FAQ
Share Trust Payment to Pensioners

September 2026

General

What is the Share Trust?

In 2009, Air Canada and its employees faced a nearly $3 billion solvency deficit in its defined benefit pension plans registered in Canada ("**Pension Plans**"). At that time, Air Canada, the Air Canada Pionairs and Air Canada's Canadian unions, namely CALDA, CAW-Canada (now Unifor), the IAMAW, ACPA (since replaced by ALPA) and CUPE worked together to protect the plans and Air Canada. As a result, 17,647,059 Air Canada shares were issued to a Share Trust allocated amongst these unions, with the sole purpose of providing funds to reduce or eliminate solvency deficits in the Canadian pension plans should the need arise.

However, since 2009, Air Canada's Pension Plans have gone from an almost $3 billion deficit to a $5 billion surplus as of January 1, 2026. Since the Pension Plans are in a significant surplus position, Air Canada and the unions, with the support of the Pionairs, entered into a letter of intent ("**LOI**") in 2022 to expand the purpose of the Share Trust, subject to the satisfaction of certain conditions, including the execution of definitive documentation and certain regulatory approvals. All these conditions have been met in April 2026.

How is the purpose of the Share Trust being expanded?

Further to the changes, there are two main ways in which employees and pensioners may directly benefit from this:

1) Some of the shares in trust will be used to pay Voluntary Separation Program ("**VSP**") awards to eligible employees who would like to retire or leave Air Canada (also referred to as the "**VSP Pool**"), and
2) Another part of the shares in trust will be used to make lump sum payments to pensioners and survivors (unionized and non-unionized) (also referred to as the "**Pensioners' Pool**").

Will payments from the Share Trust have an impact on the financial position of the Pension Plans?

No. The Voluntary Separation Program offered to employees and the lump sum payments to pensioners are being funded from the net proceeds from the sale of shares in the Share Trust. These are separate and apart from the Pension Plans' assets.

How much will be paid to the pensioners?

There will be a first payment of $100M, less applicable costs, made in 2026 and five other payments in the following years: 2027, 2028, 2031, 2034 and 2037. The amount of the five other payments will depend on the number and value of shares remaining in the Pensioners Pool, for each employee group, at the time of each payment.

First Payment of $100M in 2026

How will the first payment of $100M be allocated among pensioners?

Eligible pensioners will receive a lump sum payment equal to a percentage of their annual lifetime pension payable from the Pension Plans as of April 30, 2026, the date of calculation. The percentage will represent a portion of the Consumer Price Index ("**CPI**") increase between 2009 (or year of pension commencement if later) and the year preceding the year of payment, that is, up to January 1, 2026.

Who is eligible for the first lump sum payment?

Three conditions must be met to be eligible for the first lump sum payment:

A. You must be a retiree who was a Canadian-based employee or the surviving spouse or former spouse of such Canadian-based employee;

B. You must be in receipt of a lifetime pension from one of the Pension Plans on April 30, 2026, and

C. The pension commencement date must be before January 1, 2026. As the lump sum payments are based on CPI increases up to January 1, 2026, pension payments which commenced on or after January 1, 2026, will produce a lump sum payment of $0.

For a retiree, pension commencement date refers to the date of retirement. For a surviving spouse or former spouse, pension commencement date is calculated as the earlier date of either:
1) the date the pension started being payable to the surviving spouse or former spouse or
2) the date the pension started being payable to the retiree (or originating member) as applicable.

The following table summarizes the eligibility requirements for the first lump sum payment:

Group of pensioners	Pension commencement date condition	In receipt of a pension on April 30, 2026	Eligible or not
Retirees	• Retiree started to receive lifetime pension before January 1, 2026	Yes	Eligible
Surviving spouses	• Surviving spouse or, if applicable, deceased retired member, started to receive lifetime pension before January 1,2026	Yes (Surviving spouse)	Eligible
Former spouses	• Former spouse or, if applicable, originating member, started to receive lifetime pension before January 1,2026	Yes (Former spouse)	Eligible
All other cases			Not eligible

Can you provide examples of eligible pensioners?

Examples are provided below. Note however that they do not cover all possible situations.

<u>You are eligible for the first lump sum payment:</u>

1. You are a former Canadian-based employee in receipt of a pension from one of the Pension Plans on April 30, 2026. You have retired before January 1, 2026. You are eligible for the first lump sum payment.

2. You are a former Canadian-based employee in receipt of a pension from one of the Pension Plans on April 30, 2026. You left the company several years ago and commenced your pension before January 1, 2026. You are eligible for the first lump sum payment.

3. You are the former spouse of a Canadian-based employee and you are in receipt of a pension from one of the Pension Plans on April 30, 2026 (after distribution further to divorce or separation). You are eligible for the first lump sum payment if:
   a) the date on which you started to receive your pension is before January 1, 2026, or
   b) the date on which the originating member started to receive their pension (if applicable) is before January 1, 2026.

4. You are the surviving spouse of a former Canadian-based employee who died in active service and you are in receipt of a pension from one of the Pension Plans on April 30, 2026. You are eligible for the first lump payment if you started to receive your pension before January 1, 2026.

5. You are the surviving spouse of a former Canadian-based employee who passed away before April 30, 2026, and you are in receipt of a pension from one of the Pension Plans on April 30, 2026. You are eligible for the first lump sum payment if:
   a) the date on which you started to receive your pension is before January 1, 2026, or
   b) the date on which the deceased retired member started to receive their pension (if applicable) is before January 1, 2026.

6. You represent the estate of a former Canadian-based employee who was in receipt of a pension from one of the Pension Plans on April 30, 2026, but passed away after April 30, 2026. The former employee had retired before January 1, 2026. You are eligible for the first lump sum payment, regardless if there is a survivor pension starting after May 1, 2026 (as the surviving spouse's entitlement was not effective on April 30, 2026).

<u>You are **not** eligible for the first lump sum payment:</u>

7. You are a former Canadian-based employee in receipt of a pension from one of the Pension Plans on April 30, 2026. However, you retired on or after January 1, 2026. You are **<u>not</u>** eligible for the first lump sum payment. As mentioned above, the lump sum payments are based on CPI increases up to January 1, 2026. Therefore, pension payments which commenced on or after January 1, 2026, will produce a lump sum payment of $0.

8. You are a former Canadian-based employee in receipt of a pension from one of the Pension Plans on April 30, 2026. You left the company several years ago. However, as you started to receive your pension on or after January 1, 2026, you are **<u>not</u>** eligible for the first lump sum payment.

9. You are the former spouse of a Canadian-based employee in receipt of a pension from one of the Pension Plans on April 30, 2026 (after distribution further to divorce or separation). You are **<u>not</u>** eligible for the first lump sum payment if:
   a) the date on which you started to receive your pension was on or after January 1, 2026, **and**
   b) the date on which the originating member started to receive their pension (if applicable) is on or after January 1, 2026.

10. You are the surviving spouse of a former Canadian-based employee who died in active service, and you are in receipt of a pension from one of the Pension Plans on April 30, 2026. If your pension commencement date is on or after January 1, 2026, you are **<u>not</u>** eligible for the first lump sum payment.

11. You represent the estate of a former Canadian-based employee who commenced their pension before January 1, 2026, and passed away on or before April 30, 2026, without an eligible surviving spouse. As there are no pension in payment on April 30 ,2026, you are **<u>not</u>** eligible for any lump sum payment.

Why are you referring to the April 30, 2026 date in the above examples?

The date on which entitlements for the lump sum payments are established, also referred to as the date of calculation, was determined by Air Canada as April 30, 2026. It represents the first date administratively possible for distribution after all conditions for the repurposing of the Share Trust had been met. As such, all events that occurred on or before April 30, 2026, are reflected in the calculations.

Can you provide more details on how the lump sum payments are calculated?

As mentioned above, the lump sum payment is based on a percentage of the annual lifetime pension payable from one of the Pension Plans as of April 30, 2026. Such percentage is linked to the CPI increase between 2009 (or year of pension commencement if later) and the year preceding the year of payment, that is, up to January 1, 2026.

Eligible pensioners will receive the following percentage of their gross annual lifetime pension based on their year of pension commencement:

Year of retirement	% of gross annual lifetime pension to be paid as a lump sum
2026	0.00%
2025	0.68%
2024	1.60%
2023	3.20%
2022	5.64%
2021	6.70%
2020	7.06%
2019	7.80%
2018	8.71%

Year of retirement	% of gross annual lifetime pension to be paid as a lump sum
2017	9.32%
2016	9.91%
2015	10.39%
2014	11.14%
2013	11.52%
2012	12.30%
2011	13.53%
2010	14.24%
2009 and before	14.41%

If a pensioner is in receipt of a higher pension payable before age 65, the additional amount before age 65 will be excluded from the pension to calculate the lump sum.

The year of retirement represents the year of pension commencement. For a surviving spouse or former spouse, pension commencement date is calculated as the earlier date of either:

1) the date the pension started being payable to the surviving spouse or former spouse, or
2) the date the pension started being payable to the retiree (or originating member) as applicable.

Why will all pensioners who retired before 2010 receive the same percentage?

Pensioners who have been retired for a longer time will receive a higher percentage of their gross pension, as they were more impacted by CPI increases than recently retired employees. However, since the share trust was established in 2009, it was agreed by the parties that pensioners who retired in 2009 and before would all be entitled to the same percentage of their gross pension.

Can you give me a few examples to help me understand how much I may be expecting to receive for the first lump sum payment?

1. An employee retired in 1997. They are in receipt of a gross pension of $24,000 per annum. They will receive a lump sum payment of $3,458, before withholding taxes, representing 14.41% x $24,000.

2. An employee retired in 2004. They are in receipt of a gross pension of $36,000 per annum. They will receive a lump sum payment of $5,188, before withholding taxes, representing 14.41% x $36,000.

