTIA CAPITAL INC.

Per: (signed) "*Adrian Mayor-Mora*"

Name: Adrian Mayor-Mora
Title: Director

BARCLAYS CAPITAL CANADA INC.

Per: (signed) "*Erik Charbonneau*"

Name: Erik Charbonneau
Title: Managing Director

CREDIT SUISSE SECURITIES (CANADA), INC.

Per: (signed) "*Ram Amarnath*"

Name: Ram Amarnath
Title: Managing Director

DEUTSCHE BANK SECURITIES INC.

Per: (signed) "*Ben Selinger*"

Name: Ben Selinger
Title: Director

Per: (signed) "*Manoj Mahtani*"

Name: Manoj Mahtani
Title: Director

MERRILL LYNCH CANADA INC.

Per: (signed) "*Deep Khosla*"

Name: Deep Khosla
Title: Managing Director

BMO NESBITT BURNS INC.

Per: (signed) "*Steve Aubé*"

Name: Steve Aubé
Title: Managing Director

NATIONAL BANK FINANCIAL INC.

Per: (signed) "*Nicolas Jacob*"

Name: Nicolas Jacob
Title: Managing Director

RBC DOMINION SECURITIES INC.

Per: (signed) "*Kiron Mondal*"

Name: Kiron Mondal
Title: Managing Director

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

AIR CANADA

Per: (signed) "*Michael S. Rousseau*"

Name: Michael S. Rousseau
Title: Deputy Chief Executive Officer
and Chief Financial Officer

Schedule "A"

UNITED STATES OFFERS AND SALES

As used in this Schedule A, capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the underwriting agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

(a) "**Directed Selling Efforts**" means directed selling efforts as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Shares;

(b) "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as that term is defined in Rule 144A under the U.S. Securities Act;

(c) "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;

(d) "**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;

(e) "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as that term is defined in Regulation S under the U.S. Securities Act; and

(f) "**U.S. Affiliate**" of any Underwriter means the U.S. registered broker-dealer affiliate of such Underwriter.

(g) "**U.S. Dealer**" means an Underwriter that is a U.S. registered broker-dealer.

Representations, Warranties and Covenants of the Underwriters

Each Underwriter acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any applicable U.S. state securities laws, and may not be offered, sold or delivered within the United States except in compliance with an exclusion or exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, none of the Underwriters nor any of their affiliates, nor any person acting on their behalf, has engaged or will engage in any Directed Selling Efforts in the United States with respect to the Offered Shares.

Each Underwriter represents, warrants and covenants to the Corporation that:

1. It has not offered and sold, and will not offer and sell, any Offered Shares forming part of its allotment except (a) in an offshore transaction in accordance with Rule 903 of Regulation S or (b) through a U.S. Affiliate or a U.S. Dealer in the United States to

Qualified Institutional Buyers in accordance with Rule 144A and in accordance with this Schedule A.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Shares, except with its U.S. Affiliates, any selling group members or with the prior written consent of the Corporation. It shall require each selling group member, if any, to agree, for the benefit of the Corporation, to comply with, and shall use its best efforts to ensure that each selling group member complies with, the same provisions of this Schedule A as apply to such Underwriter as if such provisions applied to such selling group member.

3. All offers and sales of Offered Shares in the United States shall be made through a U.S. Affiliate or a U.S. Dealer in compliance with all applicable U.S. broker-dealer requirements. Such U.S. Affiliate or U.S. Dealer is a Qualified Institutional Buyer and is a duly registered broker-dealer with the SEC.

4. Offers and sales of Offered Shares in the United States shall not be made by any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D) or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

5. It will solicit (and will cause each U.S. Affiliate to solicit) offers for the Offered Shares in the United States only from, and will offer and sell the Offered Shares only to, persons it reasonably believes to be Qualified Institutional Buyers in transactions that are exempt from registration pursuant to Rule 144A, and each such person that purchases any Offered Shares will provide to the Corporation a certificate substantially in the form of Exhibit A to the Final U.S. Private Placement Memorandum.