3. An employee left the company in 2005 and started to receive their pension in 2017. They are in receipt of a gross pension of $12,000 per annum. They will receive a lump sum payment of $1,118, before withholding taxes, representing 9.32% x $12,000.

4. An employee retired in 2026. They are in receipt of a gross pension of $42,000 per annum. They will not receive any lump sum payment in 2026. They will, however, be eligible for the next lump sum payment, if any. Only pensioners who commenced to receive their pension before January 1, 2026, are eligible to receive a payment in 2026.

5. An employee retired in 2020 at age 55 and elected to receive a gross pension of $42,000 per annum until age 65 and $36,000 per annum after age 65. They will receive a lump sum payment of $2,542, before withholding taxes, representing 7.06% x $36,000.

6. An employee retired in 2005 and passed away in 2015. Their surviving spouse is in receipt of a gross pension of $12,000 per annum. The surviving spouse will receive a lump sum payment of $1,729, before withholding taxes, representing 14.41% x $12,000.

7. An employee retired in 2020 and passed away in 2025. Their surviving spouse is in receipt of a gross pension of $20,000 per annum. The surviving spouse will receive a lump sum payment of $1,412, before withholding taxes, representing 7.06% x $20,000.

Will retirees or surviving spouses receiving a pension from one of the Pension Plans be eligible to receive a lump sum if they live abroad?

Available proceeds from the sale of the shares in the trust are for Canadian pensioners only. However, a retiree who accumulated a pension in one of the Pension Plans while based in Canada and then moved abroad, is also eligible for a lump sum.

If I am a management, executive employee or a pilot in receipt of a pension from a supplemental plan, will my supplemental pension be taken into account in the calculation of the lump sum payment?

No. Only the pension paid from the <u>registered</u> pension plans will be taken into account.

When will I receive my first lump sum payment?

The first lump sum payment will be processed on November 16, 2026. If you currently receive your monthly pension payments by direct deposit, your lump sum payment will be deposited into the same account. Otherwise, it will be mailed as a paper cheque to the address Air Canada has on file. Please allow additional delivery time in this case.

Could my paper cheque become stale-dated?

Paper cheques become stale-dated after six months from the issue date. If your cheque is stale-dated and a replacement cheque is not requested four months before the next scheduled Share Trust lump sum payment, your lump sum payment will be forfeited back to the trust. <u>**We therefore recommend depositing or cashing your cheque as soon as possible after you receive it**</u>.

When will I know how much I will receive?

If you are eligible for a lump sum payment, you will receive a personalized statement showing the amount payable. It will be sent by postal mail by Alight, the pension plan administrator, shortly before the payment is made.

Will my lump sum payment be subject to tax?

Yes. Applicable taxes will be deducted at source. You will receive a tax slip by postal mail in February 2027. It will also be posted electronically in your secure mailbox on the website Alight Worklife® in February 2027.

Could the lump sum payment impact my GIS benefits?

The lump sum payments to the pensioners will be declared on a T4 (box 14) as "salary and wages", as the Share Trust is considered an Employee Benefit Plan for tax purposes. Similar to regular pension payments, employment income is considered in the annual net income test for the calculation of the Guaranteed Income Supplement (GIS). Therefore the 2026 payment to the pensioners could impact the GIS entitlement for 2027, depending on the other sources of income of the individual and their marital status.

Subsequent Payments

How will future lump sum payments be calculated?

For subsequent payments in 2027, 2028, 2031, 2034 and 2037, pensioners will also receive a percentage of the CPI increase but based only on the CPI increase since the last lump sum payment (or January 1 following pension commencement if later). Therefore, the payment made in 2027 will only reflect a percentage of the CPI increase in 2026. Pensioners who commenced their pension before January 1, 2027, will be eligible to receive a portion of that payment. Employees who will commence receiving their pension in 2027 will be eligible for the subsequent payments to be made from 2028 to 2037, if any.

The following table shows the portion of the remaining shares in each employee group's pensioners pool that will be used for each subsequent distribution:

Year of Payment	Portion of remaining shares used for lump sum
2027	20%
2028	25%
2031	33.33%
2034	50%
2037	100%

For example, in 2027, 20% of the remaining shares initially allocated for payments to each employee group's Pensioners' Pool will be used. The lump sum amounts will depend on the number and value of shares remaining in the Pensioners' Pool, for each employee group, at the time of each payment. As the remaining number of shares by union will vary, the percentage of CPI paid as a lump sum for these subsequent distributions will vary by employee group, depending on the number of shares remaining for each group and the demographics of the groups.

Additional Information

Where can I find additional information?

For more information, you may contact Alight at 1-855-354-6944, weekdays from 8am to 6pm ET, or visit the website Alight Worklife®.

How to access the website Alight Worklife®?

To access the website Alight Worklife®, log into acaeronet.aircanada.ca using your Air Canada user ID and password. Once logged in, go under "Pay and Pension" and click on "DB Pension Plan (Alight)". Your secure mailbox can be accessed by clicking on the envelope icon located in the upper right corner.