6. All purchasers of the Offered Shares in the United States shall be informed that the Offered Shares have not been and will not be registered under the U.S. Securities Act and that the Offered Shares are being offered and sold to such purchasers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder.

7. If it or its U.S. Affiliates have offered or sold Offered Shares in the United States, at closing it, together with each such U.S. Affiliate, will provide a certificate, substantially in the form of Exhibit A to this Schedule A.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants and covenants to the Underwriters that:

1. (a) The Corporation is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in the Shares; (b) the Corporation is not now and as a result of the sale of Offered Shares contemplated hereby will not be, an "investment company" as defined in the United States Investment Company Act of 1940, as amended; (c) except with respect to offers and sales in accordance with this Schedule A to Qualified Institutional Buyers in reliance upon an exemption from registration available under Rule 144A, neither the Corporation nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their respective affiliates or any person acting on their behalf, in respect of which no representation is

made), has made or will make any offer to sell, or any solicitation of an offer to buy, any Offered Shares to a person in the United States; (d) none of the Corporation or any of its affiliates, or any person acting on their behalf has made or will make any Directed Selling Efforts in the United States, has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of the Offered Shares in the United States or has offered or sold or will offer or sell any Offered Shares other than pursuant to this Agreement; and (e) none of the Offered Shares are, or as of the Closing Time or any Over-Allotment Closing Date will be, and no securities of the same class as the Offered Shares are or will be, (i) listed on a national securities exchange in the United States registered under Section 6 of the U.S. Exchange Act, (ii) quoted in an "automated inter-dealer quotation system", as such term is used in the U.S. Exchange Act, or (iii) convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than ten percent for securities so listed or quoted.

2. For so long as any of the Offered Shares are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and if the Corporation is not subject to and in compliance with the reporting requirements of Section 13 or Section 15(d) of the U.S. Exchange Act or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, the Corporation will provide to any holder of such securities, or to any prospective purchaser of such securities designated by such holder, upon the request of such holder or prospective purchaser, at or prior to the time of resale, the information required to be provided by Rule 144A(d)(4).

3. Neither it, nor anyone authorized to act on its behalf (other than the Underwriters and their affiliates or any person acting on their behalf, in respect of which no representation is made by the Corporation), has offered or will offer or sell the Offered Shares in a manner that would require such offer and sale to be registered under the U.S. Securities Act.

EXHIBIT A

UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of the Offered Shares (the "**Securities**") of Air Canada (the "**Corporation**") pursuant to the Underwriting Agreement dated May 27, 2020 among the Corporation and the Underwriters named therein (the "**Underwriting Agreement**"), each of the undersigned does hereby certify as follows:

(i) ***[Name of U.S. broker-dealer affiliate]*** is a duly registered broker or dealer with the United States Securities and Exchange Commission and is a member of and in good standing with the Financial Industry Regulatory Authority on the date hereof;

(ii) each offeree was provided with a copy (including by electronic mail) of the Preliminary U.S. Private Placement Memorandum, and each purchaser was provided with a copy (including by electronic mail) of the U.S. Final Placement Memorandum;

(iii) immediately prior to our transmitting the Preliminary U.S. Private Placement Memorandum to such offerees, we had reasonable grounds to believe and did believe that each offeree was a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended (the "**U.S. Securities Act**")) and, on the date hereof, we continue to believe that each person in the United States purchasing Securities from us is a Qualified Institutional Buyer;

(iv) no form of general solicitation or general advertising (as those terms are used in Regulation D under the U.S. Securities Act) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Securities in the United States; and

(v) the offering of the Securities in the United States has been conducted by us in accordance with the terms of the Underwriting Agreement.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement unless otherwise defined herein.

Dated this __ day of _____, 2020.

[UNDERWRITER]

By: _____
Name:
Title:

[U.S. BROKER-DEALER AFFILIATE]

By: _____
Name:
Title: