

**AIR CANADA**

and

**TRANSAT A.T. INC.**

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**ARRANGEMENT AGREEMENT**

**October 9, 2020**

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## ARRANGEMENT AGREEMENT

**THIS AGREEMENT** is made as of October 9, 2020,

**BETWEEN:**

**Air Canada**, a corporation existing under the laws of Canada

- and -

**Transat A.T. Inc.**, a corporation existing under the laws of Canada

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

**"Acquisition Proposal"** means, other than the transactions contemplated by this Agreement and other than any transaction involving only the Corporation and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser) after the date of this Agreement relating to (a) any direct or indirect sale, disposition, alliance or joint venture (or any lease, license, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets (including shares of Subsidiaries) representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Corporation and its Subsidiaries; (b) direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction, in a single transaction or a series of related transactions, that, if consummated, would result in such Person or group of Persons beneficially owning, or exercising control or direction over, 20% or more of any class of voting or equity securities (including securities convertible into or exchangeable for such voting or equity securities) of the Corporation then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for such voting or equity securities); (c) any arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license, in a single transaction or series of related transactions involving the Corporation or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, respectively constitute 20% or more of the consolidated revenues or constitute 20% or more of the consolidated assets of the Corporation and its Subsidiaries; or (d) any other similar transaction or series of related transactions involving the Corporation or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, respectively constitute 20% or more of the consolidated revenues or constitute 20% or more of the consolidated assets of the Corporation and its Subsidiaries.

**"Ad Hoc Charters"** means (i) short term wet or dry leasing of Aircraft for periods of less than one month to deal with situations of over or under capacity, or (ii) chartering of Corporation Aircraft or Seasonal Aircraft by third parties on an ad hoc basis for periods of less than one month.

"**affiliate**" has the meaning specified in Regulation 45-106.

"**Agreement**" means this arrangement agreement among the Purchaser and the Corporation (including the Schedules hereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Aircraft**" means an aircraft consisting of an airframe together with any engines installed thereon from time to time or associated therewith (provided that, for greater certainty, an airframe without one or more engines installed thereon or associated therewith shall nonetheless be considered an Aircraft for purposes of this definition) and all parts incorporated or contained in, attached or appurtenant to, such airframe and engines and which form part or shall be deemed to form part of the aircraft.

"**Aircraft Contract**" means a Contract pursuant to which the Corporation and/or any of its Subsidiaries has an obligation, a commitment, right or option relating to the purchase, sale, lease, sublease or use of any (a) Aircraft, (b) Aircraft Engine, (c) Spare Engine, (d) flight simulator or (e) Parts (where the value for such Parts under the applicable Contract and any other reasonably related Contract is in excess of (i) \$7,500,000 in the aggregate when this term is used in Section 4.1, either directly or indirectly through the use therein of the term Material Contract, or (ii) \$5,000,000 in the aggregate when this term is used elsewhere in this Agreement, including in Schedule C).

"**Aircraft Engine**" means an aircraft engine together with all parts installed on, incorporated or contained in, attached or appurtenant to, such engine and which form part or shall be deemed to form part of the engine, and which engine was acquired by the Corporation or one of its Subsidiaries as part of an Aircraft, regardless of whether such engine is installed on such Aircraft or any other Aircraft at any given time.

"**Aircraft Finance Contract**" means a Contract pursuant to which the Corporation and/or any of its Subsidiaries has financed, or has commitments to finance or refinance the purchase of any (a) Aircraft, (b) Aircraft Engine, (c) Spare Engine, (d) flight simulator, or (e) Parts (where the value for such Parts under the applicable Contract and any other reasonably related Contract is in excess of (i) \$7,500,000 in the aggregate when this term is used in Section 4.1, either directly or indirectly through the use therein of the term Material Contract, or (ii) \$5,000,000 in the aggregate when this term is used elsewhere in this Agreement, including in Schedule C).

"**AMF**" means the *Autorité des marchés financiers* (Québec).

"**Arrangement**" means an arrangement under Section 192 of the CBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Meeting, substantially in the form of Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of the Corporation in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably.

"**associate**" has the meaning specified in the *Securities Act* (Québec) as in effect on the date of this Agreement.

**"Authorization"** means, with respect to any Person, any order, permit, approval, certification, accreditation, consent, waiver, registration, licence or similar authorization of, or agreement with, any Governmental Entity, whether by expiry or termination of an applicable waiting period or otherwise, that is binding upon or applicable to such Person, or its business, assets or securities.

**"Aviation Authorities"** means any Governmental Entity in respect of the regulation of commercial aviation, air navigation or the registration, airworthiness or operation of civil aircraft and having jurisdiction over the Corporation or any of its Subsidiaries, including Transport Canada Civil Aviation, the CTA, the FAA, the United States Department of Transportation and the European Aviation Safety Agency.

**"Board"** means the board of directors of the Corporation as constituted from time to time.

**"Board Recommendation"** has the meaning specified in Section 2.4(2).

**"Breaching Party"** has the meaning specified in Section 4.9(3).

**"Business Day"** means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Montreal, Québec or Winnipeg, Manitoba.

**"Business System"** means any computer hardware, operating system, firmware, middleware, server, workstation, router, hub, switch, data communications line, subscribed data service, peripheral device or all other information technology equipment or element, Software, database engine or processed data, technology infrastructure or other computer system or associated documentation.

**"CASL"** means, collectively, *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* (Canada), the *Electronic Commerce Protection Regulations* (CRTC), the *Electronic Commerce Protection Regulations* (Industry Canada), the practice guidelines, bulletins and enforcement advisories issued by the Canadian Radio-television and Telecommunications Commission (CRTC) and all similar Laws in other jurisdictions.

**"CBCA"** means the *Canada Business Corporations Act*.

**"Certificate of Arrangement"** means the certificate of arrangement to be issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

**"CEWS"** means the Canada Emergency Wage Subsidy, promulgated under Bill C-14 and assented to on April 11, 2020, and any other COVID-19 related direct or indirect wage subsidy offered by a federal, provincial, territorial or foreign Governmental Entity.

**"CEWS Returns"** means any and all returns, reports, records, calculations, declarations, elections, attestations, notices, forms, designations, filings, and statements filed or required to be filed, or required to be kept on file in respect of CEWS.

**"Change in Recommendation"** has the meaning specified in Section 7.2(1)(d)(ii).

**"Circular"** means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to each Shareholder and other Persons as required by the Interim Order and Law in connection with the Meeting, as

amended, modified or supplemented from time to time in accordance with the terms of this Agreement.

**"Class A Variable Voting Shares"** means the class A variable voting shares in the capital of the Corporation.

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

**"Closing"** has the meaning specified in Section 2.9(1).

**"Collective Agreement"** means any collective agreement, collective bargaining agreement or related document, including any arbitration decision, letter or memorandum of understanding or agreement, letter of intent or other written communication with bargaining agents which covers or would pertain to the employment of any Employee or impose any obligations upon the Corporation and/or any of its Subsidiaries.

**"Competition Act"** means the *Competition Act* (Canada).

**"Competition Act Approval"** means the waiting period, including any extension of such waiting period, under Section 123 of the Competition Act shall have expired or been terminated or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act shall have been waived in accordance with paragraph 113(c) of the Competition Act, and the Governor in Council shall have approved the transactions contemplated by this Agreement pursuant to Section 53.2(7) of the CT Act on terms and conditions acceptable to the Purchaser, acting reasonably.

**"Confidentiality Arrangements"** means the mutual confidentiality and standstill agreement entered into between the Corporation and the Purchaser on February 1, 2019 (as amended in accordance with Section 1.1 of the Corporation Disclosure Letter) and the clean team agreement entered into between the Corporation and the Purchaser as of May 21, 2019.

**"Consideration"** means, with respect to any Share, the cash consideration of \$5.00 or the share consideration consisting of Purchaser Shares, in each case, without interest and as required to be paid at Closing pursuant to the Plan of Arrangement.

**"Consortia"** means those Canadian and United States fuel consortia and de-icing consortia among the Corporation and/or its Subsidiaries and certain other airlines, as may be in force and effect from time to time.

**"Constating Documents"** means articles of incorporation, amalgamation, arrangement or continuation, as applicable, by-laws or other constating documents and all amendments to such articles or by-laws.

**"Contract"** means any written or oral agreement, commitment, engagement, contract, franchise, licence, lease (wet lease, dry lease or sublease), obligation, note, bond, mortgage, indenture, deferred or conditioned sale agreement, general sales agent agreement, undertaking or joint venture, in each case, together with any amendment, modification or supplement thereto, 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 affected or to which any of their respective properties (including the Corporation Leased Properties, the Corporation Aircraft and any Corporation Engines) or assets is subject.

**"CORSA"** has the meaning given to it in Paragraph (35)(g) of Schedule C hereto.

**"Corporation"** means Transat A.T. Inc., a corporation existing under the laws of Canada.



**"Corporation Aircraft"** means all Aircraft owned, leased or subleased by the Corporation or one of its Subsidiaries (excluding any wet lease where the Corporation or one of its Subsidiaries is the wet lessee) or otherwise operated by or on behalf of the Corporation or one of its Subsidiaries, including all Seasonal Aircraft that are not subject to a wet lease where the Corporation or one of its Subsidiaries is the wet lessee.

**"Corporation Airport"** means any airport at, into or out of which the Corporation or any of its Subsidiaries conducts, directly or indirectly (including through a third party ground handler or any other representative acting on behalf of the Corporation or any of its Subsidiaries), its operations, holds any assets or has any Corporation Leased Property.

**"Corporation Assets"** means all of the assets (tangible, corporeal, intangible and incorporeal), properties (real, immovable, personal or movable), rights, interests, Contracts or Authorizations (whether contractual or otherwise) owned, leased, licensed or otherwise used or held for use by the Corporation or any of its Subsidiaries, including the Corporation Owned Properties and the Corporation Leased Properties and any Corporation Aircraft, Corporation Engines, Corporation Parts, machinery, equipment, fixtures, furniture, furnishings, office equipment, Corporation Intellectual Property, Business Systems, Corporation Data, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and other assets.

**"Corporation Data"** means any and all information and data, including any Personal Information, collected, processed or otherwise controlled or held by, or in the possession of, the Corporation or any of its Subsidiaries regarding the Corporation or its Subsidiaries' current, former or prospective passengers, customers, travellers, suppliers, Employees, consultants, agents, independent contractors, temporary workers or any other Person.

**"Corporation Disclosure Letter"** means the disclosure letter dated the date of this Agreement and delivered by the Corporation to the Purchaser with the execution of this Agreement.

**"Corporation Engines"** means all Aircraft Engines and Spare Engines owned, leased or used by the Corporation or one of its Subsidiaries (excluding, for greater certainty, any Aircraft Engine relating to an Aircraft that is subject to a wet lease where the Corporation or one of its Subsidiaries is the wet lessee).

**"Corporation Filings"** means all documents publicly filed under the profile of the Corporation on SEDAR since October 31, 2016.

**"Corporation Intellectual Property"** has the meaning given to it in Paragraph (31)(a) of Schedule C hereto.

**"Corporation Lease"** means any lease, sublease, license, occupancy agreement, or other agreement pursuant to which the Corporation or any of its Subsidiaries is vested with rights to use or occupy the Corporation Leased Properties, as amended, modified or supplemented or renewed.

**"Corporation Leased Property"** means any real or immovable property leased, subleased, licensed or otherwise used or occupied by the Corporation or any of its Subsidiaries.

**"Corporation Owned Property"** has the meaning given to it in Paragraph (29)(a) of Schedule C hereto.

**"Corporation Parts"** means all Parts owned, leased or used by the Corporation or one of its Subsidiaries.

**"Corporation Privacy Policy"** means any external or internal policy (including any website and application policy) relating to the processing of Personal Information (including the collection, use, disclosure, sale, lease or transfer (including cross-border transfer) of Personal Information) by the Corporation or any of its Subsidiaries, including any policy relating to the privacy of Personal Information of any current, former or prospective passengers, customers, travellers, suppliers, Employees, consultants, agents independent contractors, temporary workers or any user of any website or service operated by or on behalf of the Corporation or any of its Subsidiaries.

**"Corporation Slots"** has the meaning given to it in Paragraph (49)(a) of Schedule C hereto.

**"Corporation Software"** means any Software or database (including any source code, object code or any related documentation) that is owned by the Corporation and/or any of its Subsidiaries or which is licensed, used or held for use in the operation of the business of the Corporation or any of its Subsidiaries (including the provision of products and services to passengers and other customers).

**"Corrupt Practices Legislation"** has the meaning given to it in Paragraph (43) of Schedule C hereto.

**"COVID-19"** means the coronavirus disease 2019 (dubbed as COVID-19), caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) and/or any other virus or disease developing from or arising as a result of SARS-CoV-2 and/or COVID-19.

**"COVID-19 Measures"** means commercially reasonable actions that are required for the Corporation or any of its Subsidiaries to take or refrain from taking in the operation of their business in order to comply with the provisions of any health, quarantine, social distancing, shut down, safety or similar Law promulgated by any Governmental Entity in connection with COVID-19.

**"Court"** means the Québec Superior Court.

**"CTA"** means the *Canadian Transportation Agency*, as continued by the CT Act.

**"CT Act"** means the *Canada Transportation Act* (Canada).

**"CT Act Approval"** means notification of the transactions contemplated by this Agreement shall have been provided to the Minister of Transport pursuant to Section 53.1(1) of the CT Act and the Governor in Council has approved the transactions contemplated by this Agreement pursuant to Section 53.2(7) of the CT Act on terms and conditions acceptable to the Purchaser, acting reasonably.

**"D&O Support and Voting Agreement"** means each support and voting agreement entered into between the Purchaser and a director or officer of the Corporation, substantially in the form of Schedule F.

**"Data Room"** means the material contained in the virtual data room (comprised of two chambers) established by the Corporation as at 11:59 p.m. on October 8, 2020, the index of documents of which is referred to in the Corporation Disclosure Letter.

**"Depositary"** means, in its capacity as depositary for the Arrangement, such Person as the Corporation and the Purchaser mutually agree to engage as depositary for the Arrangement.

**"Director"** means the Director appointed pursuant to Section 260 of the CBCA.

**"Dissent Rights"** means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

**"DSU Plans"** means the Corporation's Deferred Share Unit Plan for the benefit of senior management adopted effective as of May 18, 2004 and amended on June 8, 2005 and September 26, 2007 and the Corporation's Deferred Share Unit Plan for the benefit of independent directors adopted effective as of March 19, 2003 and amended on June 8, 2005, January 18, 2006, January 13, 2016, December 13, 2017 and June 13, 2018.

**"DSUs"** means all outstanding deferred share units issued under the DSU Plans.

**"Effective Date"** means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

**"Effective Time"** has the meaning specified in the Plan of Arrangement.

**"EMP"** has the meaning given to it in Paragraph (35)(g) of Schedule C hereto.

**"Employee Plans"** means all health, welfare, supplemental unemployment benefit, fringe benefit, bonus, profit sharing, savings, insurance, incentive (including the Incentive Plans and the ESPPs), the Employee Retention Policy, individual retirement agreements, incentive compensation, deferred compensation, death benefits, termination, retention, change in control, severance, security purchase, security compensation, disability, capital accumulation plans, defined benefit pension plans, registered and non-registered pension plans, funded and unfunded pension plans, multi-employer plans, supplemental retirements plans and other employee, independent contractor, consultant or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of Employees, consultants, agents or independent contractors of the Corporation or any of its Subsidiaries, or any other Person, whether written or unwritten, which are maintained by or binding upon the Corporation or any of its Subsidiaries or in respect of which the Corporation or any of its Subsidiaries has any actual or potential liability, but does not include (a) individual offer letters or employment Contracts with Employees, consultants, agents or independent contractors of the Corporation or any of its Subsidiaries (in each case as amended, modified or supplemented) or Collective Agreements, and (b) any statutory plans administered by a Governmental Entity, including the Canada Pension Plan, Québec Pension Plan and plans administered pursuant to applicable federal, state or provincial health, worker's compensation or employment insurance legislation.

**"Employee Retention Policy"** means the Corporation's *Politique de rémunération en cas de changement de contrôle* approved by the Board on February 12, 2019 in connection of the Arrangement, and disclosed in Section 3.1(38)(a) of the Corporation Disclosure Letter.

**"Employees"** means all employees of the Corporation and its Subsidiaries, as the case may be, including part time and full-time employees, in each case, whether active or inactive, whether represented by a Union or not.

**"Environment"** means the natural environment, including water, atmosphere and land or any elements or combination of elements of the natural environment, generally, the ambient milieu with which living species have dynamic relations and all sewer systems; and **"Environmental"** shall have the correlative meaning.

**"Environmental Laws"** means all applicable Laws relating in any way to the Environment, soil contamination, or pollution, including such Laws relating to the withdrawal, contamination and use of groundwater and surface water, remedial actions and rehabilitation in connection with any presence, emission, discharge, generation, holding, handling, labelling, abatement, management, control, monitoring, existence, escape or disposal or threat of same of any Hazardous

Substances, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Substances, or to the release, threatened release or arranging for the transportation of any Hazardous Substances and including civil or common law responsibility for acts or omissions with respect to the Environment.

"**ESPP Participants**" means all Employees or former Employees participating in the ESPPs.

"**ESPP Shares**" means all Shares held pursuant to the ESPPs for ESPP Participants.

"**ESPPs**" means, collectively, (a) the Permanent Stock Ownership Incentive Plan for Senior Managers adopted effective as of November 1, 2004 and last amended on December 13, 2017; (b) the Stock Ownership and Capital Accumulation Incentive Plan for the Non-Unionized Employees adopted effective as of January 13, 2016 and amended on December 13, 2017; and (c) the Employee Share Purchase Plan for the Benefit of all Employees or Executives adopted effective as of January 1, 2015 and last amended December on 13, 2017.

"**Exchange**" means the Toronto Stock Exchange.

"**Exchange Act**" has the meaning specified in Paragraph (11)(a) of Schedule C.

"**Existing Financing Instruments**" means, collectively, the following:

- (a) Fifth Amended and Restated Credit Agreement dated as of October 9, 2020 among, *inter alios*, the Corporation and National Bank of Canada providing for a revolving credit facility in the maximum aggregate amount of \$50,000,000, together with all loan documents, security and other agreements related thereto;
- (b) Credit Agreement dated as of July 21, 2011 among, *inter alios*, the Corporation and National Bank of Canada providing for a letter of credit facility in the maximum aggregate amount of \$75,000,000, together with all loan documents, security and other agreements related thereto;
- (c) an offer letter dated as of February 27, 2018 among, *inter alios*, the Corporation and Export Development Canada with regards to a guaranteed Marge PSG in favour of National Bank of Canada up to a maximum aggregate amount of \$50,000,000, together with coverage certificates, general conditions, indemnities (including the *Déclaration et indemnisation pour produits de cautionnement* made by the Corporation in favour of Export Development Canada dated May 5, 2010), loan documents, security and other agreements related thereto;
- (d) bonds and guarantees or other types of similar securities issued by the Corporation or any of its Subsidiaries for the benefit of third parties as required by Law in the Ordinary Course in the maximum aggregate amount of GBP 5,000,000;
- (e) credit card processing arrangements made available to the Corporation and its subsidiaries by [redacted: names of credit card processors], together with all loan documents, security and other agreements related thereto; and
- (f) the commercial credit card agreement made available to the Corporation and its Subsidiaries by The Bank of Nova Scotia; and
- (g) the Subordinated Credit Agreement dated as of October 9, 2020 among, *inter alios*, the Corporation and National Bank of Canada providing for a non-revolving credit facility in the maximum aggregate amount of \$250,000,000, together with all documents, security and other agreements related thereto (the "**Subordinated Facility**").

"**FAA**" means the U.S. Federal Aviation Administration.

"**Fairness Opinions**" means the opinions of National Bank Financial and BMO Capital Markets to the effect that, as of the date of such opinions, the Consideration to be received by the Shareholders is fair, from a financial point of view, to such holders.

"**Final Order**" means the final order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably) on appeal.

"**Franchise Agreements**" means, collectively, all franchise Contracts between the Corporation or any of its Subsidiaries and a Franchisee, including any amendment, modification or supplement thereto, pursuant to which such Franchisee party is, subject to the terms and conditions contained therein, permitted to distribute products, or dispense services, of the Corporation or one of its Subsidiaries, whether written or oral.

"**Franchisee**" means a Person who is party to a Franchise Agreement with the Corporation or one of its Subsidiaries.

"**GDPR**" means the *General Data Protection Regulation (EU) 2016/679*.

"**Governmental Entity**" means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, cabinet, board, bureau, minister, ministry, agency or instrumentality, domestic or foreign; (b) any subdivision, agent or authority of any of the foregoing; (c) any quasi-governmental or private body including any tribunal, commission, regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including authorities and agencies having regulatory powers in respect of transportation and aviation matters such as the Aviation Authorities; or (d) any Securities Authority or stock exchange, including the Exchange.

"**Government Official**" means any official, employee, or representative of any Governmental Entity or public international organization, any political party or employee thereof, or any candidate for political office.

"**Hazardous Substances**" means any material, substance or waste that is regulated, prohibited, listed, defined, designated or classified as, or otherwise determined to be, dangerous, hazardous, radioactive, explosive, corrosive, flammable, leachable, oxidizing, or toxic or a pollutant or a contaminant under or pursuant to Environmental Laws, and including any mixture or solution thereof.

"**IFRS**" means generally accepted accounting principles as set out in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with International Financial Reporting Standards.

"**Incentive Plans**" means (i) the Stock Option Plans, (ii) the DSU Plans, (iii) the PSU Plan; and (iv) the RSU Plan.

"**Incentive Securities**" means, collectively, the Options, the DSUs, the PSUs and the RSUs.

**"Indebtedness"** means, with respect to any Person, without duplication: (a) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind to such Person; (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (c) all Aircraft leases and conditional sale agreements and all other Contracts relating to the purchase, sale, lease, sublease or financing of Aircraft, Aircraft Engines, Spare Engines or Parts; (d) all capitalized leases or purchase money obligations of such Person; (e) all obligations under credit card processing arrangements, (f) all monetary obligations of such Person owing under Swap Contracts or similar financial instruments (which amount shall be calculated based on the amount that would be payable by such Person if the relevant Contract or instrument were terminated on the date of determination), (g) all guarantees, indemnities or financial assistance of, or in respect of, any Indebtedness of any other Person; (h) all reimbursement obligations with respect to letters of credit and letters of guarantee; and (i) all obligations in respect of bankers' acceptances.

**"Indemnified Persons"** has the meaning specified in Section 8.9(1).

**"Intellectual Property"** means domestic and foreign: (a) patents, applications for patents and reissues, divisionals, continuations, renewals, re-examinations, extensions and continuations-in-part of patents or patent applications; (b) proprietary and non public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, models, formulas, algorithms, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (c) copyrights, copyright registrations and applications for copyright registration; (d) integrated circuit, topographies, integrated circuit topography registrations and applications, mask works, mask work registrations and applications; (e) designs, design registrations, design registration applications, industrial designs, industrial design registrations and industrial design applications; (f) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (g) Software; and (h) any other intellectual property and industrial property.

**"Interim Order"** means the interim order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court with the consent of the Corporation and the Purchaser, each acting reasonably.

**"Intervening Event"** means the implementation after the date of this Agreement of a financial assistance program by a Governmental Entity in Canada or one of its provinces or territories (or of a material amendment to the Large Employer Emergency Financing Facility) (in each case, in the form of loans and/or non-repayable grants) that meets each of the following conditions, namely, that it: (i) is material to the Corporation and its Subsidiaries, taken as a whole, (ii) is made generally available to the airline industry or the segments of the travel, hotel and tourism industries in Canada and in which the Corporation and its Subsidiaries operate (and for greater certainty, a program that on its face appears to be generally available, but has been designed or intended to only be available in its application to the Corporation and/or its Subsidiaries, shall not be considered as being made generally available), (iii) has not been publicly announced as of the date hereof and is not known to, or reasonably knowable by (or, if known, the material terms of which (based on facts known to the Board as of the date of this Agreement) are not known to or reasonably foreseeable by) the Board as of the date hereof (it being understood, for the avoidance of doubt, that any financial assistance program arising or resulting from the measures announced in the 2020 Speech from the Throne of the Government of Canada is not considered to have been publicly announced as of the date hereof, and as such it is agreed that any such financial assistance program is not known to, or reasonably knowable by (and that the material terms of which (based on facts known to the Board as of the date of this Agreement) are not known to or reasonably foreseeable by) the Board as of the date hereof), (iv) does not, directly or

indirectly, relate to, result from, constitute or support an Acquisition Proposal, (v) does not result, directly or indirectly, from any breach of this Agreement by the Corporation, and (vi) was not solicited, assisted, initiated, knowingly encouraged or otherwise knowingly facilitated (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Corporation or any Subsidiary) by the Corporation or any Subsidiary after the date hereof, directly or indirectly, including through any of their Representatives, affiliates or otherwise (excluding, for such purposes, (a) any such solicitation made after providing written notice to a senior executive of the Purchaser or jointly with the Purchaser for the general benefit of the airline industry or the segments of the travel, hotel and tourism industries in which the Corporation and its Subsidiaries operate, and (b) any such solicitation, access or disclosure made for the purpose of determining or confirming the Corporation's qualification or eligibility under such financial assistance program or to obtain, provide or furnish any information reasonably required in connection therewith). Without limiting the generality of the foregoing, and for greater certainty, for the purpose of determining whether an Intervening Event has occurred, none of the following developments, facts, changes, events, occurrences or circumstances, whether actual or reasonably knowable or foreseeable, shall be taken into consideration: (a) any change in the trading price or trading volume of the Shares or Purchaser Shares, or any change in credit ratings or ratings outlook for the Corporation or Purchaser, as applicable, or any of their respective Subsidiaries (it being understood that, with respect to the Shares or the Corporation and its Subsidiaries, the facts or occurrences giving rise or contributing to such change or event (other than the facts or occurrences excluded from the present definition) may be taken into account for purposes of determining whether an Intervening Event has occurred); (b) any change after the date hereof in general economic or business conditions (including, without limitation, the easing of travel restrictions related to COVID-19) in Canada or elsewhere in the world; (c) any change after the date hereof in the credit, debt, financial or capital markets or in interest or exchange rates, in each case, in Canada or elsewhere in the world; (d) the fact that the Corporation or Purchaser exceeds or fails to meet or exceed analyst earnings projections, earnings guidance or internal financial forecasts (it being understood that, with respect to the Corporation, the facts or occurrences giving rise or contributing to such change or event (other than the facts or occurrences excluded from the present definition) may be taken into account for purposes of determining whether an Intervening Event has occurred); (e) compliance with or performance under this Agreement or of the transactions contemplated by this Agreement (other than, for greater certainty, any breach of this Agreement by the Corporation, as contemplated above in clause (v) of the present definition); (f) the timing of any consents, registrations, approvals, permits, clearances or authorizations required to be obtained prior to the Closing in connection with this Agreement; (g) the receipt, existence or terms of an Acquisition Proposal or any matter relating thereto including any consequence thereof; or (h) any development, fact, change, event, occurrence or circumstance relating to the business or affairs of the Purchaser.

**"Intervening Event Notice"** has the meaning specified in Section 5.6(2).

**"Intervening Event Period"** has the meaning specified in Section 5.6(2).

**"Joint Venture Subsidiary"** means Desarrollo Transimar S.A. de C.V.

**"Key Regulatory Approvals"** means the approvals listed in Schedule E.

**"Law"** means, with respect to any Person, any and all applicable national, federal, provincial, state, municipal or local law (statutory, common, civil or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, Order, injunction, judgment, award, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities (including for greater certainty the *Transportation Modernization Act* upon its coming into force), and to the extent that they have the force of law or are binding on or affecting the Person to which they purport to apply, policies, guidelines, bulletins

and enforcement advisories, standards, notices and protocols of any Governmental Entity, as amended.

**"Lien"** means any mortgage, charge, pledge, hypothec, security interest, international interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute, including any right of a lessor under a capital or financing lease and any other lease financing.

**"Maintenance Program"** means the Corporation's maintenance program as approved by Transport Canada Civil Aviation.

**"Marival Armony Luxury Resort & Suites"** means the Marival Armony Luxury Resort & Suites, including real or immovable property, facilities, furnitures, fixtures, equipments, and other assets (including the Business Systems) related thereto.

**"Matching Period"** has the meaning specified in Section 5.4(1)(e).

**"Material Adverse Effect"** means, with respect to any Party, any change, event, occurrence, effect, state of facts and/or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of facts or circumstances is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, financial condition, liabilities (contingent or otherwise) of such Party and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

- (a) any change, event, occurrence, effect, state of facts or circumstance affecting generally the airline industry or the segments of the travel, hotel and tourism industries in which such Party and its Subsidiaries operate;
- (b) changes, events or occurrences in general economic, political, or financial conditions in any jurisdiction in which such Party or its Subsidiaries operate, including changes in currency exchange rates;
- (c) any change in Law, IFRS (including with respect to the implementation of IFRS 16) or changes in regulatory accounting or tax requirements, or in the interpretation, application or non-application of the foregoing by any Governmental Entity;
- (d) increases in the price of fuel (it being understood that the causes underlying such increase may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred);
- (e) any natural disasters, acts of war (whether declared), uprisings and civil unrest, acts of terrorism or sabotage and outbreaks of disease, including in each of the aforementioned cases, any escalation or worsening thereof;
- (f) any action taken (or omitted to be taken) by a Party or any of its Subsidiaries to the extent required by this Agreement (it being understood that the causes underlying any action permitted under Section 4.1(1)(c) and (e), may to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred) or with the prior written consent or at the written direction of the other Party;



- (g) any change in the market price or trading volume of the Shares (it being understood that the causes underlying such change in market price or trading volume may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred);
- (h) any failure by such Party to meet any internal forecasts, projections or earnings guidance or expectations, or any external forecasts, projections or earnings guidance or expectations provided or publicly released by such Party or equity analysts for any period (it being understood that the causes underlying such matters may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred);
- (i) any Proceeding or threatened Proceeding relating to this Agreement or the Arrangement;  
or
- (j) the execution, announcement or performance of this Agreement or the Arrangement or the implementation of the Arrangement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of such Party or any of its Subsidiaries with any Governmental Entity or any of its or their current or prospective employees, customers, securityholders, Securityholders, financing sources, vendors, distributors, suppliers, partners, licensors or lessors;

but, in the case of clauses (a) through to and including (e) above, only to the extent that any such change, event, occurrence, effect, state of facts or circumstances does not have a materially disproportionate effect on such Party and its Subsidiaries, taken as a whole, the relative to other entities operating in the airline industry or the segments of the travel, hotel and tourism industries in which such Party and its Subsidiaries operate; and references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred.

**"Material Contract"** means any Contract:

- (a) that is an Aircraft Contract or an Aircraft Finance Contract or that is a material ancillary agreement related to an Aircraft Contract or an Aircraft Finance Contract or any software, data or other license agreement required to operate and/or maintain the Corporation Aircraft and the Corporation Engines;
- (b) that is a shareholders agreement or a similar type of Contract or that is otherwise relating to any joint venture, partnership or alliance, including any Contract entered into between the Corporation or any of its Subsidiaries, on the one hand, and a shareholder, partner or manager (or any of their respective affiliates) of a Subsidiary that is not wholly-owned directly or indirectly by the Corporation, on the other hand;
- (c) that is an interline, code-share, charter, wet lease, franchise, capacity purchase, regional carrier, co-brand, frequent flyer or similar Contract that is material to the business and operations of the Corporation and its Subsidiaries on a consolidated basis or that is outside the Ordinary Course;
- (d) with any airport authority in relation to the operation of air services to, use of airport facilities and equipment at, or the lease or license of premises, in each case, at any Material Corporation Airport or that is otherwise material to the business and operations of the Corporation and its Subsidiaries on a consolidated basis or that is outside the Ordinary Course;

- (e) relating to the provision of ground baggage handling services (including terminal services, customer services, baggage handling services, ramp services, de-icing services and lounge services), Contracts respecting the participation in Consortia, fuel purchase and supply, in each case that is material to the business and operations of the Corporation and its Subsidiaries on a consolidated basis or that is outside the Ordinary Course;
- (f) relating to Aircraft, airframe, Aircraft Engine or Spare Engine maintenance repair, overhaul or exchange services or relating to Parts supply or maintenance, repair, overhaul or exchange services that, in each case, is material to the Corporation and its Subsidiaries and that cannot be terminated by the Corporation or any of its Subsidiaries, as applicable, without penalty on sixty (60) days' notice or in respect of which the counterparty is the sole source of supply or has an exclusivity;
- (g) relating to the delivery of statutory services such as air navigation and transportation security, in each case that is material to the business and operations of the Corporation and its Subsidiaries on a consolidated basis or that is outside of the Ordinary Course;
- (h) relating to the distribution and sale of tickets, travel packages, travel services (including ground transportation and destination booking services), airfares and other products and services with distribution systems and third party vendors and suppliers, in each case that is material to the business and operations of the Corporation and its Subsidiaries on a consolidated basis or that is outside of the Ordinary Course;
- (i) providing for material rights in relation to Corporation Slots;
- (j) relating to Indebtedness (currently outstanding or which may become outstanding) of the Corporation or any of its Subsidiaries in excess of a principal outstanding amount of (i) \$7,500,000 in the aggregate when this term is used in Section 4.1, or (ii) \$5,000,000 in the aggregate when this term is used elsewhere in this Agreement, including in Schedule C), excluding guarantees or intercompany liabilities or obligations between two or more Persons each of whom is a Subsidiary of the Corporation or between the Corporation and one or more Persons each of whom is a Subsidiary of the Corporation;
- (k) restricting the incurrence of Indebtedness by the Corporation or any of its Subsidiaries (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets of the Corporation or any of its Subsidiaries, or restricting the payment of dividends by the Corporation;
- (l) under which the Corporation or its Subsidiaries has received payment in excess of (i) \$3,500,000 during the fiscal year ended October 31, 2018 or the fiscal year ended October 31, 2019 or is scheduled to or otherwise expects to receive payment in excess of \$3,500,000 during the fiscal year ending October 31, 2020 or is scheduled to or otherwise expects to receive in excess of \$3,500,000 in any 12-month period over the life of the Contract when this term is used in Section 4.1, or (ii) \$5,000,000 during the fiscal year ended October 31, 2018 or the fiscal year ended October 31, 2019 or is scheduled to or otherwise expects to receive payment in excess of \$5,000,000 during the fiscal year ending October 31, 2020 or is scheduled to or otherwise expects to receive in excess of \$5,000,000 in any 12-month period over the life of the Contract when this term is used elsewhere in this Agreement, including in Schedule C;
- (m) under which the Corporation or its Subsidiaries has made payment in excess of (i) \$3,500,000 during the fiscal year ended October 31, 2018 or the fiscal year ended October 31, 2019 or is scheduled to or otherwise expects to make payment in excess of \$3,500,000 during the fiscal year ending October 31, 2020 or is scheduled to or otherwise expects to make payment in excess of \$3,500,000 in any 12-month period over

the life of the Contract when this term is used in Section 4.1, or (ii) \$5,000,000 during the fiscal year ended October 31, 2018 or the fiscal year ended October 31, 2019 or is scheduled to or otherwise expects to make payment in excess of \$5,000,000 during the fiscal year ending October 31, 2020 or is scheduled to or otherwise expects to make payment in excess of \$5,000,000 in any 12-month period over the life of the Contract when this term is used elsewhere in this Agreement, including in Schedule C;

- (n) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange (including any put, call or similar right), any property or asset where the purchase or sale price or agreed value of such property or asset exceeds (i) \$2,000,000 when this term is used in Section 4.1, or (ii) \$5,000,000 when this term is used elsewhere in this Agreement, including in Schedule C;
- (o) that (i) limits or restricts in any material respect the ability of the Corporation or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area or the scope of Persons to whom the Corporation or any of its Subsidiaries may sell products or deliver services; or (ii) creates an exclusive dealing arrangement or "most favoured nation" obligation, or grants a third party a right of first offer or refusal in respect of material assets of the Corporation or any of its Subsidiaries;
- (p) providing for any Swap that is material to the Corporation and its Subsidiaries;
- (q) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect;
- (r) that is a Collective Agreement or Contract with any Union;
- (s) with a Governmental Entity for a value in excess of \$5,000,000 in the aggregate;
- (t) that contains any indemnification rights or obligations, or credit support relating to such indemnification rights or obligations, other than any of such indemnification rights or obligations incurred in the Ordinary Course;
- (u) that obligates the Corporation or any of its Subsidiaries to make any capital investment or capital expenditure in excess of (i) \$3,000,000 in the aggregate when this term is used in Section 4.1, or (ii) \$5,000,000 in the aggregate when this term is used elsewhere in this Agreement, including in Schedule C;
- (v) providing for any payments that may become payable in connection with, or in relation to, a change of control;
- (w) that is a sales agency, travel agency or tour operator Contract (including Contracts with air carriers and with respect to hotel bookings) under which the Corporation or any of its Subsidiaries is obligated to make or is scheduled or expects to receive payments in excess of (i) \$3,000,000 in any 12-month period over the life of the Contract when this term is used in Section 4.1; or (ii) \$5,000,000 in any 12-month period over the life of the Contract when this term is used elsewhere in this Agreement, including in Schedule C.
- (x) that is a supply Contract with respect to air, hotel or payment or credit card processing and that contains any minimum use, supply or display requirements or that requires the Corporation and its Subsidiaries to maintain certain levels of unrestricted cash;
- (y) that is otherwise material to the Corporation and its Subsidiaries, taken as a whole; or

- (z) any Contract (other than Contracts referred to in (a) through (y) above) that is still in force and which has been or would be required by Securities Laws to be filed by the Corporation with the Securities Authorities;

and includes each of the Contracts listed in Paragraph (26)(a) of Schedule C, provided that, in each of the foregoing cases, if a Contract has been amended, modified, supplemented or renewed, any reference to the Contract shall refer to the Contract as so amended, modified, supplemented or renewed.

**"Material Corporation Airport"** means Montreal Pierre-Elliot Trudeau International Airport, Toronto Pearson International Airport, London Gatwick Airport, Paris Charles de Gaulle Airport, Cancun International Airport, Punta Cana International Airport and Leonardo Di Vinci Fiumicino International Airport.

**"Meeting"** means the special meeting of the Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Circular and agreed to in writing by the Purchaser.

**"Misrepresentation"** has the meaning specified in the *Securities Act* (Québec) and other Securities Laws.

**"Money Laundering Laws"** has the meaning specified in Paragraph (45) of Schedule C.

**"Net Indebtedness"** means the difference between the Total Indebtedness and the Specified Assets, an illustrative calculation of which, as of July 31, 2020, is attached in Section 1.1 of the Corporation Disclosure Letter.

**"Net Indebtedness Statement"** has the meaning specified in Section 4.2(3).

**"officer"** has the meaning specified in the *Securities Act* (Québec).

**"OHSA"** has the meaning specified in Paragraph (36)(g) of Schedule C.

**"Options"** means all outstanding options to purchase Shares issued pursuant to the Stock Option Plans.

**"Order"** means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards, decrees, stipulations or similar actions taken or entered by or with, or applied by, any Governmental Entity (in each case, whether temporary, preliminary or permanent).

**"Ordinary Course"** means, with respect to an action taken by a Party or any of its Subsidiaries, that such action is consistent in nature and scope with the past practices of such Party or such Subsidiary and is taken in the ordinary course of the normal day-to-day operations of the business of such Party or such Subsidiary; provided that actions taken (or omitted) in response to COVID-19 shall not be deemed Ordinary Course except to the extent such actions (or omissions) are COVID-19 Measures.

**"Other Assets"** means the Corporation Assets other than Corporation Owned Properties, Corporation Leased Properties, Corporation Aircraft, Corporation Engines, Corporation Parts, Material Contracts, Authorizations, Corporation Intellectual Property, Corporation Software, Third Party Software and the Corporation Slots.

**"Other Regulatory Approvals"** means any Authorization, permit, exemption, review, Order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required to be obtained in connection with the transactions contemplated by this Agreement, but excluding the Key Regulatory Approvals.

**"Outside Date"** means February 15, 2021.

**"Part"** means any appliance, component, part, tool, instrument, auxiliary power unit, landing gear, navigational or communication equipment, appurtenance, attachment, accessory, furnishing or other good or equipment of whatever nature which is or may from time to time be installed on, incorporated or contained in, attached or appurtenant to, an Aircraft, an airframe, an Aircraft Engine or a Spare Engine. For greater certainty, Parts include spare parts.

**"Parties"** means the Corporation and the Purchaser and **"Party"** means any one of them.

**"Permitted Contest"** means any action taken by the Corporation or a Subsidiary thereof in good faith by appropriate Proceedings diligently pursued to contest any Taxes, claims or Liens, provided that (a) the Corporation has established reasonable reserves therefor in accordance with IFRS; (b) proceeding with such contest would not reasonably be expected to have a Material Adverse Effect; and (c) proceeding with such contest will not create a material risk of sale, detention, seizure, forfeiture or loss of, or interference with the use or operation of, a material part of the Corporation Assets or any Corporation Aircraft or any Corporation Engine.

**"Permitted Liens"** means, in respect of the Corporation or any of its Subsidiaries, any one or more of the following:

- (a) Liens for Taxes which are not due or delinquent or which are the subject of a Permitted Contest;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of assets, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Corporation or any of its Subsidiaries, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;
- (d) easements, rights of way, servitudes and similar rights in land including rights of way and servitudes for highways and other roads, railways, sewers, drains, pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables that do not materially adversely affect the use and enjoyment of any real or immovable property;
- (e) Liens or deposits for the fees or charges of NAV Canada or any city or any other public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing airports or related facilities or air navigation authority arising by operation of law in the Ordinary Course for which payment is not due;
- (f) ownership rights reserved by lessors under leases or licenses entered into with the Corporation or any of its Subsidiaries;

- (g) Liens granted by the Corporation or any of its Subsidiaries in relation to the purchasing and/or leasing of Corporation Aircraft or Corporation Engines; and
- (h) Liens listed and described in Section 1.1 of the Corporation Disclosure Letter.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Personal Information**" means any information that is subject to any Privacy Law or capable of being associated with a legal Person (in jurisdictions where legal persons have the benefit of, or are protected by, Privacy Laws) or with an individual consumer or device, including information that identifies, or could be combined with other information to identify a device or natural person, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including Social Security number and driver's license number), medical, health or insurance information, gender, date of birth, educational or employment information, any religious or political view or affiliation, marital or other status, photograph, face geometry or biometric information, and any other data used or intended to be used to identify, contact or precisely locate an individual. "**Personal Information**" includes information in any form, including paper, electronic and other forms.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations to such plan made in accordance with this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably.

"**Pre-Acquisition Reorganization**" has the meaning specified in Section 4.6(1).

"**Privacy Laws**" means any applicable Law that governs the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security, disposal, destruction, disclosure or transfer of Personal Information and any such law governing data breach notification, in any jurisdiction in which Corporation or any of its Subsidiaries provides services, including, *the Personal Information Privacy and Electronic Documents Act* (Canada), the CASL, GDPR and any national law supplementing the GDPR (such as, in the UK, the Data Protection Act 2018), any national law implementing the EU ePrivacy Directive 2002/58/EC (as amended by Directive 2009/136) (such as, in the UK, *The Privacy and Electronic Communications (EC Directive) Regulation 2003*), and any published interpretation and guidance issued by any Governmental Entity.

"**Proceeding**" means any suit, claim, action, charge, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit, examination, enquiry, investigation or other proceeding commenced, brought, conducted or heard by or before, any Governmental Entity.

"**PSU Plan**" means the Corporation's Performance Share Units Plan adopted effective as of January 1, 2015 and last amended on December 13, 2017.

"**PSUs**" means all outstanding performance share units issued under the PSU Plan.

"**Puerto Morelos Project**" means the project related to the construction by the Corporation and/or one or more of its Subsidiaries of an oceanfront hotel in Puerto Morelos, Mexico (and includes the Business Systems related thereto, if any).

"**Purchaser**" means Air Canada, a corporation existing under the laws of Canada or, in accordance with Section 8.12, any of its successors or permitted assigns.

**"Purchaser Filings"** means all documents publicly filed under the profile of the Purchaser on SEDAR since January 1, 2020.

**"Purchaser Shares"** means, collectively, the class A variable voting shares or the class B voting shares in the capital of the Purchaser, as applicable.

**"Regulation 45-106"** means Regulation 45-106 *respecting Prospectus Exemptions*.

**"Regulation 51-102"** means Regulation 51-102 *respecting Continuous Disclosure Obligations*.

**"Regulation 52-109"** means Regulation 52-109 *respecting Certification of Disclosure in Issuers' Annual and Interim Filings*.

**"Regulation 61-101"** means Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions*.

**"Representative"** means, with respect to any Person, any officer, director, employee, representative (including any financial, legal or other adviser) or agent of such Person or of any of its Subsidiaries.

**"Restricted Information"** has the meaning specified in Section 5.3(2).

**"Restricted Information Recipient"** has the meaning specified in Section 5.3(2).

**"Required Shareholder Approval"** has the meaning specified in Section 2.2(2).

**"Reverse Termination Fee"** has the meaning specified in Section 8.2(6).

**"Reverse Termination Fee Event"** has the meaning specified in Section 8.2(5).

**"Rights Plan"** means the amended and restated shareholder rights plan agreement dated as of March 16, 2017 between the Corporation and CST Trust Company, as rights agent.

**"RSU Plan"** means the Corporation's Restricted Share Unit Plan adopted effective as of November 1, 2016 and last amended on December 13, 2017.

**"RSUs"** means all outstanding restricted share units issued under the RSU Plan.

**"Sanctions"** has the meaning given to it in Paragraph (42) of Schedule C hereto.

**"Seasonal Aircraft"** means, as of the date of this Agreement, the Aircraft listed in Section 3.1(48)(a) of the Corporation Disclosure Letter, and, thereafter, such other Aircraft as may be leased by the Corporation or one or more of its Subsidiaries for not more than one continuous period of up to six (6) months.

**"Securities Authority"** means the AMF and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada and the Exchange.

**"Securities Laws"** means the *Securities Act* (Québec) together with all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities Laws of any other province or territory of Canada, and the rules and policies of the Exchange.

**"Securityholders"** means, collectively, the Shareholders and the holders of Incentive Securities.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

"**Senior Management**" means the members of the executive leadership team of the Corporation, which is currently comprised of (i) the Co-founder, Chairman of the Board, President and Chief Executive Officer of the Corporation; (ii) the Chief Operating Officer of the Corporation; (iii) the President, Hotel Division of the Corporation; (iv) the President-General Manager of Air Transat; (v) the President, Transat Distribution Canada and Vice-President and Chief Distribution Officer of the Corporation; (vi) the Vice-President and Chief Information Officer of the Corporation; (vii) the Vice-President, General Counsel and Corporate Secretary of the Corporation, (viii) the Vice-President, Human Resources and Corporate Affairs of the Corporation, (ix) the Senior Vice President and Advisor to the President of the Corporation, and (x) the Vice-President, Finance and Administration and Chief Financial Officer of the Corporation.

"**Shareholders**" means the registered or beneficial holders of the Shares, as the context requires.

"**Shares**" means, collectively, the Class A Variable Voting Shares and the Class B Voting Shares, and a "**Share**" means any of a Class A Variable Voting Share and a Class B Voting Share.

"**Software**" means any computer software or program (both in source code or object code form), including any software as a service or other cloud-based system in use, and all proprietary rights, documentation and other materials related to such computer software or program.

"**Spare Engine**" means an Aircraft engine together with all parts installed on, incorporated or contained in, attached or appurtenant to, such engine and which form part or shall be deemed to form part of the engine, and which engine was acquired by the Corporation or one of its Subsidiaries as a spare engine, regardless of whether such engine is installed on an Aircraft at any given time.

"**Special Committee**" means the special committee consisting of independent members of the Board formed in connection with the Arrangement and the other transactions contemplated by this Agreement.

"**Specified Assets**" means the current assets of the Corporation and its Subsidiaries on a consolidated basis comprised of the following: cash and cash equivalents, cash and cash equivalents in trust or otherwise reserved, trade and other receivables and prepaid expenses, in each case, as determined in accordance with IFRS as applied by the Corporation and its Subsidiaries on a basis consistent with their past practices.

"**Specified Indebtedness**" means with respect to any Person, without duplication (a) any obligation or liability of such Person in respect of trade and other payables (including any obligation or liability of such Person in respect of COVID-19 Measures, including to repay or reimburse any COVID-19 related subsidy, grant or similar incentive (including Tax incentives and Tax liabilities being deferred related to COVID-19 Tax measures and CEWS)), (b) any obligation or liability of such Person in respect of put or call options under any shareholder, joint venture or other similar arrangement to which such Person is a party, (c) any obligation or liability of such Person in respect of measures taken (including the amounts of any payments that are deferred) in connection with Aircraft leases and conditional sale agreements and all other Contracts relating to the purchase, sale, lease, sublease or financing of Aircraft, Aircraft Engines, Spare Engines or Parts and real property leases, and (d) all current liabilities of such Person as determined in accordance with IFRS, excluding the amount of any item otherwise identified in this definition of "Specified Indebtedness"; provided that, for the avoidance of doubt, "Specified Indebtedness" shall exclude the amount of any item identified in this definition of "Specified Indebtedness" that is included in the definition of "Indebtedness".



**"Stock Exchange Approval"** means the conditional approval of the TSX to list the Purchaser Shares to be issued pursuant to the Arrangement, subject only to the Purchaser providing the TSX such required documentation and confirmations as is customary in the circumstances.

**"Stock Option Plans"** means (i) the Corporation's 2016 Stock Option Plan adopted effective as of January 13, 2016, as amended, (ii) the Corporation's 2009 Stock Option Plan adopted effective as of January 14, 2009, as amended, and (iii) the Corporation's 1995 Stock Option Plan adopted effective as of December 5, 1995, as amended.

**"Subordinated Facility"** has the meaning ascribed thereto in the definition of Existing Financing Instruments.

**"Subsidiary"** has the meaning specified in Regulation 45-106 as in effect on the date of this Agreement, and for the purposes of this Agreement, "control" shall also include the possession, directly or indirectly, of the power to direct or cause the direction of the policies, management and affairs of any Person, whether through ownership of voting securities, by Contract or otherwise, including with respect to any general partner of another Person with the power to direct the policies, management and affairs of such Person, and when "Subsidiary" is used in reference to the Corporation, it shall include the Joint Venture Subsidiary.

**"Superior Proposal"** means any unsolicited *bona fide* written Acquisition Proposal from a Person or group of Persons to acquire not less than all of the outstanding Shares or all or substantially all of the assets of the Corporation on a consolidated basis that:

- (a) complies with Securities Laws and did not result from or involve a breach of Article 5;
- (b) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person or group of Persons making such proposal and their respective affiliates;
- (c) is made by a Person or group of Persons who has demonstrated to the satisfaction of the Board, acting in good faith (after receipt of advice from its financial advisers and its outside legal counsel), that it has (i) adequate cash on hand and/or (ii) fully committed financing from a bank or other recognized and reputable financial institution, fund or organization that makes debt or equity investments or financing as part of its usual activities, and that is not subject to any condition or contingency other than usual closing conditions, required to complete such Acquisition Proposal at the time and on the basis set out therein;
- (d) is not subject to any due diligence or access condition;
- (e) provides for a consideration payable in cash per Share which is equal to or greater than \$6.00; and
- (f) the Board determines in its good faith judgment, after receiving the advice of its outside legal and financial advisers and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal and their respective affiliates, would, if consummated in accordance with its terms and taking into account the risk of non-completion and other factors deemed relevant by the Board (including the post-acquisition leverage level), result in a transaction which is (i) in the best interests of the Corporation and its stakeholders, and (ii) more favourable, from a financial point of view, to the Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2)).

**"Superior Proposal Notice"** has the meaning specified in Section 5.4(1)(c).

**"Swaps"** means any transaction which is a derivative, rate swap transaction, basis swap, forward rate transaction, commodity swap, hedge, commodity option, equity or equity index swap, equity index option, bond option, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures Contract or other similar transaction (including any option with respect to any of these transactions or any combination of these transactions).

**"Tax Act"** means the *Income Tax Act* (Canada).

**"Tax Adjustment"** has the meaning specified in Section 4.7(3).

**"Tax Returns"** means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

**"Taxes"** means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity or Corporation Airport, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, volume, quantity, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, Indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, fuel, carbon, Ticket Taxes, excise, special assessment, stamp, withholding, business, franchising, real, immovable or personal or movable property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions and any special COVID-19 tax relief (including, for greater certainty, CEWS); (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clause (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clause (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

**"Terminating Party"** has the meaning specified in Section 4.9(3).

**"Termination Fee"** has the meaning specified in Section 8.2(3).

**"Termination Fee Event"** has the meaning specified in Section 8.2(2).

**"Termination Notice"** has the meaning specified in Section 4.9(3).

**"Third Party Software"** has the meaning specified in Paragraph (33)(b) of Schedule C.

**"Ticket Taxes"** means any and all taxes, fees and charges, for which a tax code is issued and defined by the International Air Transport Association, applicable to the sale, issuance or usage of a passenger transportation ticket as per any applicable Law or Contract of any worldwide jurisdiction.

**"Total Indebtedness"** means the sum of (a) the aggregate Indebtedness (disregarding for this purpose any indebtedness related to capital leases) of the Corporation and its Subsidiaries, on a consolidated basis; and (b) the aggregate Specified Indebtedness of the Corporation and its Subsidiaries, on a consolidated basis.

**"Trade Legislation"** means, collectively, the *Canadian Export and Import Permits Act* and regulations and the *United States Export Administration Regulations*, the *Arms Export Control Act* and *International Traffic in Arms Regulations* or any similar Law.

**"Transaction Litigation"** means any Proceeding (other than a Proceeding relating to any Key Regulatory Approval or Other Regulatory Approval) asserted or commenced by, on behalf of or in the name of, a third party against or otherwise involving the Purchaser, the Corporation, the Board, any committee thereof and/or any of the Corporation's directors or officers relating directly or indirectly to the Arrangement, this Agreement or any of the other transactions contemplated hereby (including any such Proceeding based on allegations that the Corporation's entry into this Agreement or the terms and conditions of the Arrangement, this Agreement or any of the other transactions contemplated hereby constituted a breach of the fiduciary duties of any member of the Board or any officer of the Corporation).

**"Union"** means any trade union, bargaining agent, certified association or other organization certified to represent or recognized as representing Employees.

**"Willful Breach"** means with respect to any representation, warranty, agreement or covenant in this Agreement, a breach of this Agreement that is a consequence of an act or omission by the Breaching Party with the actual knowledge that the taking of such act or failure to act, as applicable, would, or would be reasonably expected to, cause a breach of this Agreement.

**"Work Order"** means a work Order, deficiency notice, Order to comply, inspector's Order, notice of violation or non-compliance, open permit, or similar Order, notice or directive, in each case issued in written or electronic form by or on behalf of a Governmental Entity having jurisdiction with respect to any of the Corporation Owned Property or Corporation Leased Property.

## **Section 1.2 Certain Rules of Interpretation.**

In this Agreement, unless otherwise specified:

- (1) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (2) **Currency.** All references to dollars or to \$ are references to Canadian dollars. In the event that any amounts are required to be converted from a foreign currency to Canadian dollars or vice versa, such amounts shall be converted using the most recent closing exchange rate of The Bank of Canada available before the relevant calculation date.
- (3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) **Certain Phrases and References, etc.** The words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation,"** and **"the aggregate of"**, **"the total of"**, **"the sum of"**, or a phrase of similar meaning means **"the aggregate (or total or sum), without duplication, of."** Unless stated otherwise, **"Article"**, **"Section"**, and **"Schedule"** followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term **"Agreement"** and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other

agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The term "**made available**" means copies of the subject materials were included in the Data Room.

- (5) **Capitalized Terms.** All capitalized terms used in any Schedule or in the Corporation Disclosure Letter have the meanings ascribed to them in this Agreement.
- (6) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of the Corporation or its Subsidiaries, it is deemed to refer to the actual knowledge of Senior Management, in their respective capacity as officers of the Corporation and not in their personal capacity, after making reasonable inquiries of such Persons as they consider necessary as to the matters that are the subject of the representations and warranties. The Corporation confirms that Senior Management has made such reasonable inquiries.
- (7) **Accounting Terms.** Except as otherwise specifically provided for in this Agreement, all accounting terms are to be interpreted in accordance with IFRS and all determinations of an accounting nature in respect of a Person required to be made shall be made in a manner consistent with IFRS as applied by such Person on a basis consistent with past practices.
- (8) **Statutes.** Any reference to a Law refers to such Law and all rules and regulations made under it, as it or they may have been or may from time to time be amended, consolidated, replaced or re-enacted, unless stated otherwise.
- (9) **Computation of Time.** If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted. Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.
- (10) **Time References.** References to time are to local time, Montreal, Québec.
- (11) **Consent.** If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (12) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Corporation, each such provision shall be construed as a covenant by the Corporation to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.
- (13) **Schedules.** The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

### **Section 1.3 Termination and Replacement of Original Arrangement Agreement.**

The terms of this Agreement hereby entirely terminate and replace the terms of the arrangement agreement entered into between the Parties on June 27, 2019, as subsequently amended on August 11, 2019, including by (i) abandoning and terminating the arrangement contemplated therein, and (ii) replacing the arrangement contemplated therein and the terms relating thereto by the Arrangement contemplated in this Agreement.

**ARTICLE 2  
THE ARRANGEMENT**

**Section 2.1 Arrangement.**

The Corporation and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

**Section 2.2 Interim Order.**

As soon as reasonably practicable after the date of this Agreement, but in any event in sufficient time to permit the Meeting to be convened in accordance with Section 2.3, the Corporation shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 192 of the CBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

- (1) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
- (2) that the required level of approval (the "**Required Shareholder Approval**") for the Arrangement Resolution shall be (a) at least and no more than 66 2/3% of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting voting together as a single class, and (b) if, and to the extent, required, a majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting voting together as a single class, excluding for this purpose votes attached to Shares held by Persons described in items (a) through (d) of section 8.1(2) of Regulation 61-101;
- (3) that, in all other respects, the terms, restrictions and conditions of the Corporation' Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Meeting;
- (4) for the grant of the Dissent Rights to those Shareholders who are registered Shareholders as contemplated in the Plan of Arrangement;
- (5) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (6) that the Meeting may be adjourned or postponed from time to time by the Corporation in accordance with the terms of this Agreement or as otherwise agreed to by the Parties without the need for additional approval of the Court;
- (7) confirmation of the record date for the purposes of determining the Shareholders entitled to receive notice of and to vote at the Meeting in accordance with the Interim Order;
- (8) that the record date for Shareholders entitled to notice of and to vote at the Meeting will not change in respect of any adjournment(s) of the Meeting, unless required by Securities Laws;
- (9) that it is the Purchaser's intention to rely upon the exemption from registration provided by Section 3(a)(10) of the United States Securities Act of 1933 with respect to the issuance of the Purchaser Shares or any other distribution pursuant to the Arrangement, based on the Court's approval of the Arrangement; and
- (10) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Corporation, such consent not to be unreasonably conditioned, withheld or delayed.

**Section 2.3 Meeting.**

Subject to the terms of this Agreement and the Interim Order, the Corporation shall:

- (1) convene and conduct the Meeting in accordance with the Interim Order, the Corporation's Constatng Documents and Law on or before December 8, 2020, for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the Circular and agreed to by the Purchaser, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Meeting without the prior written consent of the Purchaser, except:
  - (a) in the case of an adjournment, as required for quorum purposes; or
  - (b) as required or permitted under Section 4.9(4) and Section 5.4(5).
- (2) use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Shareholder that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, at the Corporation's discretion or if so requested by the Purchaser, acting reasonably, using established proxy solicitation services firms selected by the Purchaser and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Shareholder that is inconsistent with the Arrangement Resolution;
- (3) provide the Purchaser with copies of or access to information regarding the Meeting generated by the Corporation's transfer agent or any proxy solicitation services firm, as requested from time to time by the Purchaser;
- (4) permit the Purchaser to, at the Purchaser's expense, on behalf of the management of the Corporation, directly or through an established soliciting dealer of its choice, actively solicit proxies, on behalf of management of the Corporation, in favour of the Arrangement and against any resolution submitted by any Shareholder that is inconsistent with the Arrangement Resolution in compliance with Law and disclose in the Circular that the Purchaser may make such solicitations;
- (5) consult with the Purchaser in fixing the date of the Meeting and the record date for the Meeting, give notice to the Purchaser of the Meeting and allow the Purchaser's Representatives and outside legal counsel to attend the Meeting;
- (6) promptly advise the Purchaser, as and when received by the Corporation, and at such times as the Purchaser may reasonably request and on a daily basis on each of the last 10 Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies (for greater certainty, specifying votes "for" and votes "against" the Arrangement Resolution) received by the Corporation in respect of the Arrangement Resolution;
- (7) promptly advise the Purchaser of any communication (written or oral) received from, or claims brought by (or, to the knowledge of the Corporation, threatened to be brought by), any Person in opposition to the Arrangement and/or any purported exercise or withdrawal of Dissent Rights by Shareholders and, subject to Law, provide the Purchaser with an opportunity to review and comment upon any written communication sent by or on behalf of the Corporation to any such Person and to participate in any discussions, negotiations or Proceedings with or including any such Persons;

- (8) not settle, compromise or make any payment with respect to, or agree to settle, compromise or make any payment with respect to, any exercise or purported exercise of Dissent Rights without the prior written consent of the Purchaser;
- (9) not waive any failure by any holder of Shares to timely deliver a notice of exercise of Dissent Rights, make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to Dissent Rights without the prior written consent of Purchaser;
- (10) not change the record date for Shareholders entitled to vote at the Meeting in connection with any adjournment or postponement of the Meeting unless required by Law;
- (11) at the request of the Purchaser from time to time, provide the Purchaser with a list of (a) the registered Shareholders, together with their addresses and respective holdings of Shares, (b) the names, addresses and holdings of all Persons having rights issued by the Corporation to acquire Shares (including holders of Options), and (c) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Shares, together with their addresses and respective holdings of Shares, all as can be reasonably obtained by the Corporation using the procedure set forth under Securities Laws. The Corporation shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Shareholders, and lists of securities positions and other assistance as the Purchaser may reasonably request in order to be able to communicate with respect to the Arrangement with the Shareholders and with such other Persons as are entitled to vote on the Arrangement Resolution; and
- (12) at the request of the Purchaser on one or more occasions, adjourn or postpone the Meeting to a date specified by the Purchaser that is not later than 15 Business Days after the date of then scheduled Meeting and in any event to a date that is not later than 60 days after the date on which the Meeting was originally scheduled and in any event to a date that is not later than five (5) Business Days prior to the Outside Date.

**Section 2.4 Circular.**

- (1) The Corporation shall, as promptly as reasonably practicable, prepare and complete, in consultation with the Purchaser, the Circular together with any other documents required by Law in connection with the Meeting and the Arrangement, and the Corporation shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Circular and such other documents to be filed and sent to each Shareholder and other Person as required by the Interim Order and Law, in each case so as to permit the Meeting to be held by the date specified in Section 2.3(1), provided that the Purchaser shall have complied with Section 2.4(4).
- (2) The Corporation shall ensure that the Circular complies in material respects with applicable Law, does not contain any Misrepresentation (other than in respect to any written information with respect to the Purchaser that is furnished in writing by or on behalf of the Purchaser for inclusion in the Circular) and provides the Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Meeting. Without limiting the generality of the foregoing, but subject to the terms of this Agreement, the Circular must include: (a) a summary and copies of the Fairness Opinions; (b) a statement that the Special Committee has received the Fairness Opinions and has, after receiving advice from its financial adviser and outside legal counsel and having considered all relevant factors including the terms of the original arrangement agreement and the status of the transaction contemplated thereby, unanimously recommended that the Board approve the Arrangement and that the Shareholders vote in favour of the Arrangement Resolution; (c) a statement that the Board has received the Fairness Opinions and has, after receiving advice from its financial adviser and outside legal counsel and the unanimous recommendation of the Special Committee and consideration of all relevant factors including the terms of the original arrangement agreement and the status of the transaction contemplated thereby, unanimously determined that the Arrangement Resolution is in

the best interests of the Corporation and is fair to the Shareholders and that the Board unanimously recommends that the Shareholders vote in favour of the Arrangement Resolution (the "**Board Recommendation**") and (d) a statement that each director and officer of the Corporation has entered into a D&O Support and Voting Agreement pursuant to which such director or officer has agreed to vote all of his or her Shares in favour of the Arrangement Resolution.

- (3) The Corporation shall give the Purchaser and its outside legal counsel a reasonable opportunity to review and comment on drafts of the Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its outside legal counsel, and agrees that all information relating solely to the Purchaser that is furnished in writing by or on behalf of the Purchaser for inclusion in the Circular or other related documents must be in a form and content satisfactory to the Purchaser, acting reasonably. The Corporation shall provide the Purchaser with a final copy of the Circular prior to its mailing to the Shareholders.
- (4) The Purchaser shall provide in writing to the Corporation all necessary information concerning the Purchaser that is required by Law to be included by the Corporation in the Circular or other related documents to the Corporation in writing, and shall ensure that such information does not contain any Misrepresentation.
- (5) Each Party shall promptly notify the other Party if it becomes aware that the Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Corporation shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

#### **Section 2.5 Final Order.**

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order, the Corporation shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 192 of the CBCA, as soon as reasonably practicable, but in any event not later than five (5) Business Days after the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order (provided that, in the event normal Court operations are disrupted in response to the COVID-19 pandemic, the application date may be extended until the earliest possible date on which the Court grants a hearing date (whether the hearing is in person, via telephone or other virtual means) for the application for the Final Order after re-opening to the public).

#### **Section 2.6 Court Proceedings.**

In connection with all Proceedings relating to obtaining the Interim Order and the Final Order, the Corporation shall, subject to the terms of this Agreement:

- (1) diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order;
- (2) provide the Purchaser and its outside legal counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed with, or submitted to, the Court, the Director or the AMF in connection with the Arrangement, including drafts of the motion for Interim Order and Final Order, affidavits, Interim Order and Final Order, and give reasonable and due consideration to all such comments of the Purchaser and its outside legal counsel, provided that all information relating to the Purchaser included in such materials shall be in a form and substance satisfactory to the Purchaser, acting reasonably;



- (3) provide to the Purchaser and its outside legal counsel, on a timely basis, copies of any notice of appearance, evidence or other documents served on the Corporation or its outside legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
- (4) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement;
- (5) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, provided that the Purchaser is not required to agree or consent to any increase in or variation in the form of the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement, the Arrangement and the D&O Support and Voting Agreements;
- (6) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement; if the Corporation is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so only after notice to, and in consultation and cooperation with, the Purchaser; and
- (7) not unreasonably object to the outside legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided the Purchaser advises the Corporation of the nature of any such submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement.

**Section 2.7 Treatment of Options, DSUs, RSUs, PSUs and ESPPs.**

- (1) In accordance with and subject to the Plan of Arrangement and the applicable Incentive Plan, the Corporation will take all reasonable steps necessary or desirable to effect the exchange, surrender, settlement or cancellation of the securities identified below that are outstanding immediately prior to the Effective Time in exchange for, subject to withholding Taxes where applicable:
  - (a) in respect of each Option, whether vested or unvested, an amount equal to the Consideration less the applicable exercise price in respect of such Option (for greater certainty, where such amount is a negative, neither the Corporation nor the Purchaser shall be obligated to pay the holder of such Option any amount in respect of such Option); and
  - (b) in respect of each DSU, RSU or PSU, whether vested or unvested, an amount equal to the Consideration.

All Options, DSUs, RSUs and PSUs outstanding on the Effective Time shall be terminated in accordance with the Plan of Arrangement.

- (2) The Parties acknowledge that no deduction will be claimed by the Corporation, or any Person not dealing at arm's length with the Corporation, in respect of any payment made to a holder of Options in respect of the Options pursuant to the Plan of Arrangement who is a resident of Canada or who is employed in Canada (both within the meaning of the Tax Act) in computing the Corporation's income under the Tax Act, and the Corporation shall: (a) where applicable, make

an election pursuant to subsection 110(1.1) of the Tax Act in respect of the cash payments made in exchange for the surrender of Options; and (b) provide evidence in writing of such election to holders of Options, it being understood that, to the extent that the other conditions prescribed in the Tax Act are met, holders of Options shall be entitled to claim any deductions available to such Persons pursuant to the Tax Act in respect of the calculation of any benefit arising from the surrender of Options.

- (3) Since June 27, 2019, the Corporation has taken and will continue to take all reasonable steps necessary or desirable (a) to suspend the ESPPs so that no new participants can be enrolled and that existing ESPP Participants are not entitled to make any further contributions under the ESPPs after the date of this Agreement; and (b) to deliver or cause to be delivered any accumulated cash under the ESPPs on behalf of ESPP Participants to the ESPP Participants as soon as reasonably practicable after the date of this Agreement. In accordance with, and subject to, the Plan of Arrangement and the applicable ESPP, the Corporation will take all reasonable steps necessary or desirable to effect the exchange, surrender, settlement or cancellation of all ESPP Shares that are outstanding immediately prior to the Effective Time (including, providing notice to all ESPP Participants as required or contemplated by the ESPPs).

### **Section 2.8 Employees.**

- (1) From and after the Effective Time, the Purchaser shall cause the Corporation to honour and comply in all material respects with all of the obligations of the Corporation under employment agreements with current or former Employees, as the case may be, and for a period of twelve (12) months following the Effective Time shall cause the Corporation to provide the Employees with benefits and total compensation that are, in the aggregate, at least substantially comparable to, those provided to such Employees immediately prior to the Effective Time, provided that no provision of this Section 2.8(1) shall (a) give any Employees any right to continued employment; (b) affect (other than as provided under Section 2.8(2)) or otherwise increase the severance, post-termination benefits or other termination entitlements of Employees under their current employment agreements, the Employee Retention Policy and the retirement agreements disclosed at Section 3.1(38)(h) of the Corporation Disclosure Letter and the related trust agreement and letter of credit, or applicable Law, (c) impair in any way the right of the Corporation to terminate the employment of any Employee or amend or terminate any of the Employee Plans at any time, either on a standalone basis or as an alternative to other voluntary cost reduction efforts offered to Employees; or (d) apply to any Employee who is or becomes covered by a Collective Agreement whose terms and conditions of employment of each such Employee following the Effective Time shall be governed by the terms of the applicable Collective Agreement.
- (2) From and after the Effective Time, the Purchaser shall cause the Corporation to honour and comply in all material respects with all of the obligations of the Corporation under the Employee Retention Policy and the retirement agreements disclosed at Section 3.1(38)(h) of the Corporation Disclosure Letter and the related trust agreement and letter of credit, provided that no provision of this Section 2.8(2) shall (a) give any Employees any right to continued employment, (b) affect (other than as provided under this Section 2.8(2)) or otherwise increase the severance, post-termination benefits or other termination entitlements of Employees under their current employment agreements, or applicable Law, (c) impair in any way the right of the Corporation to terminate the employment of any Employee, (d) apply to any Employee who is or becomes covered by a Collective Agreement whose terms and conditions of employment of each such Employee following the Effective Time shall be governed by the terms of the applicable Collective Agreement, or (e) give any Employee any right to both a lump sum payment and a monthly pension in respect of his or her service prior to the Closing.

**Section 2.9 Articles of Arrangement and Effective Date.**

- (1) The closing of the transactions contemplated hereby (the "**Closing**"), including the filing of the Articles of Arrangement with the Director, shall occur as soon as reasonably practicable (and in any event not later than five (5) Business Days) after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is stipulated, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is stipulated, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties, provided that if on the date the Corporation would otherwise be required to file the Articles of Arrangement pursuant to this Section 2.9(1), a Party has delivered a Termination Notice pursuant to Section 4.9(3), the Corporation shall not file the Articles of Arrangement until the Breaching Party has cured the breaches of representations, warranties, covenants or other matters specified in the Termination Notice.
- (2) From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by applicable Law, including the CBCA. The Closing will take place at the offices of Fasken Martineau DuMoulin LLP, 800 Place Victoria, Suite 3700, Montreal, Québec, H3B 3V2, or at such other location as may be agreed upon by the Parties.

**Section 2.10 Payment of Consideration.**

The Purchaser shall, following receipt of the Final Order and immediately prior to the filing by the Corporation of the Articles of Arrangement with the Director, provide, or cause to be provided to, the Depository sufficient funds and Purchaser Shares to be held in escrow (the terms and conditions of such escrow to be satisfactory to the Corporation and the Purchaser, each acting reasonably) to satisfy the aggregate Consideration payable to the Shareholders by the Purchaser as provided for in the Plan of Arrangement (other than with respect to Shareholders exercising Dissent Rights as provided in the Plan of Arrangement).

**Section 2.11 Withholding Rights.**

Each of the Purchaser, the Corporation, the Depository or any other Person that makes a payment hereunder shall be entitled to deduct and withhold from the amounts otherwise payable under this Agreement and the Arrangement (including any amounts payable pursuant to Section 2.7) to any Securityholder, such amounts as it is directed to deduct and withhold or is required to deduct and withhold with respect to such payment under the Tax Act or any provision of any Law and remit such deduction and withholding amount to the appropriate Governmental Entity. To the extent that amounts are so properly deducted, withheld and remitted, such deducted, withheld and remitted amounts shall be treated for all purposes of this Agreement and the Arrangement as having been paid to such Securityholders, in respect of which such deduction and withholding and remittance was made.

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES**

**Section 3.1 Representations and Warranties of the Corporation.**

- (1) Except as disclosed in the Corporation Disclosure Letter (which disclosure shall apply against any representations and warranties to which it is reasonably apparent it should relate), the Corporation represents and warrants to the Purchaser that the representations and warranties set forth in Schedule C are true and correct as of the date hereof and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and acknowledges and agrees that the Purchaser is relying upon the

representations and warranties in connection with the entering into of this Agreement and the consummation of the Arrangement.

- (2) Except for the representations and warranties set forth in this Agreement, neither the Corporation nor any other Person has made, or makes any other, express or implied representation and warranty, either written or oral, on behalf of the Corporation.
- (3) The representations and warranties of the Corporation contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

**Section 3.2 Representations and Warranties of the Purchaser.**

- (1) The Purchaser represents and warrants to the Corporation that the representations and warranties set forth in Schedule D are true and correct as of the date hereof and acknowledges and agrees that the Corporation is relying upon the representations and warranties in connection with the entering into of this Agreement and the consummation of the Arrangement.
- (2) Except for the representations and warranties set forth in this Agreement, neither the Purchaser nor any other Person has made, or makes any other, express or implied representation and warranty, either written or oral, on behalf of the Purchaser.
- (3) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

**ARTICLE 4  
COVENANTS**

**Section 4.1 Conduct of Business of the Corporation.**

- (1) The Corporation covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (a) with the prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed); (b) as required by this Agreement, (c) as required by applicable Law (other than any applicable Law promulgated in connection with or in response to COVID-19), (d) in order to take commercially reasonable steps to respond to emergency-type occurrences involving life, health, personal safety, or the protection of property incidents or accidents occurring on or after the date hereof (other than in connection with or in response to COVID-19, except for any operational emergency relating to COVID-19 involving life, health or personal safety that requires, in the reasonable opinion of the Corporation, a direct and immediate response), (e) in order to take commercially reasonable steps to respond to emergency-type occurrences involving the preservation of Business Systems or Corporation Data (including with respect to data and privacy breaches) (other than in connection with or in response to COVID-19), (f) for COVID-19 Measures, or (g) as provided in Section 4.1 of the Corporation Disclosure Letter, the Corporation shall, and shall cause each of its Subsidiaries to (i) conduct business in the Ordinary Course and in accordance with all applicable Laws, (ii) use commercially reasonable efforts to maintain and preserve, in the Ordinary Course, its and its Subsidiaries' respective business organization, operations, assets, properties, Authorizations, Intellectual Property, goodwill and relationships with all Employees, consultants, agents and independent contractors of the Corporation or any of its Subsidiaries, Governmental Entities (including any Aviation Authority), landlords, creditors, lessors, lessees, suppliers, licensors, licensees, Unions, passengers and other customers, travel agents, strategic or alliance partners

and other Persons, in each case with whom the Corporation or any of its Subsidiaries have material business relations, and (iii) use commercially reasonable efforts to manage the Corporation's and its Subsidiaries' quarterly level of Net Indebtedness, on a consolidated basis, in the Ordinary Course. Notwithstanding the foregoing provisions of this Section 4.1(1), the Corporation shall not be deemed to have failed to satisfy its obligations under this Section 4.1(1) to the extent such failure resulted from the Corporation's failure to take any action prohibited by Section 4.1(2).

- (2) Without limiting the Corporation's obligations under Section 4.1, the Corporation covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except with respect to the situations described in Subsections (a) to (g) of Section 4.1(1), the Corporation shall not, and shall cause its Subsidiaries not to, directly or indirectly:
- (a) amend, restate, rescind, alter, enact or adopt all or any portion of any of the Constatng Documents of the Corporation or its Subsidiaries;
  - (b) adjust, split, combine or reclassify, reduce the stated capital, purchase, redeem, repurchase or otherwise acquire any of its securities, or offer to do any of the foregoing, excluding the issuance by the Corporation of Class A Variable Voting Shares or Class B Voting Shares upon the automatic conversion of either class of Shares into the other, in accordance with the Corporation's Constatng Documents;
  - (c) adopt a plan of complete or partial liquidation, arrangement, dissolution, amalgamation, merger, consolidation, restructuring, recapitalization, winding-up or other reorganization of the Corporation or any of its Subsidiaries (other than this Agreement and the transactions contemplated by this Agreement), or file a petition or proceeding in bankruptcy or insolvency under any applicable Law on behalf of the Corporation or any of its Subsidiaries, or consent (or not oppose) to the filing of any bankruptcy or insolvency petition or proceeding against the Corporation or any of its Subsidiaries under any applicable Law;
  - (d) except as disclosed pursuant to Section 4.1(2)(d) of the Corporation Disclosure Letter, enter into any new line of business or discontinue any existing line of business;
  - (e) issue, grant, deliver, sell, exchange, amend, modify, accelerate, pledge or otherwise subject to any Lien (other than Permitted Liens) (i) any securities of the Corporation or any of its Subsidiaries, (ii) options or other rights to acquire, or exercisable or exchangeable for, or convertible into, any securities of the Corporation or any of its Subsidiaries (including any Incentive Securities), or (iii) any rights that are linked in any way to the price of any shares of, or to the value of or of any part of, or to any dividends or distributions paid on any shares of, the Corporation or any of its Subsidiaries (including any Incentive Securities), in each case other than (A) the issuance of Shares issuable upon the exercise of Options outstanding on the date hereof in accordance with the terms of the applicable Stock Option Plan, or (B) the issuance of Class A Variable Voting Shares or Class B Voting Shares upon the automatic conversion of either class of Shares into the other, in accordance with the Corporation Constatng Documents;
  - (f) except as disclosed in Section 4.1(2)(f) of the Corporation Disclosure Letter, make, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) on any class of securities of the Corporation or any of its Subsidiaries;
  - (g) except as disclosed at Section 4.1(2)(g) of the Corporation Disclosure Letter invest or acquire an interest in (by amalgamation, merger, consolidation, exchange, purchase of securities, contributions to capital or purchase, lease or license of assets or otherwise)

any Person, or any property or asset (including, in each case, any hotel, land or any real or immovable property), or make any capital expenditures, in each case, other than (i) acquisitions of Parts, inventory, equipment, raw materials, goods and other supplies in the Ordinary Course (other than Aircraft, Aircraft Engines, Spare Engines and flight simulators) and that do not exceed [redacted: amount] on an annual basis in the aggregate; (ii) the purchase or lease of Aircraft, Aircraft Engines, Spare Engines and Parts pursuant to firm commitments existing as of the date hereof under Material Contracts listed in Section 3.1(26)(a) of the Corporation Disclosure Letter or the purchase or lease of Aircraft Engines, Spare Engines and Parts reasonably required to replace broken, faulty, unserviceable, damaged or destroyed Aircraft Engines, Spare Engines and Parts; (iii) short-term investments of cash in marketable securities in the Ordinary Course, and (iv) in respect of the Marival Armony Luxury Resort & Suites, the Puerto Morelos Project or the hotel sector business of the Corporation and its Subsidiaries, which shall be governed by Section 4.1(2)(h);

- (h) except as disclosed in Section 4.1(2)(h) of the Corporation Disclosure Letter, invest or acquire an interest in (by amalgamation, merger, consolidation, exchange, purchase of securities, contributions to capital or purchase, lease or license of assets or otherwise) any Person, or any property or asset (including, in each case, any hotel, land or any real or immovable property), or make any capital expenditures or operating expenses related to capital expenditures, in each case, in respect of the Marival Armony Luxury Resort & Suites, the Puerto Morelos Project or the hotel sector business of the Corporation and its Subsidiaries;
- (i) except as disclosed in Section 4.1(2)(i) of the Corporation Disclosure Letter, sell, sell and lease back, pledge, licence, lease, sublease, alienate, dispose, swap, transfer or voluntarily lose the right to use, in whole or in part, or otherwise dispose of, or subject to any Lien (other than Permitted Liens), any Corporation Asset (including the right to use any gates or bridges at any Corporation Airport) or any interest in any Corporation Asset, or waive, cancel, release or assign to any Person (other than the Corporation and its wholly-owned Subsidiaries) any material right or claim (including Indebtedness owed to the Corporation and its Subsidiaries), except for (i) Corporation Assets (other than Aircraft, Aircraft Engines, Spare Engines and flight simulators and any shares or voting or equity securities in any Subsidiaries of the Corporation) sold, leased or otherwise transferred in the Ordinary Course and that are not, individually or in the aggregate, material to the Corporation and its Subsidiaries; (ii) obsolete, damaged or destroyed assets in the Ordinary Course; (iii) returns of leased assets, including Corporation Aircraft and Corporation Engines, at the end of the lease term; (iv) the leasing or subleasing of Seasonal Aircraft or the leasing or subleasing of Aircraft for Ad Hoc Charters and the return of such Seasonal Aircraft and Aircraft for Ad Hoc Charters at the end of the applicable lease term, (v) transfers of assets between one or more of the Corporation and its wholly-owned Subsidiaries; (vi) as expressly required pursuant to the terms of any Material Contract in effect on the date of this Agreement, (vii) Corporation Assets sold or disposed of by the Joint Venture Subsidiary in the Ordinary Course, and (viii) sales or other dispositions of Corporation Assets in the Ordinary Course not in excess of [redacted: amount] on an annual basis in the aggregate;
- (j) except as disclosed in Section 4.1(2)(j) of the Corporation Disclosure Letter, fail to continue, in respect of all Corporation Aircraft, Corporation Engines and Corporation Parts all maintenance programs in the Ordinary Course (except as required or permitted by applicable Law), including using commercially reasonable efforts to keep all such Corporation Aircraft, Corporation Engines and Corporation Parts in such condition as may be necessary to enable the airworthiness certification of such Corporation Aircraft, Corporation Engines and Corporation Parts under applicable Laws to be maintained in good standing at all times and to enable such Corporation Aircraft, Corporation Engines and Corporation Parts to remain serviceable;

- (k) except as disclosed in Section 4.1(2)(k) of the Corporation Disclosure Letter, take any action, or fail to take any action, which action or failure could jeopardise the continued and Ordinary Course use by the Corporation or any of its Subsidiaries of, or result in a loss of, any (i) Corporation Slots; (ii) airport gates at Material Corporation Airports that are leased, subleased, licensed or sublicensed, swapped or otherwise occupied by the Corporation or any of its Subsidiaries (or for which the Corporation or any of its Subsidiaries has the right to occupy); or (iii) other material airport facilities at the Corporation Airports;
- (l) except as disclosed in Section 4.1(2)(l) of the Corporation Disclosure Letter, enter into any Contract relating to or providing for a new, replacement or material enhancement of any reservation system, flight operating system, crew or maintenance system, frequent flyer system or other system, or materially increases the Corporation's and its Subsidiaries' financial or term commitment to any such system;
- (m) except as disclosed in Section 4.1(2)(m) of the Corporation Disclosure Letter, make any loan or similar advance to, or any capital contribution in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;
- (n) except in the Ordinary Course, enter into, amend, modify, terminate or cancel any Swap;
- (o) except as disclosed in Section 4.1(2)(n) of the Corporation Disclosure Letter, prepay any long-term Indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any Indebtedness or guarantees thereof other than (i) in connection with repayments in the Ordinary Course under the Corporation's or any Subsidiary's Existing Financing Instruments consistent with past practices so long as the Corporation at all times remains in compliance with the terms of the Existing Financing Instruments; or (ii) Indebtedness owing by the Corporation or a wholly-owned Subsidiary of the Corporation to the Corporation or to another wholly-owned Subsidiary of the Corporation;
- (p) except as may be required by the terms of any written employment Contract, Employee Plan or Collective Agreement existing on the date hereof, or as otherwise disclosed in Section 4.1(2)(p) of the Corporation Disclosure Letter: (i) grant any general increase in the rates of wages, salaries, benefits, bonuses or other remuneration of any Employees (other than increases in the Ordinary Course) or grant any increase in the rates of wages, salaries, benefits, bonuses, or other remuneration of any Senior Management Employee (other than increases in the Ordinary Course); (ii) grant or increase any severance, change of control, termination or similar compensation or benefits payable to any Employee, consultant, agent or independent contractor of the Corporation or any of its Subsidiaries, or establish, adopt, enter into or amend any bonus, profit sharing, thrift, pension, retirement, deferred compensation, termination or severance plan, agreement, trust, fund, policy or other benefit arrangement as to any Employee, consultant, agent, or independent contractor of the Corporation or any of its Subsidiaries; (iii) hire or engage any Employee or promote any existing Employee, other than (A) Employees (other than Senior Management Employees) in the Ordinary Course on market terms for similarly situated Employees, and (B) Senior Management Employees, hired or promoted in the Ordinary Course, after reasonable consultation with the Purchaser, (iv) make any material changes to the terms and conditions of employment applicable to any group of Employees, as reflected in work rules, employee handbooks, policies and procedures, or otherwise, (v) establish, adopt, enter into, amend or terminate any Employee Plan (or any plan, Contract, program, policy, trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date hereof), or increase or accelerate the timing of any funding obligation, funding contribution or payment of any compensation or benefits under any Employee Plan, other than commercially reasonable amendments to targets under any Incentive Plan in the Ordinary Course, or (vi) reduce the Corporation's

or any of its Subsidiaries' work force in a material way or so as to trigger any collective dismissal provisions under applicable Laws;

- (q) knowingly take any action or fail to take any action that would reasonably be expected to result in a breach or violation of the obligations of the Corporation or any of its Subsidiaries under any Collective Agreement or any Contract with an Employee;
- (r) except as contemplated in Section 4.10, amend, modify or terminate, cancel or let lapse, any material insurance (or re-insurance) policy of the Corporation or any of its Subsidiaries, unless, simultaneously with any termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the terminated, cancelled or lapsed policies for substantially similar premiums (other than increases reflecting changing market rates made available by the insurance providers) are in full force and effect, and provided that no such termination, cancellation or lapse causes the Corporation or such Subsidiary to be in material default of any Material Contract or material Authorization to which it is a party or by which it is bound;
- (s) enter into, amend or modify any Contract with an insurance broker, intermediary, agent or any similar Person that cannot be terminated by the Corporation or its Subsidiary, as applicable, without penalty on no greater than thirty (30) days' notice;
- (t) other than in the Ordinary Course, amend any existing material Authorization of the Corporation or any of its Subsidiaries, or abandon or fail to diligently pursue any application for any required material Authorization, or take or omit to take any action that would reasonably be expected to lead to the termination of, or imposition of conditions on, any such material Authorization of the Corporation or any of its Subsidiaries or such required material Authorization;
- (u) knowingly take any action or fail to take any action that would reasonably be expected to result in a breach or violation by the Corporation or any of its Subsidiaries of any Environmental Laws;
- (v) settle or compromise any Proceeding or threatened Proceeding, in each case other than settlements or compromises in the Ordinary Course that involve only: (i) the payment of monetary damages (net of any payments or proceeds received through insurance) not in excess of [redacted: amount] individually or [redacted: amount] in the aggregate, or (ii) the payment of immaterial non-monetary compensation, in each case without any admission of wrongdoing by the Corporation or any of its Subsidiaries, or the imposition of any material restrictions (including through the granting of equitable relief) on the business and operations of the Corporation or any of its Subsidiaries;
- (w) except as disclosed at Section 4.1(2)(w) of the Corporation's Disclosure Letter, enter into, amend or modify in any material respect, or terminate or cancel, or waive or fail to exercise any material rights under, any Material Contract, or enter into any Contract that would be a Material Contract if in effect on the date hereof, in each case, other than: (i) immaterial amendments in the Ordinary Course; or (ii) Contracts with customers, suppliers of services or goods, corporate and trade incentive sales Contracts (other than with respect to Aircraft, Aircraft Engines or Spare Engines), in each case, entered into in the Ordinary Course;
- (x) (i) enter into, amend or modify in any respect, or terminate or cancel, or waive or fail to exercise any right under, or exercise any right (including any put, call, drag or similar right) that could result, directly or indirectly, in the disposition or acquisition of any ownership interest governed by, any Material Contract described in clause (b) of the definition of Material Contract relating to the Joint Venture Subsidiary or Trafictours



Canada Inc., or enter into any Contract relating to the Joint Venture Subsidiary or Trafictours Canada Inc. that would be a Material Contract described in clause (b) of the definition of Material Contract if it were entered into on the date hereof, or (ii) enter into any Material Contract described in clause (b) of the definition of Material Contract or enter into any Contract that would be a Material Contract described in clause (b) of the definition of Material Contract if it were entered into on the date hereof (or, in each case, enter into any amendment or modification to a Contract that would have the same effect as entering into any such Material Contract or Contract), in each case, having a term in excess of two (2) years or that cannot be terminated by the Corporation or any of its Subsidiaries, as applicable, without penalty on sixty (60) days' notice;

- (y) enter into, amend, or modify in any material respect, or terminate or cancel any Collective Agreement, provided however, that the Corporation may in the Ordinary Course (i) negotiate, in good faith and enter into, supersede, extend or renew any Collective Agreement which has expired, or is within six (6) months of expiring, and (ii) negotiate, in good faith, the entering into of any Collective Agreement with any Union formed after the date hereof, provided that, in each case, except to the extent prohibited by applicable Law, the Corporation agrees to reasonably consult with the Purchaser and to consider in good faith the Purchaser's opinions with respect to the aforementioned matters;
- (z) except as disclosed in Section 4.1(2)(z) of the Corporation Disclosure Letter, engage in any transaction with any Senior Management Employee, vice-president, director or any of their immediate family members (including spouses) or any related party (within the meaning of Regulation 61-101), other than (i) expense reimbursements, expense accounts and advances in the Ordinary Course; (ii) employment Contracts with Employees hired in accordance with Section 4.1(2)(p); (iii) transactions between the Corporation and any of its wholly-owned Subsidiaries or between two or more wholly-owned Subsidiaries; or (iv) as otherwise permitted by this Agreement;
- (aa) make any change in the Corporation's Tax or financial accounting policies, practices, principles, methods or procedures, except as required by applicable Law or as required by IFRS (including with respect to the implementation of IFRS 16);
- (bb) except as required by applicable Law: (i) make, change or rescind any material Tax election, information schedule, return or designation, (ii) settle or compromise any material Tax claim, assessment, reassessment, liability, Proceeding or controversy, (iii) file any materially amended Tax Return, (iv) enter into any material agreement with a Governmental Entity with respect to Taxes or with a Corporation Airport with respect to Ticket Taxes, (v) enter into or change any material Tax sharing, Tax advance pricing agreement, Tax allocation or Tax indemnification agreement that is binding on the Corporation or its Subsidiaries, (vi) surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund, (vii) consent to the extension or waiver of the limitation period applicable to any material Tax matter, or (viii) make a request for a material Tax ruling to any Governmental Entity or (ix) materially amend or change any of its methods for reporting income, deductions or accounting for income Tax purposes;
- (cc) take any action that would, or would reasonably be expected to, materially delay or impede the consummation of the Arrangement, or the satisfaction of any of the conditions set forth in Article 6;
- (dd) grant or commit to grant an exclusive licence or otherwise transfer any Corporation Intellectual Property or exclusive rights in or in respect thereto that is material to the Corporation and its Subsidiaries taken as a whole, other than to wholly-owned Subsidiaries;

- (ee) except as disclosed in Section 4.1(2)(ee) of the Corporation Disclosure Letter, take any action or fail to take any action that would, or would reasonably be expected to in the aggregate (i) cause the Tax attributes of assets of the Corporation or any of its Subsidiaries or the amount of Tax loss carry-forwards of the Corporation or any of its Subsidiaries to materially and adversely change from what is reflected in their respective Tax Returns; or (ii) render such Tax loss carry-forwards unusable (in whole or in part) by any of them or any successor of the Corporation;
  - (ff) enter into or amend any Contract with an independent contractor, consultant or advisor of the Corporation or any of its Subsidiaries (i) providing annual compensation in excess of [redacted: amount] or (ii) that is not cancellable by Corporation or any of its Subsidiaries without penalty on notice of sixty (60) days or less; or
  - (gg) authorize, agree, offer, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.
- (3) Nothing in this Agreement shall result in the Purchaser exercising material influence over the business or operations of the Corporation or its Subsidiaries prior to the Effective Date. For greater certainty, prior to the Effective Date, the Corporation will exercise, consistent with the terms of this Agreement, complete control and supervision over its and its Subsidiaries' business and operations.
- (4) The Corporation shall notify the Purchaser promptly of (a) any potential or actual situations described in Subsections (d) and (e) of Section 4.1(1) or of the need to take any measure described in Subsection (f) of Section 4.1(1), and (b) other incidents or accidents that (i) are required to be reported by the Corporation or any of its Subsidiaries under aviation safety or regulation occurring on or after the date hereof; or (ii) occurring after the date hereof involving any Corporation Assets that resulted or could reasonably be expected to result in damages or losses in excess of \$1,500,000. The Corporation shall use commercially reasonable efforts to consult with the Purchaser and give reasonable and due consideration to the comments formulated by the Purchaser on any actions or measures to be taken in connection with a situation described in this Section 4.1(4) prior to taking any actions or measures in relation thereto.
- (5) Without limiting Section 4.1(2), the Corporation covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Corporation and its Subsidiaries shall, not less than thirty (30) Business Days prior to the expiration of any Aircraft Contract or Aircraft Finance Contract (other than leases or subleases of Seasonal Aircraft, Ad Hoc Charters, and short-term leases or subleases of Aircraft Engines or Spare Engines, in each case, having a term of less than six (6) months) (or, in each case, the expiration of the option to exercise material rights thereunder), provide the Purchaser with written notice of such deadline, a copy of any such Contract and copies of all material information that the Corporation and its Subsidiaries have in their possession or control that is relevant to a decision about whether to renew, extend or modify such Contract (or, in the case of an option, exercise such option), and cooperate and consult with the Purchaser regarding the decision about whether to renew, extend or modify such Contract (or, in the case of an option, exercise such option).

**Section 4.2 Covenants of the Corporation Relating to the Arrangement.**

- (1) Subject to the terms and conditions of this Agreement, the Corporation shall, and shall cause its Subsidiaries to, perform all obligations required or desirable to be performed by the Corporation or any of its Subsidiaries under this Agreement, cooperate with the Purchaser in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable (unless required to perform same earlier), the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, the Corporation shall and, where appropriate, shall cause its

Subsidiaries to (other than in connection with obtaining the Other Regulatory Approvals and Key Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4):

- (a) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it or its Subsidiaries with respect to this Agreement or the Arrangement;
  - (b) use commercially reasonable efforts to provide, obtain and maintain all third party notices or other notices and consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (A) required to be obtained under the Material Contracts in connection with the Arrangement, this Agreement or the other transactions contemplated hereby, or (B) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying, and without committing itself or the Purchaser to pay, any consideration or incur any liability or obligation without the prior written consent of the Purchaser (it being expressly agreed by the Purchaser that, with respect to (A) and (B) above, the receipt of such notices, consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations shall not be in and of itself a condition to the closing of the Arrangement);
  - (c) use commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Corporation and its Subsidiaries relating to the Arrangement;
  - (d) use commercially reasonable efforts to, upon reasonable consultation with the Purchaser, oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement, and defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement, this Agreement or the transactions contemplated hereby (provided, that neither the Corporation nor any of its Subsidiaries shall consent to the entry of any judgment or settlement with respect to any such Proceeding without the prior written approval of the Purchaser, not to be unreasonably withheld, conditioned or delayed);
  - (e) comply with the covenants set forth in Section 4.2(1)(e) of the Corporation Disclosure Letter;
  - (f) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, in each case, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement; and
  - (g) use commercially reasonable efforts to assist the Purchaser in obtaining the resignations and mutual releases (in a form satisfactory to the Purchaser, acting reasonably) of each member of the Board and each member of the board of directors of the Corporation's wholly-owned Subsidiaries (and, in the case of Subsidiaries that are not wholly-owned, of the directors nominated by the Corporation), and causing them to be replaced by Persons nominated by the Purchaser effective as of the Effective Time.
- (2) Unless prohibited by applicable Law, the Corporation shall promptly (but in no event by later than the third Business Day following any of the events described below) notify the Purchaser of:

- (a) any Material Adverse Effect or any change, event, occurrence, effect, state of facts and/or circumstance that, individually or in the aggregate, would reasonably be expected to have or develop into a Material Adverse Effect;
  - (b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with the Arrangement, this Agreement or any of the transactions contemplated thereby;
  - (c) any notice or other communication from any Person, including a Governmental Entity (other than a Governmental Entity in connection with the Key Regulatory Approvals and Other Regulatory Approvals, which shall be addressed as contemplated by Section 4.4), in connection with the transactions contemplated by this Agreement (and, unless prohibited by Law, the Corporation shall contemporaneously provide a copy of any such written notice or communication to the Purchaser);
  - (d) (i) any notice or other communication from any bargaining agent representing Employees giving notice to bargain and as permitted by Law, copies of any proposals tabled by any such bargaining agent that, if implemented, would materially modify the terms of a Collective Agreement; and (ii) the status of any ongoing collective bargaining negotiations with any Union between the date of the Agreement and the Effective Time and promptly provide the Purchaser with copies of all material documents tabled by either party in the course of any such collective bargaining negotiations;
  - (e) any inquiry, proposal or offer made or received by, or discussions or negotiations involving, the Corporation or one of its Subsidiaries, in each case regarding any potential amendment, termination, cancellation or request for waiver under a Material Contract or the entering into of any Contract that would be a Material Contract if in effect on the date hereof;
  - (f) any material breach or default, or any notice of material breach or default, by the Corporation or any of its Subsidiaries of any Material Contract or material Authorization to which it is a party or by which it is bound; or
  - (g) any (i) Proceedings commenced or, to the knowledge of the Corporation, threatened against, relating to or involving or otherwise affecting the Arrangement, this Agreement or any of the transactions contemplated hereby; and (ii) material Proceedings commenced or, to the knowledge of the Corporation, threatened against, relating to or involving or otherwise affecting the Corporation, its Subsidiaries or the Corporation Assets.
- (3) As soon as reasonably practicable and in any event no later than the Wednesday of each succeeding week, the Corporation shall deliver to the Purchaser a statement setting forth, in reasonable detail, the calculation of the Net Indebtedness (each, a "**Net Indebtedness Statement**") as of the close of business on the last Business Day of the calendar week then most recently ended, together with supporting information in substance and format reasonably acceptable to the Purchaser.
- (4) Following the receipt of the Key Regulatory Approvals and confirmation by the Purchaser of the satisfaction or waiver of the conditions set out in Section 6.1 and Section 6.2 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date), a workforce reduction plan shall be determined, established in light of the impact of the Covid-19 pandemic, that the Corporation shall publicly announce and shall initiate prior to Closing by providing, when applicable, notice to all of the applicable unionized and non-unionized employees as contemplated in and determined accordance with Section 4.2(4) of the Corporation Disclosure Letter, the whole in accordance with the Canada Labor Code and/or applicable Laws (in

consultation with the Purchaser), as it relates to individual and collective dismissals, and any written employment agreement or applicable collective bargaining agreement.

**Section 4.3 Covenants of the Purchaser Relating to the Arrangement.**

- (1) The Purchaser shall perform all obligations required or desirable to be performed by the Purchaser under this Agreement, cooperate with the Corporation in connection therewith, and do all such other commercially reasonable acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, the Purchaser shall (other than in connection with obtaining the Key Regulatory Approvals and the Other Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4):
  - (a) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it with respect to this Agreement or the Arrangement;
  - (b) use commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it relating to the Arrangement;
  - (c) use commercially reasonable efforts to oppose, lift or rescind any Order seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement, and defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement, this Agreement or the transactions contemplated hereby; and
  - (d) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, in each case, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.
- (2) The Purchaser shall promptly notify the Corporation in writing of (a) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement; or (b) any Proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Purchaser that relate to this Agreement or the Arrangement, in the case of each of (a) and (b), to the extent that such notice, communication or Proceeding would reasonably be expected to impair, impede, materially delay or prevent the Purchaser from performing its obligations under this Agreement.

**Section 4.4 Regulatory Approvals.**

- (1) The Parties shall, as promptly as practicable, prepare and file all necessary documents, registrations, statements, petitions, filings and applications required to obtain the Key Regulatory Approvals and the Other Regulatory Approvals and use their commercially reasonable efforts to obtain as promptly as practicable and maintain all Key Regulatory Approvals and Other Regulatory Approvals. The Purchaser shall pay all filing fees incurred in connection with the Key Regulatory Approvals and the Other Regulatory Approvals.
- (2) The Parties shall cooperate and coordinate with one another in connection with obtaining the Key Regulatory Approvals and Other Regulatory Approvals, including by providing or submitting as

promptly as possible all documentation and information that is required, or in the opinion of the Purchaser, acting reasonably, advisable, in connection with obtaining the Key Regulatory Approvals or Other Regulatory Approvals and using their best efforts to ensure that such information does not contain a Misrepresentation.

- (3) The Parties shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Key Regulatory Approvals and Other Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement, this Agreement or the transactions contemplated hereby and respond as promptly as reasonably possible to any inquiries or requests received from a Governmental Entity in respect of any Key Regulatory Approval or Other Regulatory Approval; and shall not make any submissions or filings, participate in any meetings, conversations or correspondence with any Governmental Entity in respect of the Arrangement, this Agreement or the transactions contemplated hereby unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party the opportunity to review drafts of any submissions, filings or correspondence (including responses to requests for information and inquiries from any Governmental Entity) and will provide the other Party a reasonable opportunity to comment thereon and consider those comments in good faith, and attend and participate in any communications or meetings, and shall provide the other Party and its counsel with final copies of all such material submissions, correspondence, filings, presentations, applications, plans, and other material documents submitted to or filed with any Governmental Entity in respect of the transactions contemplated by this Agreement. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to remove competitively sensitive information, provided that a Party must provide external legal counsel to the other Party non-redacted versions of such draft and final submissions, filings or other written communications on the basis that the redacted information will not be shared with the clients of the receiving external legal counsel.
- (4) The Purchaser, acting reasonably and diligently, and after consultation with the Corporation, will determine and direct, except as prohibited by applicable Law, the efforts to obtain the Key Regulatory Approvals and the Other Regulatory Approvals, including leading all communications and strategy relating to such efforts, provided, for greater certainty, that such authority does not affect, alter or mitigate the Purchaser's obligation to comply with its covenants in this Section 4.4. For greater certainty, in no circumstances shall the Corporation state or suggest that the Purchaser is prepared to provide or agree to any undertakings, conditions or remedies in connection with obtaining any Key Regulatory Approval or Other Regulatory Approval, without the prior consent of the Purchaser.

**Section 4.5 Access to Information; Confidentiality.**

- (1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of any existing Contracts (including the Confidentiality Arrangements), the Corporation shall, and shall cause its Subsidiaries to, upon reasonable prior notice: (a) give the Purchaser and its Representatives, consultants and independent contractors reasonable access to its and its Subsidiaries' offices, premises, properties, assets, senior personnel, Contracts and books and records (including continuing access to the Data Room); and (b) furnish to the Purchaser and its Representatives, consultants, and independent contractors such financial and operating data or other information with respect to the assets or business of the Corporation as the Purchaser may reasonably request; provided that the Corporation's compliance with any request under this Section 4.5(1) shall not unduly interfere with the conduct of the business of the Corporation and its Subsidiaries.
- (2) Section 4.5 shall not require the Corporation or its Subsidiaries to permit any access, or to disclose any information that in the reasonable good faith judgment of the Corporation, after consultation with outside legal counsel, is likely to result in the breach of any Contract, any

violation of any Law or cause any privilege (including attorney-client privilege) that the Corporation or its Subsidiaries would be entitled to assert to be undermined with respect to such information; provided that, the Parties hereto shall cooperate in seeking to find a way to allow disclosure of such information to the extent doing so could reasonably (in the good faith belief of the Corporation, after consultation with counsel) be managed through the use of customary "clean-room" arrangements.

- (3) Each Party acknowledges that the Confidentiality Arrangements continue to apply and, in the case of the Corporation, that any information provided under Section 4.5(1) above that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Arrangements; provided that to the extent any provision of such Confidentiality Arrangements conflicts with the terms of this Agreement, the terms of this Agreement shall prevail. For greater certainty, if this Agreement is terminated in accordance with its terms, any obligations of the Parties and their respective Representatives under the Confidentiality Arrangements shall survive the termination of this Agreement in accordance with the terms of the Confidentiality Arrangements.
- (4) Investigations made by or on behalf of the Purchaser, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Corporation in this Agreement.

#### **Section 4.6 Pre-Acquisition Reorganization.**

- (1) Subject to Section 4.6(2), the Corporation agrees that, upon request of the Purchaser, the Corporation shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to (a) perform such reorganizations of their corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"); (b) cooperate with the Purchaser and its advisers to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken; and (c) cooperate with the Purchaser and its advisers to seek to obtain any consents, approvals, waivers or similar authorizations which is reasonably required by the Purchaser (based on the applicable terms of the Contract) in connection with the Pre-Acquisition Reorganizations, if any, provided that any out-of-pocket costs, fees or expenses of the Corporation or any of its Subsidiaries associated therewith shall be at the Purchaser's sole expense.
- (2) The Corporation will not be obligated to participate in any Pre-Acquisition Reorganization under Section 4.6(1) unless the Corporation determines in good faith that such Pre-Acquisition Reorganization:
  - (a) can be completed immediately prior to the Effective Date, and can be unwound in the event the Arrangement is not consummated without adversely affecting, or being prejudicial to, the Corporation, its Subsidiaries or the Shareholders;
  - (b) is effected as close as reasonably practicable prior to the Effective Time;
  - (c) does not require the approval of any of the Shareholders (other than the Required Shareholder Approval);
  - (d) does not require the Corporation or its Subsidiaries to take any action that could reasonably be expected to result in Taxes being imposed on, or any adverse Tax or other consequences to, any Shareholders incrementally greater than the Taxes or other consequences to such party in connection with the completion of the Arrangement in the absence of action being taken pursuant to this Section 4.6;

- (e) does not result in any material breach by the Corporation or any of its Subsidiaries of any Contract or any breach by the Corporation or any of its Subsidiaries of their respective organizational documents or Law; and
  - (f) does not impair, impede or prevent the ability of the Corporation to consummate, and will not materially delay the consummation of, the Arrangement.
- (3) The Purchaser must provide written notice to the Corporation of any proposed Pre-Acquisition Reorganization at least fifteen (15) Business Days prior to the Effective Date. Upon receipt of such notice, the Corporation and the Purchaser shall work cooperatively and use their commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement and shall seek to have any such Pre-Acquisition Reorganization immediately prior to the Effective Date (but after the Purchaser has waived or confirmed that all of the conditions set out in Section 6.1 and Section 6.2 have been satisfied).
- (4) If this Agreement is terminated (other than by the Purchaser pursuant to Section 7.2(1)(d)(i) *[Breach of Representations and Warranties or Covenants by the Corporation]*), the Purchaser (a) shall forthwith reimburse the Corporation for all out-of-pocket costs, fees and expenses incurred by the Corporation and its Subsidiaries in connection with any proposed Pre-Acquisition Reorganization, and (b) shall indemnify and hold harmless the Corporation and its Subsidiaries from and against any and all liabilities, losses, damages, claims, penalties, interests, awards, judgements and Taxes suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization, or take all necessary steps to reverse or unwind any Pre-Acquisition Reorganization.
- (5) The Purchaser hereby waives any breach of a representation, warranty or covenant by the Corporation to the extent such breach is a result of an action taken by the Corporation or a Subsidiary pursuant to a request by the Purchaser pursuant to this Section 4.6.

**Section 4.7 Tax Matters.**

The Corporation covenants and agrees that:

- (1) as promptly as possible after the date hereof, the Corporation shall provide the Purchaser with a list of all material Tax Returns with respect to which the Corporation or any of its Subsidiaries has requested an extension of time within which to file such Tax Return and which Tax Return has not yet been filed;
- (2) until the Effective Date, the Corporation and its Subsidiaries shall (a) duly and timely file with the appropriate Governmental Entity, or with the appropriate Corporation Airport, all Tax Returns (including, for greater certainty, CEWS Returns) required to be filed by any of them, which shall be correct and complete in all material respects, (b) reasonably consult with the Purchaser with respect to the discretionary deductions to be claimed in respect of any such Tax Return where claiming such discretionary deductions would otherwise give rise to a non-capital loss for tax purposes and (c) pay, withhold, collect and remit to the appropriate Governmental Entity and to the appropriate Corporation Airport in a timely fashion all amounts required to be so paid, withheld, collected or remitted. The Corporation shall keep the Purchaser reasonably informed of any events, discussions, notices or changes with respect to any Tax or regulatory audit or investigation or any other investigation by a Governmental Entity or by a Corporation Airport or Proceeding involving the Corporation or any of its Subsidiaries (other than Ordinary Course communications which could not reasonably be expected to be material to the Corporation and the Subsidiaries on a consolidated basis);



- (3) from the date of this Agreement until the Effective Date, in the event that the Corporation or any its Subsidiaries refunds, adjusts or credits any amount representing sales Taxes, Ticket Taxes or any other similar Taxes, fees or charges for the benefit of a customer (a "**Tax Adjustment**"), it shall claim forthwith from the applicable Governmental Entities or Corporation Airports, as applicable, in the applicable reporting period, any available adjustment, deduction, credit, reimbursement or refund related to such Tax Adjustment;
- (4) until the Effective Date, the Corporation shall give advance notice of any proposed parking, storage or grounding of any aircraft in the United States and shall undertake to consult with the Purchaser on ways to mitigate any Tax, indemnity, gross-up exposure or increase in any lease payment resulting therefrom and shall duly and promptly implement any reasonable mitigation measures proposed by the Purchaser;
- (5) except as disclosed pursuant to Section 4.7(5) of the Corporation Disclosure Letter and except in the course of the normal operation of scheduled flights for a period, in each case of such scheduled flights, not exceeding 24 hours, or, in the case of an emergency landing situation, for the shortest period reasonably required, it shall ensure that none of the Corporation Aircraft or the Corporation Engines will be located, parked or stored in the United States on December 31, 2020 or January 1, 2021; and
- (6) it shall ensure that, for the full calendar year 2020, none of the Corporation Aircraft or the Corporation Engines will spend or will be located, parked or stored 183 days or more, in the United States, either on the ground or in the air.

**Section 4.8 Public Communications.**

- (1) The Parties shall agree on the text of any joint press releases to be issued to announce (a) the execution of this Agreement, and (b) on the Effective Date, the completion of the Arrangement.
- (2) Except as required by applicable Law, neither Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that, subject to Article 5, any Party that, in the opinion of outside legal counsel, is required to make disclosure by applicable Law (other than disclosures to Governmental Entities in connection with the Other Regulatory Approvals and Key Regulatory Approvals, which shall be addressed as contemplated by Section 4.4) shall use its best efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on such disclosure (other than with respect to confidential information contained in such disclosure) and if such prior notice is not permitted by applicable Law, shall give such notice immediately following the making of such disclosure. The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel. For the avoidance of doubt, none of the foregoing shall prevent the Corporation or the Purchaser from making (a) internal announcements to employees and having discussions with shareholders, financial analysts and other stakeholders, or (b) public announcements in the Ordinary Course that do not relate specifically to this Agreement or the Arrangement, in each case, so long as such announcements and discussions are consistent in all material respects with the most recent press releases, public disclosures or public statements made by such Person. The Parties acknowledge that the Corporation will file this Agreement (with such redactions as may be mutually agreed upon between the Corporation and the Purchaser, acting reasonably), and a material change report relating thereto on SEDAR.

**Section 4.9 Notice and Cure Provisions.**

- (1) During the period commencing on the date of this Agreement and continuing until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, each Party

shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

- (a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or
  - (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.
- (2) Notification provided under this Section 4.9 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.
- (3) The Corporation may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i) [*Breach of Representations and Warranties or Covenants by the Purchaser*] and the Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) [*Breach of Representations and Warranties or Covenants by the Corporation*], unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) the date that is fifteen (15) Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date, provided that, for greater certainty, if any matter is not capable of being cured by the Outside Date, the Terminating Party may immediately exercise the applicable termination right, and provided further that a Willful Breach shall be deemed to be incapable of being cured.
- (4) If the Terminating Party delivers a Termination Notice prior to the date of the Meeting, unless the Parties agree otherwise, the Corporation shall postpone or adjourn the Meeting to the earlier of (a) five (5) Business Days prior to the Outside Date and (b) the date that is fifteen (15) Business Days following receipt of such Termination Notice by the Breaching Party.

#### **Section 4.10 Insurance and Indemnification.**

- (1) Prior to the Effective Date, the Corporation shall purchase customary "tail" policies of directors' and officers' liability insurance, from a reputable third party insurer, providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Corporation and its wholly-owned Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser shall, or shall cause the Corporation and its wholly-owned Subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six (6) years after the Effective Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% of the Corporation's and its wholly-owned Subsidiaries' current annual aggregate premium for policies currently maintained by the Corporation or its wholly-owned Subsidiaries.
- (2) From and after the Effective Time, the Purchaser shall cause the Corporation to honour all rights to indemnification or exculpation existing as of the date hereof in favour of present and former Employees, officers and directors of the Corporation and its Subsidiaries to the extent they have been provided under applicable Law, the Constating Documents of the Corporation and its Subsidiaries or under indemnification agreements entered into in the Ordinary Course, and

acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years after the Effective Date.

- (3) If the Corporation or any of its Subsidiaries or any of their respective successors or assigns (a) consolidates or amalgamates with, or merges or liquidates into, any other Person and is not a continuing or surviving corporation or entity of such consolidation, amalgamation, merger, amalgamation or liquidation, or (b) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Corporation or its Subsidiaries) assumes all of the obligations set forth in this Section 4.10.

**Section 4.11 Exchange Delisting.**

Each of the Corporation and the Purchaser agrees to cooperate with the other Party in taking, or causing to be taken, all actions necessary to delist the Shares from the Exchange as promptly as practicable following the Effective Time (including, if requested by the Purchaser, such items as may be necessary to delist the Shares on the Effective Date).

**Section 4.12 Transaction Litigation.**

Each of the Corporation and Purchaser shall, as promptly as reasonably practicable, notify each other in writing of any Transaction Litigation and shall keep the each other informed on a reasonably prompt basis regarding any such Transaction Litigation. The Corporation shall give the Purchaser the opportunity to (a) participate in the defense of any Transaction Litigation, and (b) consult with outside legal counsel to the Corporation regarding the defense, settlement or compromise with respect to any such Transaction Litigation. For purposes of this Section 4.12, "participate" means that the Purchaser will be kept reasonably apprised on a prompt basis of proposed strategy and other significant decisions with respect to the Transaction Litigation (to the extent that the attorney-client privilege between the Corporation and its outside legal counsel is not undermined or otherwise adversely affected, provided that, in such case, the Parties shall cooperate in seeking to find a way to allow disclosure of the proposed strategy or other significant decision to the extent doing so could reasonably (in the good faith belief of the Corporation, after consultation with outside legal counsel) be managed through the use of customary "clean-room" arrangements or the entering into of any "common interest" Contract or similar Contract), and the Purchaser may offer comments or suggestions with respect to such Transaction Litigation which the Corporation shall consider in good faith; provided that the Corporation shall not settle or compromise or agree to settle or compromise any Transaction Litigation without the Purchaser's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

**Section 4.13 Exemptive Relief**

If, and to the extent, required, as promptly as practicable following the date hereof, the Corporation shall use commercially reasonable efforts to obtain an Order of each Canadian securities regulatory authority that, for the purposes of obtaining the approval contemplated by Section 2.2(2)(b), the Class A Variable Voting Shares and Class B Voting Shares shall vote together as a single class of Shares, and the Interim Order shall contain appropriate provisions to allow the Corporation to rely on any such Order in obtaining the Required Approval.

**Section 4.14 Stock Exchange Approval**

The Purchaser shall apply for and obtain the Stock Exchange Approval.

**ARTICLE 5  
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION**

**Section 5.1 Non-Solicitation.**

- (1) Except as expressly provided in this Article 5, the Corporation shall not, and shall cause its Subsidiaries not to, directly or indirectly, through any of its Representatives or affiliates or otherwise, and shall not permit any such Person to:
  - (a) solicit, assist, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Corporation or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer (whether public or otherwise) that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal or a transaction described in Section 5.1 of the Corporation Disclosure Letter;
  - (b) enter into, engage in, continue or otherwise participate in any discussions or negotiations with any Person (other than the Purchaser and its affiliates) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal or a transaction described in Section 5.1 of the Corporation Disclosure Letter;
  - (c) make a Change in Recommendation;
  - (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal or transaction described in Section 5.1 of the Corporation Disclosure Letter (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal or transaction described in Section 5.1 of the Corporation Disclosure Letter for a period of no more than five (5) Business Days following such public announcement or public disclosure will not be considered to be in violation of this Section 5.1 (or in the event that the Meeting is scheduled to occur within such five (5) Business Day period, prior to the third (3<sup>rd</sup>) Business Day prior to the date of the Meeting); or
  - (e) accept or enter into, or publicly propose to accept or enter into, any agreement, understanding or arrangement with any Person in respect of an Acquisition Proposal or a transaction described in Section 5.1 of the Corporation Disclosure Letter (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3).
- (2) The Corporation represents and warrants that it has (a) not waived any confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which the Corporation or any Subsidiary is a Party, (b) fulfilled or complied with each of the covenants of the Corporation contained in the letter of intent dated May 15, 2019 entered into between the Purchaser and the Corporation; (c) complied in all respects with Article 5 of the arrangement agreement entered into between the Parties on June 27, 2019, as subsequently amended on August 11, 2019; and (d) not waived the application of the Rights Plan in favour of any third party (other than the Purchaser as necessary).
- (3) The Corporation covenants and agrees that (a) the Corporation shall take all necessary action to enforce each confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which the Corporation or any Subsidiary is a Party or may hereafter become a party in accordance with Section 5.3, and (b) neither the Corporation, nor any Subsidiary nor any of their respective Representatives have released or will, without the prior

written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify, such Person's obligations respecting the Corporation or any of its Subsidiaries under any confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which the Corporation or any Subsidiary is a party (it being acknowledged by the Purchaser that the automatic termination or release of any such agreement, restriction or covenant as a result of entering into this Agreement shall not be a violation of this Section 5.1(3)), nor will the Corporation waive the application of the Rights Plan in favour of any third party (other than the Purchaser as necessary).

## **Section 5.2 Notification of Acquisition Proposals.**

- (1) If the Corporation or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal or a transaction described in Section 5.1 of the Corporation Disclosure Letter, or any request for copies of, access to, or disclosure of, confidential information relating to the Corporation or any of its Subsidiaries, including information, access or disclosure relating to the properties, facilities, books and records of the Corporation or any of its Subsidiaries, the Corporation shall:
  - (a) subject to Section 5.2 of the Corporation Disclosure Letter, promptly notify the Purchaser, at first orally, and then promptly and in any event within twenty-four (24) hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and copies of all written documents, material or substantive correspondence or other material received in respect of, from or on behalf of any such Person; and
  - (b) keep the Purchaser fully informed of the status of all material developments and, to the extent permitted by Section 5.3, discussions and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall promptly provide to the Purchaser copies of all material correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material or substantive terms of such correspondence communicated to the Corporation by or on behalf of any Person making such Acquisition Proposal, inquiry, proposal, offer or request.

## **Section 5.3 Responding to an Acquisition Proposal.**

- (1) Notwithstanding Section 5.1, or any other agreement between the Parties or between the Corporation and any other Person, including without limitation the Confidentiality Arrangements, if at any time prior to obtaining the Required Shareholder Approval, the Corporation receives a *bona fide* unsolicited written Acquisition Proposal, the Corporation may (a) contact the Person making such Acquisition Proposal and its Representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal; and (b) engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, or books and records of the Corporation or any of its Subsidiaries, if and only if, in the case of clause (b):
  - (a) the Board first determines (based upon, amongst other things, the recommendation of the Special Committee) in good faith, after consultation with its financial advisers and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal;

- (b) such Person making the Acquisition Proposal was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Corporation or any of its Subsidiaries;
  - (c) the Corporation has been, and continues to be, in compliance with its obligations under this Article 5;
  - (d) prior to providing any such copies, access or disclosure, the Corporation enters into a confidentiality and standstill agreement with such Person that contains a customary standstill provision and that is otherwise on terms that are no less favourable to the Corporation than those found in the Confidentiality Arrangements, and any such copies, access or disclosure provided to such Person shall have already been (or promptly be) provided to the Purchaser (by posting such information to the Data Room or otherwise); and
  - (e) prior to providing any such copies, access or disclosure, the Corporation promptly provides the Purchaser with a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(d).
- (2) The Parties acknowledge that the furnishing of certain competitively sensitive information to certain competitors of the Corporation and of its Subsidiaries, including the Purchaser, would be materially prejudicial to the Corporation and its Subsidiaries and, accordingly, no such information shall be disclosed to any Person that the Special Committee, acting reasonably, determines (a) to be a competitor of the Corporation or of any of its Subsidiaries in some material respect under Section 5.3(1), and (b) that such disclosure would be materially prejudicial to the Corporation and its Subsidiaries. Notwithstanding the foregoing, if competitively sensitive information with respect to the Corporation or its Subsidiaries ("**Restricted Information**") is not disclosed to the Purchaser on the basis of the foregoing restrictions and such Restricted Information is later disclosed to a Person (the "**Restricted Information Recipient**") in accordance with Section 5.3(1), the Corporation shall promptly provide and make available such Restricted Information, on a confidential basis, through external advisors and experts retained by the Purchaser who enter into agreements reasonably satisfactory to the Corporation, providing that such information will not be provided or communicated to the Purchaser, its officers, directors, financing sources or other Representatives.

**Section 5.4 Right to Match.**

- (1) If the Corporation receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Shareholder Approval, the Board may (based upon, amongst other things, the recommendation of the Special Committee), subject to compliance with Article 7 and Section 8.2, enter into a definitive agreement with respect to such Superior Proposal and make a Change in Recommendation, if and only if:
- (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Corporation or any of its Subsidiaries;
  - (b) the Corporation has been, and continues to be, in compliance with its obligations under this Article 5;
  - (c) the Corporation has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement and to make a Change in

Recommendation with respect to such Superior Proposal (the "**Superior Proposal Notice**");

- (d) the Corporation has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including any financing documents supplied to the Corporation in connection therewith, subject to, in the case of financing documents, customary confidentiality provisions with respect to fee letters or similar information;
  - (e) at least five (5) full Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials referred to in Section 5.4(1)(d);
  - (f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
  - (g) after the Matching Period, the Board (i) has determined in good faith, after consultation with the Corporation's outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of this Agreement and the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2)) and (ii) determined in good faith, after consultation with the Corporation's outside legal counsel that that the failure by the Board to cause the Corporation to enter into a definitive agreement or make a Change in Recommendation with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and
  - (h) prior to or concurrently with entering into such definitive agreement and making a Change in Recommendation, the Corporation terminates this Agreement pursuant to Section 7.2(1)(c)(ii) [*Superior Proposal*] and pays the Termination Fee pursuant to Section 8.2.
- (2) During the Matching Period, or such longer period as the Corporation may approve (in its sole discretion) in writing for such purpose: (a) the Purchaser shall have the opportunity (but not the obligation) to offer to amend the Arrangement and this Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal and the Board shall, in consultation with the Corporation's outside legal counsel and financial advisers, review any offer made by the Purchaser under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Corporation shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board (based upon, *inter alia*, the recommendation of the Special Committee) determines that such Acquisition Proposal would cease to be a Superior Proposal, the Corporation shall promptly so advise the Purchaser and the Corporation and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new full five (5) Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the

materials referred to in Section 5.4(1)(d) with respect to each new Superior Proposal from the Corporation.

- (4) The Board shall promptly reaffirm the Board Recommendation (based upon, *inter alia*, the recommendation of the Special Committee) by press release after any Acquisition Proposal which the Board has determined not to be a Superior Proposal is publicly announced or publicly disclosed or the Board determines that a proposed amendment to the terms of this Agreement or the Arrangement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The Corporation shall provide the Purchaser and its outside legal with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its outside legal counsel. Notwithstanding anything to the contrary in this Agreement, in the event that the Board is permitted to enter into a definitive agreement with respect to a Superior Proposal and make a Change in Recommendation in accordance with the terms of this Agreement, the Corporation shall have no obligation to consult with the Purchaser prior to making any disclosure related to such decision to enter into a definitive agreement and Change in Recommendation.
- (5) If the Corporation provides a Superior Proposal Notice to the Purchaser on a date that is less than ten (10) Business Days before the Meeting, the Corporation shall be entitled to and upon request from the Purchaser, postpone the Meeting to a date that is not more than 15 Business Days after the scheduled date of the Meeting, but in any event to a date that is less than five (5) Business Days prior to the Outside Date.
- (6) Notwithstanding anything to the contrary set forth in this Agreement (including this Article 5), nothing shall prohibit the Board (or the Special Committee) from:
  - (a) responding through a directors' circular or otherwise as required by Law to an Acquisition Proposal provided that the Corporation shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review and comment the form and content of such circular or other disclosure and shall give reasonable consideration to comments made by the Purchaser and its outside legal counsel;
  - (b) calling or holding a meeting of Shareholders requisitioned by Shareholders in accordance with the CBCA; or
  - (c) taking any action to fulfill its disclosure or legal obligations to Shareholders prior to the Effective Time if the Board, after consultation with outside legal counsel and financial advisers, has determined in good faith that a failure to take such action or make such disclosure would reasonably be expected to be inconsistent with the Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law or ordered or otherwise mandated by a court of competent jurisdiction in accordance with applicable Law, provided however that (i) except in circumstances where the Board is permitted to make a Change in Recommendation in accordance with the terms of this Agreement, the Corporation shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review and comment the form and content of any disclosure to be made pursuant to this paragraph, and shall give reasonable consideration to comments made by the Purchaser and its outside legal counsel, and (ii) notwithstanding that the Board may be permitted to take any such action under this paragraph, the Board shall not be permitted to make a Change in Recommendation other than as permitted by Section 5.4(1) or Section 5.6.

#### **Section 5.5 Breach by Subsidiaries and Representatives.**

Without limiting the generality of the foregoing, the Corporation shall advise its Subsidiaries and its and their Representatives of the prohibitions set out in this Article 5, and any violation of the



restrictions set forth in this Article 5 by the Corporation, its Subsidiaries or its or their Representatives will be deemed to be a breach of this Article 5 by the Corporation. Furthermore, the Corporation shall be responsible for any breach of this Article 5 by its Subsidiaries and its and its Subsidiaries' Representatives.

**Section 5.6 Intervening Event.**

- (1) Notwithstanding anything in this Article 5 to the contrary, but subject to Section 5.6(2) and provided that the Corporation has been, and continues to be, in compliance with its obligations under this Article 5, the Board may, at any time prior to obtaining the Required Shareholder Approval, make a Change in Recommendation in response to any Intervening Event if the Board (based upon, amongst other things, the recommendation of the Special Committee) has determined in good faith, after consultation with the Corporation's outside legal counsel and financial advisers, that the failure by the Board to make such a Change in Recommendation in response to such Intervening Event would be inconsistent with its fiduciary duties.
- (2) Upon becoming aware of an Intervening Event, the Corporation shall promptly provide a written notice to the Purchaser describing the Intervening Event in reasonable detail (the "**Intervening Event Notice**"), and shall at all times keep the Purchaser reasonably informed of developments with respect to such Intervening Event (whether it results in a Change in Recommendation or not). Prior to the Board making a Change in Recommendation in response to an Intervening Event, (A) the Corporation shall provide the Purchaser with prior written notice advising the Purchaser it intends to effect a Change of Recommendation and specifying, in reasonable detail, the reasons therefor, including the reasons for which the Board believes that failure to make a Change in Recommendation in response to the Intervening Event would be inconsistent with its fiduciary duties, (B) during the period ending after the later of five (5) Business Days following receipt of the Intervening Event Notice and three (3) Business Days following the date the Corporation provides the Purchaser all of the information reasonably required by it, or such longer period as the Corporation and the Purchaser may agree acting reasonably (the "**Intervening Event Period**"), the Purchaser shall have the opportunity (but not the obligation) to (i) request such additional information as it may reasonably require (which information shall be provided promptly to the Purchaser), and (ii) offer to amend the Arrangement and this Agreement and the Corporation shall, and shall cause its Representatives to, negotiate in good faith (to the extent the Purchaser desires to negotiate) any proposal by the Purchaser to amend the terms and conditions of this Agreement so that the failure to make such Change of Recommendation in response to such Intervening Event would no longer be inconsistent with the Board's fiduciary duties, and (C) at the end of such Intervening Event Period, the Board (based upon, amongst other things, the recommendation of the Special Committee) shall have determined in good faith, after consultation with the Corporation's outside legal counsel and financial advisers (after in good faith taking into account any amendments proposed by the Purchaser), that the failure by the Board to make a Change in Recommendation in response to such Intervening Event would continue to be inconsistent with its fiduciary duties.

**ARTICLE 6  
CONDITIONS**

**Section 6.1 Mutual Conditions Precedent.**

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

- (1) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Shareholders at the Meeting in accordance with the Interim Order.

- (2) **Interim and Final Orders.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Corporation or the Purchaser, each acting reasonably, on appeal or otherwise.
- (3) **Key Regulatory Approvals.** Each of the Key Regulatory Approvals has been made, given or obtained and is in force and has not been rescinded or modified.
- (4) **Illegality.** No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement.
- (5) **Exchange Approval.** The Stock Exchange Approval has been obtained and is in force and has not been rescinded.

## **Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser.**

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Representations and Warranties of the Corporation.** (a) (i) The representations and warranties of the Corporation set forth in Paragraphs (2) [*Corporate Authorization*], (3) [*Execution and Binding Obligation*], (6) [*Capitalization*], (9)(b) [*Subsidiaries*] and (9)(c) [*Subsidiaries*] and (17) [*Solvency*] of Schedule C shall be true and correct in all respects (except, other than with respect to the representation and warranty set forth in Paragraph (17) [*Solvency*], for *de minimis* inaccuracies) as of the date of this Agreement and true and correct in all respects (except, other than with respect to the representation and warranty set forth in Paragraph (17) [*Solvency*], for *de minimis* inaccuracies and inaccuracies which are the result of transactions, changes, conditions, events or circumstances specifically permitted hereunder) as of the Effective Time as if made at and as of such time; (ii) the representations and warranties of the Corporation set forth in Paragraphs (1) [*Organization and Qualification*], (5) [*No Conflict / Non Contravention*], (8) [*Rights Plan*], (9)(a) [*Subsidiaries*], (9)(d) [*Subsidiaries*], (9)(e) [*Subsidiaries*], (16) [*No Undisclosed Liabilities*], (21) [*Compliance with Laws*], (22) [*Authorizations and Licenses*], and (24) [*Brokers*] of Schedule C shall be true and correct in all material respects (disregarding for purposes of this Section 6.2(1)(ii) any materiality, "material" or "Material Adverse Effect" qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date); and (iii) all other representations and warranties of the Corporation set forth in this Agreement shall be true and correct in all respects (disregarding for purposes of this Section 6.2(1)(iii) any materiality, "material" or "Material Adverse Effect" qualification contained in any such representation or warranty) as of the date of this Agreement and as of the Effective Time as if made at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of this Agreement or another date shall be true and correct in all respects as of such date), except in the case of this clause (iii) where the failure to be so true and correct in all respects, individually or in the aggregate, has not had or would not reasonably be expected to have a Material Adverse Effect; and (b) the Corporation has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (in each case, without personal liability) addressed to the Purchaser and dated the Effective Date.
- (2) **Performance of Covenants by the Corporation.** The Corporation has fulfilled or complied in all respects with each of the covenants of the Corporation set forth in Section 4.2(2) and Section 4.2(4) and in all material respects with each of the other covenants of the Corporation contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time,

and the Corporation has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (each without personal liability) addressed to the Purchaser and dated the Effective Date.

- (3) **No Legal Action.** There is no Proceeding pending or threatened by any Person (other than the Purchaser) in any jurisdiction that would:
- (a) cease trade, enjoin, prohibit, or impose any material limitations or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Shares, including the right to vote the Shares;
  - (b) impose terms or conditions on completion of the Arrangement or on the ownership or operation by the Purchaser of the business or assets of the Purchaser and its affiliates, the Corporation or any of its Subsidiaries, or compel the Purchaser to dispose of or hold separate any portion of the business or assets of the Purchaser and its affiliates or the Corporation or any of its Subsidiaries as a result of the Arrangement, in each case, beyond what the Purchaser is required to accept or agree to pursuant to Section 4.4; or
  - (c) impair, impede or prevent the consummation of the Arrangement.
- (4) **Dissent Rights.** Dissent Rights have not been exercised (or, if exercised, remain outstanding) with respect to more than 10% of the issued and outstanding Shares and the Corporation shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Corporation (each without personal liability) addressed to the Purchaser and dated the Effective Date.
- (5) **Other Regulatory Approvals.** Each of the Other Regulatory Approvals that is required from an Aviation Authority to permit the Corporation and its Subsidiaries to operate their respective businesses in the Ordinary Course following the consummation of the transactions contemplated by this Agreement has been made, given or obtained and is in force and has not been rescinded or modified, except for those Other Regulatory Approvals the failure to obtain of which would not, individually or in the aggregate, materially impair the operations of the business of the Corporation and its Subsidiaries on a consolidated basis.
- (6) **Material Adverse Effect.** Since the date of this Agreement there shall not have occurred a Material Adverse Effect and the Corporation has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
- (7) **Net Indebtedness.** The Net Indebtedness, calculated in manner consistent with the illustrative calculation contained in Section 1.1 of the Corporation Disclosure Letter, shall not exceed (i) if Closing occurs on or prior to December 31, 2020, [redacted: amount] as of November 30, 2020, (ii) if Closing occurs after December 31, 2020 but on or prior to January 31, 2021, [redacted: amount] as of December 31, 2020, or (iii) if Closing occurs after January 31, 2021, [redacted: amount] as of January 31, 2021; and the Corporation has delivered (a) a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (in each case without personal liability) addressed to the Purchaser and dated the Effective Date, and (b) a Net Indebtedness Statement setting forth the Net Indebtedness as of the close of business on (A) November 30, 2020 (if Closing occurs on or prior to December 31, 2020), (B) December 31, 2020 (if Closing occurs after December 31, 2020 but on or prior to January 31, 2021), or (C) January 31, 2021 (if Closing occurs after January 31, 2021).

**Section 6.3 Additional Conditions Precedent to the Obligations of the Corporation.**

The Corporation is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Corporation and may only be waived, in whole or in part, by the Corporation in its sole discretion:

- (1) **Representations and Warranties of the Purchaser.** (a) The representations and warranties of the Purchaser set forth in this Agreement are true and correct in all respects (disregarding for purposes of this Section 6.3(1)(a) any materiality or "material" qualification contained in any such representation or warranty) as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except where the failure to be so true and correct in all respects would not, individually or in the aggregate, materially impede the completion of the Arrangement, and (b) the Purchaser has delivered a certificate confirming same to the Corporation, executed by two (2) senior officers of the Purchaser (in each case, without personal liability), addressed to the Corporation and dated the Effective Date.
- (2) **Performance of Covenants by the Purchaser.** The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Corporation, executed by two senior officers of the Purchaser (each without personal liability) addressed to the Corporation and dated the Effective Date.
- (3) **Deposit of Consideration.** Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained herein in its favour (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), the Purchaser has deposited or caused to be deposited with the Depository in escrow (the terms and conditions of such escrow to be satisfactory to the Corporation and the Purchaser, acting reasonably), in accordance with Section 2.10, the funds and Purchaser Shares required to effect payment in full of the aggregate Consideration to be paid pursuant to the Arrangement and the Depository has confirmed receipt of such funds.

**Section 6.4 Satisfaction of Conditions.**

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depository, all funds held in escrow by the Depository pursuant to Section 2.10 hereof shall be deemed to be released from escrow when the Certificate of Arrangement is issued.

**ARTICLE 7  
TERM AND TERMINATION**

**Section 7.1 Term.**

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

**Section 7.2 Termination.**

- (1) This Agreement may be terminated and the Arrangement abandoned at any time prior to the Effective Time by:
  - (a) the mutual written agreement of the Parties;

- (b) either the Corporation or the Purchaser if:
- (i) **No Required Approval by Shareholders.** The Arrangement Resolution is not approved by the Shareholders at the Meeting in accordance with the Interim Order provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) *[No Required Approval by Shareholders]* if the failure to obtain the Required Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
  - (ii) **Illegality.** After the date of this Agreement, any Law (including with respect to the Key Regulatory Approvals) is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) *[Illegality]* if the enactment, making, enforcement or amendment of such Law has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement, and provided that the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) *[Illegality]* has used its best efforts (or, in respect of the Key Regulatory Approvals and the Other Regulatory Approvals, the efforts required by Section 4.4), to, as applicable, prevent, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
  - (iii) **Occurrence of Outside Date.** The Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) *[Occurrence of Outside Date]* if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement.
- (c) the Corporation if:
- (i) **Breach of Representation or Warranty or Failure to Perform Covenant by the Purchaser.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) *[Representations and Warranties of the Purchaser]* or Section 6.3(2) *[Performance of Covenants by the Purchaser]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.9(3); provided that the Corporation is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.2(1) *[Representations and Warranties of the Corporation]* or Section 6.2(2) *[Performance of Covenants by the Corporation]* not to be satisfied; or
  - (ii) **Superior Proposal.** Prior to obtaining the Required Shareholder Approval, the Board authorizes the Corporation, in accordance with and subject to the terms and conditions of this Agreement, to enter into a written agreement (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) with respect to a Superior Proposal, provided that the Corporation is then in compliance with Article 5 and that prior to or concurrent with such termination the Corporation pays the Termination Fee in accordance with Section 8.2;

(d) the Purchaser if:

(i) **Breach of Representation or Warranty or Failure to Perform Covenant by the Corporation.** A breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Corporation under this Agreement occurs that would cause any condition in Section 6.2(1) [*Representations and Warranties of the Corporation*] or Section 6.2(2) [*Performance of Covenants by the Corporation*] not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.9(3); provided that the Purchaser is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.3(1) [*Representations and Warranties of the Purchaser*] or Section 6.3(2) [*Performance of Covenants by the Purchaser*] not to be satisfied;

(ii) **Change in Recommendation or Superior Proposal.** Prior to obtaining the Required Shareholder Approval, (A) the Board or any committee of the Board fails to unanimously recommend or withdraws, amends, modifies or, in a manner adverse to the Purchaser, qualifies, or publicly proposes or states an intention to withdraw, amend, modify or, in a manner adverse to the Purchaser, qualify, the Board Recommendation (including, for greater certainty, in connection with an Intervening Event, as set forth in Section 5.6); (B) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or a transaction contemplated in Section 5.1 of the Corporation Disclosure Letter or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal or transaction contemplated in Section 5.1 of the Corporation Disclosure Letter or an Intervening Event for more than five (5) Business Days (or beyond the third (3<sup>rd</sup>) Business Day prior to the date of the Meeting, if sooner); (C) the Board or any committee of the Board fails to publicly recommend or reaffirm by press release the Board Recommendation within five (5) Business Days after having been requested in writing by the Purchaser to do so (or in the event that the Meeting is scheduled to occur within such five (5) Business Day period, prior to the Business Day prior to the date of the Meeting) (in each of the cases set forth in Clause (A), (B) or (C), a "**Change in Recommendation**"); (D) the Board or any committee of the Board accepts, approves, endorses, recommends or authorizes the Corporation to enter into a written agreement (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) concerning a Superior Proposal or an Intervening Event; or (E) the Corporation breaches Article 5 in any material respect; or

(iii) **Material Adverse Effect.** There has occurred a Material Adverse Effect.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

### **Section 7.3 Effect of Termination/Survival.**

(1) If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, Representative or consultant of such Party) to any other Party to this Agreement, except that: (a) if the Arrangement is completed, Section 4.10 shall survive for a period of six (6) years following such termination; and (b) in the event of any termination under Section 7.2, this Section 7.3, Section 4.5(3), Section 4.6(4) and Section 8.2 through to and including Section 8.16 shall survive,

and provided that no Party shall be relieved of any liability for any Willful Breach by it of this Agreement.

## ARTICLE 8 GENERAL PROVISIONS

### Section 8.1 Amendments.

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracy or modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
- (c) waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and
- (d) waive compliance with or modify any mutual conditions contained in this Agreement.

### Section 8.2 Termination Fees.

- (1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, the Corporation shall pay the Purchaser the Termination Fee in accordance with Section 8.2(4) and if a Reverse Termination Fee Event occurs, the Purchaser shall pay the Corporation the Reverse Termination Fee in accordance with Section 8.2(7).
- (2) For the purposes of this Agreement, "**Termination Fee Event**" means the termination of this Agreement:
  - (a) by the Corporation, pursuant to Section 7.2(1)(c)(ii) [*Superior Proposal*];
  - (b) by the Purchaser, pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Superior Proposal*];
  - (c) by any Party pursuant to any subsection of Section 7.2(1) if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Superior Proposal*]; or
  - (d) (A) by the Corporation or the Purchaser pursuant to Section 7.2(1)(b)(i) [*No Required Approval by Shareholders*] or Section 7.2(1)(b)(iii) [*Occurrence of Outside Date*], or (B) by the Purchaser pursuant to Section 7.2(1)(d)(i) [*Breach of Representations or Warranties or Failure to Perform Covenants by the Corporation*] (due to a Willful Breach or fraud) if, in either of the cases set forth in clause (A) or (B) of this paragraph;
    - (i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or any of its affiliates); and
    - (ii) within twelve (12) months following the date of such termination, (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated or effected,

or (B) the Corporation and/or any of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a Contract (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3), in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated (whether or not within twelve (12) months after such termination).

For purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more".

- (3) For the purposes of this Agreement, "**Termination Fee**" means \$10,000,000, or, in the case of a Termination Fee Event set forth in Section 8.2(2)(b) or Section 8.2(2)(c) in connection with an Intervening Event, \$30,000,000.
- (4) The Termination Fee shall be paid by the Corporation to the Purchaser as follows, by wire transfer of immediately available funds to an account designated by Purchaser, if a Termination Fee Event occurs:
  - (a) due to a termination of this Agreement by the Corporation pursuant to Section 7.2(1)(c)(ii) [*Superior Proposal*], the Termination Fee shall be paid prior to or simultaneously with the occurrence of such Termination Fee Event;
  - (b) due to a termination of this Agreement by the Purchaser pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Superior Proposal*]; or in the circumstances set out in Section 8.2(2)(c), the Termination Fee shall be paid within two (2) Business Days following such Termination Fee Event; or
  - (c) in the circumstances set out in Section 8.2(2)(d), the Termination Fee shall be paid prior to or simultaneously with the consummation of the Acquisition Proposal referred to therein.
- (5) For the purposes of this Agreement, "**Reverse Termination Fee Event**" means the termination of this Agreement by the Corporation or the Purchaser:
  - (a) pursuant to Section 7.2(1)(b)(ii) [*Illegality*] if (i) the termination results from a Law related to one or more of the Key Regulatory Approvals, and (ii) the enactment, making, enforcement or amendment of such Law has not been caused by, or is not a result of, a breach by the Corporation of any of its representations or warranties or the failure of the Corporation to perform any of its covenants or agreements under Section 4.4 relating to the Key Regulatory Approvals; or
  - (b) pursuant to Section 7.2(1)(b)(iii) [*Occurrence of Outside Date*] if, as of the time of termination, (i) the condition in Section 6.1(3) [*Key Regulatory Approvals*] is not satisfied (unless the failure of such condition to be satisfied has been caused by, or is a result of, a breach by the Corporation of any of its representations or warranties or the failure of the Corporation to perform any of its covenants or agreements under this Agreement), and (ii) all of the other conditions set forth in Section 6.1 [*Mutual Conditions Precedent*] and Section 6.2 [*Additional Conditions Precedent to the Obligations of the Purchaser*] have been satisfied or waived by the Purchaser other than (A) the conditions in Section 6.1(4) [*Illegality*] (only insofar as the Law is related to one or more of the Key Regulatory Approvals) and Section 6.2(3) [*No Legal Action*] (only insofar as the Proceeding is related to the Key Regulatory Approvals), and (B) those conditions that by their terms are to be satisfied at the Effective Time and that are capable of being satisfied.



- (6) For the purposes of this Agreement, "**Reverse Termination Fee**" means:
- (a) if any Key Regulatory Approval that has not been made, given or obtained at the time of the Reverse Termination Fee Event could not have been made, given or obtained [redacted: certain specified condition], \$10,000,000; and
  - (b) in all other circumstances, \$30,000,000.
- (7) If a Reverse Termination Fee Event occurs, the Purchaser shall pay or cause to be paid to the Corporation, by wire transfer of immediately available funds to an account designated by the Corporation, the Reverse Termination Fee within five (5) Business Days following such Reverse Termination Fee Event.

### **Section 8.3 Acknowledgement**

- (1) Each Party acknowledges that the agreements contained in Section 8.2 are an integral part of the transactions contemplated by this Agreement, that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in Section 8.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, reputational damages and out-of-pocket expenditures, which the Corporation or the Purchaser, as applicable, will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.
- (2) In the event the Termination Fee or the Reverse Termination Fee, as applicable, is paid in full to the applicable Party, or as such Party directs, in the manner provided in Section 8.2, no other amounts will be due and payable as damages or otherwise by the Party making such payment, and the Party to whom such payment is made hereby accepts that such payment is its sole and exclusive remedy in connection with this Agreement (and the termination hereof), the transactions contemplated by this Agreement or any matter forming the basis for such termination and is the maximum aggregate amount that the Party making such payments shall be required to pay to it in lieu of any damages or any other payments or remedy which the Party to whom such payment is made may be entitled to in connection with this Agreement (and the termination hereof), the transactions contemplated by this Agreement or any matter forming the basis for such termination provided, however, that this limitation shall not apply (a) to any payments required to be made pursuant to Section 4.6(4), and (b) in the event of fraud or a Willful Breach by the Party making such payments or any of its Subsidiaries of its representations, warranties, covenants or agreements set forth in this Agreement (which breach and liability therefore shall not be affected by termination of this Agreement or any payment of the amounts set out in Section 8.2, as applicable). A Party to whom the Termination Fee or the Reverse Termination Fee, as applicable, is paid in full in the manner provided in Section 8.2 shall not be entitled to bring or maintain any Proceedings (including any Proceeding to obtain an Order for specific performance) in connection with this Agreement (and the termination hereof), the Arrangement or any of the other transactions contemplated hereby against the other Party.

### **Section 8.4 Expenses.**

Except as otherwise specifically provided for in this Agreement, all out-of-pocket third party expenses incurred in connection with the Arrangement, this Agreement or the transactions contemplated hereby, including all costs, expenses and fees of the Corporation incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

**Section 8.5 Notices.**

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail (provided that any notice sent by electronic mail to Air Canada shall be accompanied by a notice sent by facsimile to (514) 422-4147 and both notices shall include "TRANSAT NOTICE" in the subject line) sent to and addressed:

(a) to the Purchaser at:

Air Canada  
Air Canada Centre, ZIP 1276  
730 Côte-Vertu Blvd. West  
Dorval, Québec, H4S 1Y9

Attention: [redacted: title of representatives]  
Email: [redacted: e-mail address]

with a copy to:

Stikeman Elliott LLP  
1155 René-Lévesque Blvd. West, 41st floor  
Montreal, Québec, H3B 3V2

Attention: Marc B. Barbeau, Robert Carelli and Aniko Pelland  
Email: mbarbeau@stikeman.com, rcarelli@stikeman.com and  
apelland@stikeman.com

(b) to the Corporation at:

Transat A.T. Inc.  
300 Léo-Pariseau Street, 6<sup>th</sup> Floor  
Montreal, Québec, H2W 2P6

Attention: [redacted: title of representative]  
Email: [redacted: e-mail address]

with a copy to:

Fasken Martineau DuMoulin LLP  
800 Place Victoria, Suite 3700  
Montreal, Québec, H4Z 1E9

Attention: Marie-Josée Neveu and Jean-Pierre Chamberland  
Email: mneveu@fasken.com and jchamberland@fasken.com

and to:

Norton Rose Fulbright Canada LLP  
1, Place Ville-Marie, Suite 2500  
Montreal, Québec, H3B 1R1

Attention: Paul Raymond and Amélie Métivier

Email: paul.raymond@nortonrosefulbright.com and  
amelie.metivier@nortonrosefulbright.com

Any notice or other communication is deemed to be given and received (a) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; (b) if sent by overnight courier, on the next Business Day; or (c) if sent by email, on the date such email was sent if it is a Business Day and such email was sent prior to 5:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

**Section 8.6 Time of the Essence.**

Time is of the essence in this Agreement.

**Section 8.7 Further Assurances.**

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

**Section 8.8 Injunctive Relief.**

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtention of any such injunctive or other equitable relief, this, subject to Section 8.3(2), being in addition to any other remedy to which the Parties may be entitled at law or in equity.

**Section 8.9 Third Party Beneficiaries.**

- (1) Except as provided in Section 4.10 and which, without limiting its terms, is intended as a stipulation for the benefit of the third Persons mentioned in such provision (such third Persons referred to in this Section 8.9 as the "**Indemnified Persons**"), the Corporation and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any Proceeding.
- (2) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 4.10 of this Agreement, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Corporation confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

**Section 8.10 Waiver.**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

**Section 8.11 Entire Agreement.**

This Agreement, together with the Confidentiality Arrangements and the Corporation Disclosure Letter, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**Section 8.12 Successors and Assigns.**

- (1) This Agreement becomes effective only when executed by the Corporation and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Corporation, the Purchaser and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party, except that the Purchaser may assign all or any portion of its rights and obligations under this Agreement to any of its direct or indirect wholly-owned Subsidiaries, including to permit such direct or indirect wholly-owned Subsidiary to acquire, instead of the Purchaser, all or part of the Shares to be acquired pursuant to the terms of this Agreement, the whole as provided for under the Plan of Arrangement, but none of any such assignments shall relieve the Purchaser of its obligations hereunder.

**Section 8.13 Severability.**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

**Section 8.14 Governing Law.**

- (1) This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of Québec and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Québec courts situated in the City of Montreal and waives objection to the venue of any Proceeding in such court or that such court provides an inconvenient forum.

**Section 8.15 Rules of Construction.**

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

**Section 8.16 No Liability.**

No director or officer of the Purchaser shall have any personal liability whatsoever to the Corporation under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser. No director or officer of the Corporation or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Corporation or any of its Subsidiaries.

**Section 8.17 Counterparts.**

This Agreement may be executed in any number of counterparts (including counterparts by email) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed PDF or similar executed electronic copy of this Agreement, and such PDF or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

**[Remainder of page intentionally left blank. Signature page follows.]**

**IN WITNESS WHEREOF** the Parties have executed this Arrangement Agreement.

**TRANSAT A.T. INC.**

By: (s) Jean-Marc Eustache  
Name: Jean-Marc Eustache  
Title: Chairman of the Board, President  
and Chief Executive Officer

By: (s) Jean-Yves Leblanc  
Name: Jean-Yves Leblanc  
Title: Chairman of the Special Committee

**AIR CANADA**

By: (s) Calin Rovinescu  
Name: Calin Rovinescu  
Title: President and Chief Executive Officer

**SCHEDULE A  
PLAN OF ARRANGEMENT**

See attached.





**SCHEDULE B  
ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

- (1) The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of Transat A.T. Inc. (the "**Corporation**"), pursuant to the arrangement agreement (as it may from time to time be amended, modified or supplemented, the "**Arrangement Agreement**") among the Corporation and Air Canada dated October 9, 2020, all as more particularly described and set forth in the management information circular of the Corporation dated ●, 2020 (the "**Circular**") accompanying this notice of meeting and as it may from time to time be amended, modified or supplemented in accordance with the Arrangement Agreement, is hereby authorized, approved and adopted.
- (2) The plan of arrangement (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms, the "**Plan of Arrangement**"), the full text of which is set out as Appendix ● to the Circular, is hereby authorized, approved and adopted.
- (3) The (i) Arrangement Agreement and all transactions contemplated therein, (ii) actions of the directors of the Corporation in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Corporation in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
- (4) Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Corporation or that the Arrangement has been approved by the Québec Superior Court (the "**Court**"), the directors of the Corporation are hereby authorized and empowered, at their discretion, without notice to or approval of the shareholders of the Corporation, (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
- (5) Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to make or cause to be made an application to the Court for an order approving the Arrangement and to execute and deliver or cause to be executed and delivered, for filing with the Director under the CBCA, articles of arrangement and all such other documents and instruments as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement or any such other document or instrument.
- (6) Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver or cause to be executed and delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.



**SCHEDULE C**  
**REPRESENTATIONS AND WARRANTIES OF THE CORPORATION**

**(1) Organization and Qualification.**

The Corporation and each of its Subsidiaries is a corporation or other entity duly incorporated or organized, as applicable, validly existing, and in good standing under the laws of the jurisdiction of its governing jurisdiction. The Corporation, and each of its Subsidiaries, has all requisite power and authority, is duly qualified, licensed or registered and holds all material Authorizations required to carry on its business as now conducted and to own, lease and operate its assets and business.

**(2) Corporate Authorization.**

The Corporation has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Corporation of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Corporation and no other corporate proceedings on the part of the Corporation are necessary to authorize this Agreement, the consummation of the Arrangement and the other transactions contemplated hereby, other than the Required Shareholder Approval, the Interim Order and the Final Order.

**(3) Execution and Binding Obligation.**

This Agreement has been duly executed and delivered by the Corporation, and constitutes a legal, valid and binding agreement of the Corporation, enforceable against it in accordance with its terms subject only to (a) any limitation on enforcement under Laws relating to bankruptcy, winding-up, insolvency, reorganization, arrangement or other Law affecting the enforcement of creditors' rights generally; and (b) the discretion that a court may exercise in the granting of equitable or extraordinary remedies such as specific performance and injunction.

**(4) Governmental Authorization.**

The execution, delivery of this Agreement by the Corporation, and the performance of its and its Subsidiaries obligations hereunder and the consummation by the Corporation of the Arrangement and the other transactions contemplated hereby, do not require any Authorization or other action by or in respect of, or filing with or notification to, any Governmental Entity by the Corporation or any of its Subsidiaries other than (a) the Key Regulatory Approvals and the Other Regulatory Approvals; (b) the Interim Order and the Final Order; (c) filings with the Director under the CBCA, (d) the filing of the Articles of Arrangement; and (e) customary filings with the Securities Authorities.

**(5) No Conflict/ Non-Contravention.**

The execution and delivery of this Agreement by the Corporation, and performance of its and its Subsidiaries' obligations hereunder and the consummation by the Corporation and its Subsidiaries of the Arrangement and the other transactions contemplated hereby do not and will not (or would not, with the giving of notice, the lapse of time or the happening of any other event or condition (or combination thereof)):

- (a) contravene, conflict with, or result in any violation or breach of the Constatng Documents of the Corporation or the organizational documents of any of its Subsidiaries;
- (b) assuming receipt of the Key Regulatory Approvals and Other Regulatory Approvals, conflict with or result in a violation or breach of Law;

- (c) except as set out in Section 3.1(5)(c) of the Corporation Disclosure Letter, allow any Person to exercise any rights, require any consent or other action by any Person, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Corporation or any of its Subsidiaries is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Material Contract, Corporation Lease or any material Authorization of the Corporation or any of its Subsidiaries; or
  - (d) result in the creation or imposition of any Lien upon any of the Corporation Assets or the assets of any of the Corporation's Subsidiaries.
- (6) **Capitalization.**
- (a) The authorized capital of the Corporation consists of (i) an unlimited number of Class A Variable Voting Shares and an unlimited number of Class B Voting Shares, of which 37,747,090 Shares are issued and outstanding as of the date of this Agreement; and (ii) an unlimited number of preferred shares, issuable in series, of which none are issued and outstanding as of the date of this Agreement. All issued and outstanding Shares have been duly authorized and validly issued and are fully paid and non-assessable.
  - (b) As of the date hereof (i) up to 1,746,570 Shares are issuable upon the exercise of outstanding Options; and (ii) up to 461,163 Shares would be issuable upon the settlement of outstanding PSUs (assuming application of the maximum possible performance vesting), if all such PSUs were settled through the issuance of newly-issued Shares. Except as disclosed in Section 3.1(6)(b) of the Corporation Disclosure Letter, there are no rights that are linked in any way to the price of any securities of, or to the value of or of any part of, or to any dividends or distributions paid on any securities of, the Corporation or any of its Subsidiaries and there are no options, convertible securities or other rights, Contracts, plans (including any shareholder rights plan or poison pill) or commitments of any character whatsoever (pre-emptive, contingent or otherwise) requiring, or which may require, whether or not subject to conditions, the issuance, sale or transfer by the Corporation or any of its Subsidiaries of any securities of the Corporation or any of its Subsidiaries (including Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to subscribe for or acquire, any securities of the Corporation or any of its Subsidiaries.
  - (c) Except as disclosed in Section 3.1(6)(c) of the Corporation Disclosure Letter, there are no outstanding contractual or other obligations of the Corporation or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Corporation's or any Subsidiary's securities, or qualify securities for public distribution in Canada or elsewhere. Other than the Shares, the Options and the PSUs, there are no securities or other instruments or obligations of the Corporation or of any of its Subsidiaries that carry (or which is convertible into, or exchangeable for, securities having) the right to vote generally with the Shareholders on any matter.
  - (d) All outstanding Shares, Options, DSUs, RSUs, PSUs and ESPP Shares have been duly authorized by the Board (or a duly authorized committee thereof) and have been issued in compliance with all applicable Laws (including Securities Laws).
  - (e) All of the Shares issuable upon the exercise of Options or PSUs have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights.

- (f) Since November 1, 2017, there has been no dividend or distribution of any kind declared, paid or made by the Corporation on the Shares.

**(7) Shareholders' and Similar Agreements.**

Except as disclosed in Section 3.1(7) of the Corporation Disclosure Letter, none of the Corporation or any of its Subsidiaries is a party to any unanimous shareholders agreement, shareholder agreement, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any securities of the Corporation or any of its Subsidiaries or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in the Corporation or any of its Subsidiaries. To the knowledge of the Corporation, as of the date hereof, other than the D&O Support and Voting Agreements, there are no irrevocable proxies or voting Contracts with respect to any securities issued by the Corporation or any of its Subsidiaries.

**(8) Rights Plan.**

Neither the execution and delivery of this Agreement nor the consummation of the Arrangement and the transactions contemplated hereby will: (a) cause the rights under the Rights Plan to become exercisable; (b) cause any Person to become an Acquiring Person (as defined in the Rights Plan); or (c) give rise to a Separation Time or a Flip-in Event (each as defined in the Rights Plan).

**(9) Subsidiaries.**

- (a) A true and complete list of all Subsidiaries of the Corporation is set out in Section 3.1(9)(a) of the Corporation Disclosure Letter, including: (i) its name, (ii) the number, type and principal amount, as applicable, of its outstanding equity securities or other equity interests and a list of registered holders of securities, and (iii) its governing jurisdiction.
- (b) Other than as disclosed in Section 3.1(9)(b) of the Corporation Disclosure Letter and for the Subsidiaries set out in Section 3.1(9)(a) of the Corporation Disclosure Letter, the Corporation has no direct or indirect Subsidiaries nor does it own any direct or indirect equity or voting interest of any kind in any Person.
- (c) The Corporation directly or indirectly owns the issued and outstanding shares and other interests (including partnership interests, however divided) of each of its Subsidiaries (in such proportions as set forth in Section 3.1(9)(a) of the Corporation Disclosure Letter), free and clear of any Liens (other than Permitted Liens).
- (d) All of the issued and outstanding shares or interests of the Subsidiaries directly or indirectly owned by the Corporation have been duly authorized and validly issued and are fully paid and non-assessable shares or interests, and no such shares or interests have been issued in violation of any pre-emptive or similar rights.
- (e) Except as disclosed in Section 3.1(9)(e) of the Corporation Disclosure Letter, there are no Contracts, arrangements or restrictions that require the Corporation's Subsidiaries to issue, sell or deliver any shares or other interests, or any securities convertible into or exchangeable for, any shares or other interests.

**(10) Securities Law Matters.**

- (a) The Corporation is a "reporting issuer" (or the equivalent) under Securities Laws in each of the provinces of Canada. The Shares are listed and posted for trading on the Exchange. None of the Subsidiaries of the Corporation are subject to any continuous or

periodic or other disclosure requirements under the Securities Laws of any jurisdiction. The Corporation is not in default of any material requirements of any Securities Laws.

- (b) The Corporation has not taken any action to cease to be a "reporting issuer" (or the equivalent) in any province of Canada nor has the Corporation received notification from any Securities Authority seeking to revoke the reporting issuer status of the Corporation. No Proceeding or Order for the delisting, suspension of trading or cease trade or other Order or restriction with respect to any securities of the Corporation is in effect or pending or, to the knowledge of the Corporation, has been threatened or is expected to be implemented or undertaken (other than as contemplated by Section 4.11).
- (c) The Corporation has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by the Corporation with the Securities Authorities since November 1, 2017. The documents comprising the Corporation Filings, as of their respective dates (or, if amended or superseded by a subsequent Corporation Filing prior to the date of this Agreement, on the date of such subsequent Corporation Filing), complied as filed in all material respects with applicable Law and did not contain any Misrepresentation. The Corporation has not filed any confidential material change report or other confidential filing with any Securities Authority which, as at the date of this Agreement, remains confidential. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters from any Securities Authority with respect to any of the Corporation Filings. Neither the Corporation nor any of its Subsidiaries is a party to any ongoing Proceeding by any Securities Authority or the Exchange and, to the knowledge of the Corporation, no such Proceeding is threatened.

(11) **U.S. Securities Law Matters.**

- (a) The Corporation does not have, nor is it required to have, any class of securities registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor is the Corporation subject to any reporting obligation (whether active or suspended) pursuant to Section 13(a) or Section 15(d) of the Exchange Act.
- (b) The Corporation is not, and has never been, subject to any requirement to register any class of its equity securities pursuant to Section 12(g) of the Exchange Act, is not an investment company registered or required to be registered under the *Investment Company Act of 1940* of the United States of America, as amended, and is a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act).
- (c) No securities of the Corporation have been traded on any national securities exchange in the United States of America during the past twelve (12) calendar months.

(12) **Financial Statements.**

- (a) Except as disclosed in Section 3.1(12) of the Corporation Disclosure Letter, the audited consolidated financial statements and the unaudited consolidated interim financial statements of the Corporation (including, in each case, the notes or schedules to and, as applicable, the auditor's report on such financial statements) included in the Corporation Filings (i) were prepared in accordance with IFRS, consistently applied throughout for the periods referred to therein (except as expressly set forth in the notes thereto), and (ii) fairly present, in all material respects, the assets, liabilities, consolidated financial position, results of operations and cash flows of the Corporation and its Subsidiaries as of their respective dates and for the periods covered by such financial statements. There have been no changes in accounting methods, policies, or practices of the Corporation or any of its Subsidiaries since November 1, 2016 except, in each case, as may be expressly indicated in the notes to such financial statements.

- (b) Except as disclosed in Section 3.1(12) of the Corporation Disclosure Letter and for the restatement of the financial statements for the fiscal year ending October 31, 2019 that was required to be made in the first quarter of the fiscal year ending October 31, 2020 as a result of the implementation of IFRS 16, the Corporation does not intend to correct or restate, nor is there any basis for any correction or restatement of, any aspect of any of the financial statements referred to in Paragraph (12)(a). Except as disclosed in the Corporation Filings, there are no, nor are there any commitments to become a party to any off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Corporation or any of its Subsidiaries with unconsolidated entities or other Persons.
- (c) The financial books, records and accounts of the Corporation and each of its Subsidiaries: (i) have been maintained, in all material respects, in accordance with IFRS, (ii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Corporation and its Subsidiaries, and (iii) accurately and fairly reflect the basis for the Corporation's financial statements.

**(13) Disclosure Controls and Internal Control over Financial Reporting.**

- (a) The Corporation has established and maintains disclosure controls and procedures (as such term is defined in Regulation 52-109) to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports required to be filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods required by applicable Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports required to be filed or submitted under applicable Securities Laws is accumulated and communicated to the Corporation's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.
- (b) The Corporation has established and maintains a system of internal control over financial reporting (as such term is defined in Regulation 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
- (c) To the knowledge of the Corporation, there is no "material weakness" (as such term is defined in Regulation 52-109) relating to the design, implementation or maintenance of the Corporation's internal control over financial reporting or fraud that involves Representatives, consultants or independent contractors who have a significant role in the internal control over financial reporting of the Corporation. To the knowledge of the Corporation, since November 1, 2016, neither of the Corporation, any of its Subsidiaries, nor any of its or their respective Representatives has received or otherwise obtained knowledge of any Proceeding regarding accounting, internal accounting controls or auditing matters, including any Proceeding alleging that the Corporation or any of its Subsidiaries has engaged in questionable accounting or auditing practices, or any expression of concern from its Representatives regarding questionable accounting or auditing matters.

**(14) Minute Books.**

The corporate minute books of the Corporation and its wholly-owned Subsidiaries contain the minutes of all meetings (in the case of the Corporation, as there are no meetings for the wholly-owned Subsidiaries) and resolutions (in the case of the Corporation and its wholly-owned Subsidiaries) of their respective boards of directors and each committee thereof and have been maintained in accordance with applicable Laws, and are complete and accurate, in all material respects, except for minutes of meetings

of the Board and committees of the Board relating to the processes surrounding the potential sale of the Corporation that have not yet been finalized and approved. True and correct copies of the minute books of the Corporation and each of its Subsidiaries have been provided in the Data Room, except for minutes of meetings of the Board and committees of the Board relating to the processes surrounding the potential sale of the Corporation.

(15) **Auditors.**

Ernst & Young LLP are independent public accountants as required by applicable Laws and, to the knowledge of the Corporation, there has not been any reportable event (as defined in Regulation 51-102) with the present or former auditor of the Corporation.

(16) **No Undisclosed Liabilities.**

Except as disclosed in Section 3.1(16) of the Corporation Disclosure Letter, there are no material liabilities, Indebtedness or other obligations of any nature, whether accrued, contingent, absolute, determined, determinable, or otherwise, whether matured or unmatured, of the Corporation or of any of its Subsidiaries of a type required to be reflected or reserved for on a balance sheet prepared in accordance with IFRS (as then in effect), other than (a) (i) as of the date of this Agreement, liabilities or obligations reflected on the consolidated balance sheet of the Corporation as at July 31, 2020; or (ii) from and after the date of this Agreement, liabilities and obligations as reflected on the consolidated balance sheet of the Corporation as at July 31, 2020, or incurred in the Ordinary Course since the date of this Agreement; or (b) reasonably incurred after the date of this Agreement in connection with this Agreement or the transactions contemplated hereby. Except as disclosed in Section 3.1(16) of the Corporation Disclosure Letter, neither the Corporation nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off balance sheet Contract, arrangement or understanding (including any Contract, arrangement or understanding between the Corporation or any of its Subsidiaries, on the one hand, and any unconsolidated entity, on the other hand, including any structured finance, special purpose, or limited purpose entity or Person, on the other hand), or any other "off balance sheet arrangements" (as defined in the instructions thereto of Form 51-102F1 – *Management's Discussions and Analysis* of Regulation 51-102).

(17) **Solvency.**

The Corporation, on a consolidated basis with its Subsidiaries, is not insolvent on the basis that it is unable to pay its liabilities as they become due, and, to the knowledge of the Corporation, neither the Corporation nor any of its Subsidiaries has incurred or plans to incur any indebtedness beyond its ability to pay such indebtedness as it becomes absolute and matured or becomes due or payable.

(18) **Transactions with Directors, Officers, Employees, etc.**

Except as disclosed in Section 3.1(18) of the Corporation Disclosure Letter, neither the Corporation nor any of its Subsidiaries is indebted to any of its directors, officers or Employees or any of their respective associates or affiliates (except for amounts due in the Ordinary Course as salaries, bonuses and director's fees or the reimbursement of expenses or expense accounts in the Ordinary Course. There are no Contracts (other than in the Ordinary Course) with, or advances, loans, guarantees, liabilities or other obligations to, on behalf or for the benefit of, any shareholder, director, officer or Employee of the Corporation or any of its Subsidiaries, or any of their respective affiliates or associates.

(19) **No "Collateral Benefit".**

To the knowledge of the Corporation, no related party of the Corporation (within the meaning of Regulation 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding Shares, except for the Chairman of the Board, President and Chief Executive Officer of the Corporation, and except for related parties who will not receive a "collateral



benefit" (within the meaning of such instrument) as a consequence of the transactions contemplated by this Agreement.

(20) **Absence of Certain Changes or Events.**

Except as disclosed in Section 3.1(20) of the Corporation Disclosure Letter, since November 1, 2018, except as disclosed in the Corporation Filings filed prior to the date hereof and other than the transactions contemplated in this Agreement, the business of the Corporation and its Subsidiaries has been conducted in the Ordinary Course and there has not occurred a Material Adverse Effect.

(21) **Compliance with Laws.**

The Corporation and each of its Subsidiaries are, and since October 31, 2016 have been, in compliance in all material respects with applicable Laws. Neither the Corporation nor any of its Subsidiaries is under any investigation with respect to, has been convicted, charged or threatened to be charged with, or has received notice of, any violation or potential violation of any Law from any Governmental Entity, in each case, that could reasonably be expected to be material to the Corporation and its Subsidiaries.

(22) **Authorizations and Licenses.**

The Corporation and each of its Subsidiaries have all material Authorizations that are required by Law (i) in connection with the operation of their businesses in the Ordinary Course, and (ii) in connection with the ownership, operation or use of their properties and assets, except, in each case, for those, the non-compliance with which, in the aggregate, would not materially impair the operation of the Corporation's and its Subsidiaries' businesses or have a Material Adverse Effect. Each such material Authorization is valid and in full force and effect in accordance with its terms, and is renewable by its terms or in the Ordinary Course. No Proceeding is pending, or to the knowledge of the Corporation, threatened, in respect of or regarding any such material Authorization and none of the Corporation or any of its Subsidiaries has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such material Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such material Authorization.

(23) **Opinion of Financial Adviser.**

The Board and the Special Committee have received the Fairness Opinions. A true and complete copy of the engagement letter between the Corporation and National Bank Financial and BMO Capital Markets has been provided to Stikeman Elliott LLP and the Corporation has made true and complete disclosure to the Purchaser of all fees, commissions or other payments that may be incurred pursuant to such engagement or that may otherwise be payable to National Bank Financial and BMO Capital Markets.

(24) **Brokers.**

Except for the engagement letter between the Corporation and National Bank Financial and BMO Capital Markets and the fees payable under or in connection with such engagement, no investment banker, broker, finder, financial adviser or other intermediary has been retained by or is authorized to act on behalf of the Corporation or any of its Subsidiaries, or any of their respective Representatives or is entitled to any fee, commission or other payment from the Corporation or any of its Subsidiaries, or any of their respective Representatives, in connection with this Agreement or any other transaction contemplated by this Agreement. The aggregate fees payable by the Corporation to National Bank Financial and BMO Capital Markets in relation to the transactions contemplated by this Agreement have been disclosed in Section 3.1(24) of the Corporation Disclosure Letter.

(25) **Board and Special Committee Approval.**

- (a) The Special Committee, after consultation with and receiving advice from its financial advisers and outside legal counsel and consideration of all relevant factors including the terms of the original arrangement agreement and the status of the transaction contemplated thereby, has unanimously recommended that the Board approve the Arrangement and that the Shareholders vote in favour of the Arrangement Resolution.
- (b) The Board, acting on the unanimous recommendation in favour of the Arrangement by the Special Committee, after receiving advice from its financial advisers and outside legal counsel in evaluating the Arrangement and consideration of all relevant factors including the terms of the original arrangement agreement and the status of the transaction contemplated thereby, has unanimously (i) determined that the Arrangement is in the best interests of the Corporation and is fair to the Shareholders; (ii) resolved to recommend that the Shareholders vote in favour of the Arrangement Resolution; and (iii) authorized the entering into of this Agreement and the performance by the Corporation of its obligations under this Agreement, and no action has been taken to amend or supersede such determinations, resolutions, or authorizations.
- (c) Each of the directors and officers of the Corporation who owns Shares has advised the Corporation of their intention to, and the Corporation, to its knowledge, reasonably believes that they intend to vote or cause to be voted all Shares beneficially held by them in favour of the Arrangement Resolution and the Corporation shall make a statement to that effect in the Circular.

(26) **Material Contracts.**

- (a) Section 3.1(26)(a) of the Corporation Disclosure Letter sets out a complete and accurate list of all Material Contracts (other than Material Contracts entered into by the Joint Venture Subsidiary) as of the date hereof and true, correct and complete copies of all Material Contracts (other than Material Contracts entered into by the Joint Venture Subsidiary) as of the date hereof, including all material amendments, assignments and supplements thereto, have been provided in the Data Room.
- (b) Except as disclosed in Section 3.1(26)(b) of the Corporation Disclosure Letter, each Material Contract is legal, valid, binding and in full force and effect and is enforceable by the Corporation or one or more of its Subsidiaries, as applicable, and to the knowledge of the Corporation, by each other party thereto, in accordance with its terms, subject to any limitation on enforcement under Law relating to (i) bankruptcy, winding-up, insolvency, arrangement, reorganization or other Law of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable or extraordinary remedies such as specific performance and injunction.
- (c) Except as disclosed in Section 3.1(26)(c) of the Corporation Disclosure Letter, neither the Corporation nor any of its Subsidiaries is in material breach or default under any Material Contract, and the Corporation does not have knowledge of any condition that with the passage of time or the giving of notice or both would result in such material breach or default.
- (d) Except as disclosed in Section 3.1(26)(d) of the Corporation Disclosure Letter, neither the Corporation nor any of its Subsidiaries, are to their knowledge, aware of or have received since November 1, 2017, any written notice of, any material breach or default under any Material Contract by any other party to a Material Contract.

- (e) Except as disclosed in Section 3.1(26)(e) of the Corporation Disclosure Letter, the Corporation and its Subsidiaries have not received any written notice from any party to a Material Contract that it intends to cancel, terminate or otherwise modify in a materially prejudicial manner or not renew its relationship with the Corporation or any of its Subsidiaries, and, to the knowledge of the Corporation, no such action is pending or has been threatened.

**(27) Restrictions on Conduct of Business.**

Except for Material Contracts disclosed in Section 3.1(26)(a) of the Corporation Disclosure Letter, none of the Corporation or any of its Subsidiaries is a party to, or bound by, any non-competition agreement or any other Contract or any Order or Authorization of any Governmental Entity that purports to materially: (a) limit the manner or location in which the Corporation or any of its Subsidiaries may conduct any line of business; (b) limit any business practice of the Corporation or any of its Subsidiaries, or (c) restrict any acquisition or disposition of assets or property by the Corporation or any of its Subsidiaries.

**(28) No Guarantees.**

Other than in connection with its Existing Financing Instruments or as disclosed in Section 3.1(28) of the Corporation Disclosure Letter, neither the Corporation nor any of its Subsidiaries is a party to or bound by any Contract of guarantee or any similar commitment in respect of any Indebtedness or material obligations or liabilities (contingent or otherwise) of any other Person (other than Subsidiaries of the Corporation).

**(29) Real Property.**

- (a) All real and immovable property owned by the Corporation and/or its Subsidiaries (each such property, a "**Corporation Owned Property**") other than any Corporation Owned Property owned by the Joint Venture Subsidiary, is listed in Section 3.1(29)(a) of the Corporation Disclosure Letter, in each case by reference to their municipal addresses (if applicable).
- (b) Other than as disclosed in Section 3.1(29)(b) of the Corporation Disclosure Letter, (i) the Corporation or one of its Subsidiaries has valid, good and marketable title to the Corporation Owned Properties free and clear of all Liens (other than Permitted Liens); (ii) there are no options or rights of first refusal to purchase the Corporation Owned Properties, or any portion thereof or interest therein; and (iii) neither the Corporation nor any of its Subsidiaries is the owner of, or is bound by or subject to any agreement or option to own, any real or immovable property other than the Corporation Owned Properties.
- (c) Section 3.1(29)(c) of the Corporation Disclosure Letter sets forth a complete and accurate list of all material Corporation Leased Properties.
- (d) The Data Room contains complete and accurate copies of all material Corporation Leases, including all amendments, modifications, supplements, guarantees, registrations and non-disturbance agreements in connection therewith.
- (e) With respect to all material Corporation Leased Properties: (i) each Corporation Lease in respect thereof is in full force and effect and, to the knowledge of the Corporation, is a legal, valid, binding obligation of, and is enforceable against, each other party thereto in accordance with its terms (subject to (a) any limitation on enforcement under Laws relating to bankruptcy, winding-up, insolvency, reorganization, arrangement or other Law affecting the enforcement of creditors' rights generally; and (b) the discretion that a court

may exercise in the granting of equitable or extraordinary remedies such as specific performance and injunction), and (ii) there is no material event of breach of or default under, or any event which, with the giving of notice, the lapse of time or both, would become an event of default, under any such Corporation Lease, and, to the knowledge of the Corporation, since November 1, 2017, neither the Corporation nor any of its Subsidiaries has received or delivered any written notice of any material breach of, or default under, any such Corporation Lease. To the knowledge of the Corporation, there is no material breach of, or default under, any such Corporation Lease by any other party thereto.

- (f) To the knowledge of the Corporation, all material accounts for materials, work and services performed or materials placed or furnished upon or in respect of construction at each of the Corporation Leased Properties has been fully paid, or the Corporation has made arrangements with such contractor for payment in the Ordinary Course.
- (g) Neither the Corporation nor its Subsidiaries has granted any right or privilege (whether by Law or Contract) capable of becoming a Contract, arrangement or understanding with any Person for the purchase, lease, sublease, license, assignment or other disposition of any of the material Corporation Leased Properties or any right or interest therein.
- (h) The Corporation Owned Properties and the Corporation Leased Properties constitute all of the real or immovable property necessary to operate the business of the Corporation and its Subsidiaries in the manner presently operated.
- (i) Neither the Corporation nor any of its Subsidiaries has received any Work Order or notification which remains open or in effect that any material work repairs, construction or capital expenditures are required to be made in respect of any Corporation Owned Properties or Corporation Leased Properties, including matters within the jurisdiction of local Governmental Entities, or as a condition of compliance with Law in any material respect.

(30) **Other Assets.**

- (a) Except as disclosed in Section 3.1(30)(a) of the Corporation Disclosure Letter, the Corporation or one or more of its Subsidiaries has good and valid title to all material Other Assets owned by the Corporation and its Subsidiaries, or a valid and enforceable lease regarding all material Other Assets leased by the Corporation and its Subsidiaries, or a valid and enforceable contractual right with respect to all other material Other Assets used in the operation of their respective businesses, in each case free and clear of all Liens (other than Permitted Liens). No Person has any right of first refusal, undertaking or commitment, or any right or privilege capable of becoming a right of first refusal, undertaking or commitment, to purchase or otherwise acquire any interest in any material Other Asset.
- (b) To the knowledge of the Corporation, all material tangible or corporeal Other Assets are, in all material respects, in good operating condition and repair having regard to their uses and ages, and are adequate and suitable for their respective uses, and conform in all material respects to all applicable Laws. The Corporation and its Subsidiaries have conducted all required repair and maintenance on their respective material tangible or corporeal Other Assets as is customary in their business, and, except for ordinary, routine maintenance and repairs that are not material in nature or cost, no maintenance or repairs are required that would materially interrupt the operation of the business of the Corporation and its Subsidiaries as conducted in the Ordinary Course.

(31) **Intellectual Property.**

- (a) All the Intellectual Property owned by the Corporation or any of its Subsidiaries or licensed by the Corporation or its Subsidiaries from third parties that are material to the business and operations of the Corporation or the Subsidiaries (collectively, the "**Corporation Intellectual Property**"), other than any Corporation Intellectual Property owned or licensed by the Joint Venture Subsidiary, is listed in Section 3.1(31)(a) of the Corporation Disclosure Letter. The Corporation Intellectual Property is the only Intellectual Property necessary for, and material to, the operation of the business of the Corporation and each of its Subsidiaries in the Ordinary Course.
- (b) The Corporation or one or more of its Subsidiaries own exclusively, free and clear of all Liens (other than Permitted Liens) all rights, title and interest in and to the Corporation Intellectual Property owned by the Corporation or one or more of its Subsidiaries, or have licenses (and are not in breach of any such license in any material respect) to use or otherwise exploit, the licensed Corporation Intellectual Property, all of which rights shall in all material respects survive following the execution and delivery of this Agreement and the consummation of the transactions contemplated herein, except as disclosed in Section 3.1(31)(b) of the Corporation Disclosure Letter.
- (c) Except as disclosed in Section 3.1(31)(c) of the Corporation Disclosure Letter, all Corporation Intellectual Property owned by the Corporation or its Subsidiaries is subsisting, in full force and effect and enforceable by the Corporation or one or more of its Subsidiaries, and, to the knowledge of the Corporation, is valid and no third party is breaching, infringing, violating or misappropriating or interfering with any Corporation Intellectual Property owned by the Corporation or its Subsidiaries in any material respect. There is no Proceeding in progress or pending or, to the knowledge of the Corporation, threatened, by any Person challenging the Corporation's or its Subsidiaries' rights in or to any Corporation Intellectual Property.
- (d) None of the Corporation Intellectual Property, other than normal and routine off-the-shelf Software licensed by the Corporation or its Subsidiaries is subject to any Contract or Order (or Proceeding seeking an Order) or decree restricting the use, distribution, transfer, or licensing thereof by the Corporation or any of its Subsidiaries, other than under the terms of any license for any Corporation Intellectual Property that the Corporation or its Subsidiaries, as applicable, is in compliance with in all material respects.
- (e) The Corporation and each of its Subsidiaries have taken commercially reasonable steps to protect their rights in the Corporation Intellectual Property owned by the Corporation or its Subsidiaries and any material trade secrets of the Corporation and its Subsidiaries.
- (f) Neither the Corporation nor any of its Subsidiaries has disclosed any confidential Corporation Intellectual Property owned by the Corporation or any of its Subsidiaries (including the source code to any Corporation Software owned by the Corporation) to any third party other than pursuant to a customary Contract that requires such third party to keep all information comprising, or related to, such Corporation Intellectual Property confidential.
- (g) The operation of the business of the Corporation and its Subsidiaries including the use of the Corporation Intellectual Property currently used in the operation of the business of the Corporation and its Subsidiaries does not, to the knowledge of the Corporation, infringe upon, misappropriate or otherwise violate the intellectual property rights of any Person. To the knowledge of the Corporation, no Person is engaging in any activity that infringes, misappropriates or otherwise violates any Corporation Intellectual Property owned by the Corporation or any of its Subsidiaries.

- (h) Each of the Corporation and its Subsidiaries is in compliance in all material respects with its obligations under any Contract pursuant to which it has obtained the legal right to use any Intellectual Property owned by, or licensed from, a third party.
- (i) Except as disclosed in Section 3.1(31)(i) of the Corporation Disclosure Letter, there are no Proceedings in progress or pending, or, to the knowledge of the Corporation, threatened, alleging any breach, infringement, violation or misappropriation, or interference, by the Corporation or any of its Subsidiaries of or with the Intellectual Property of any Person, and there is no Proceeding in progress or pending or, to the knowledge of the Corporation, threatened, by any Person challenging the Corporation's or its Subsidiaries' rights, title or interest in or to the Corporation Intellectual Property.

(32) **Business Systems.**

The Business Systems, whether owned, leased or otherwise used or held for use by the Corporation or its Subsidiaries that are material to the performance of or provision of any material services to the customers of the Corporation and its Subsidiaries (including passengers) (a) are sufficient to conduct the business of the Corporation and its Subsidiaries in the Ordinary Course; (b) operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by the Corporation and its Subsidiaries to conduct their business in the Ordinary Course; and (c) have not malfunctioned or failed in any material respect since June 27, 2016. To the knowledge of the Corporation, since June 27, 2016, no Person has gained unauthorized access to any material Business Systems. The Corporation and its Subsidiaries have implemented and maintain reasonable and sufficient Business Systems, processes, and backup and disaster recovery technology consistent with industry practices.

(33) **Corporation Software.**

- (a) Section 3.1(33)(a) of the Corporation Disclosure Letter sets forth a complete and accurate list of the material Corporation Software and all material components thereof, including all components owned by the Corporation or any of its Subsidiaries (other than the Joint Venture Subsidiary) and all components licensed from third parties.
- (b) Section 3.1(33)(b) of the Corporation Disclosure Letter sets forth all material Software licensed or used by the Corporation and/or one or more of its Subsidiaries (other than the Joint Venture Subsidiary) from a Person (other than the Corporation or one of its Subsidiaries), excluding any Software subject to a nonexclusive license agreement for "off-the-shelf" Software, or Software licensed pursuant to "click through" or similar stock agreements, in each case, that is generally commercially available for a license fee (the "**Third Party Software**"). None of the material Corporation Software is subject to an open source code license or to any license, in each case that would require the present or future public disclosure of its source code. The Corporation Software and the Third Party Software constitutes all materials necessary for the continued maintenance of the Corporation Software. Copies of all license and maintenance agreements for the material Third Party Software have been made available by the Corporation to the Purchaser or its Representatives.
- (c) All copies of the source code and related documentation for all material Corporation Software owned by the Corporation or one of its Subsidiaries are securely located at the Corporation's premises at the address specified in Section 3.1(33)(c) of the Corporation Disclosure Letter. No source code or related documentation forming part of the material Corporation Software is (i) subject to escrow, or (ii) has been disclosed to any third party, except as disclosed in Section 3.1(33)(c) of the Corporation Disclosure Letter.

- (d) The Corporation has obtained all material approvals required by Law from any Governmental Entity in all jurisdictions where material Corporation Software is used or licensed.
- (e) Section 3.1(33)(e) of the Corporation Disclosure Letter lists all material licenses, installation, implementation, maintenance or support agreements, development Contracts and all other agreements between the Corporation or any of its Subsidiaries and users of the material Corporation Software, copies of each of which have been made available to the Purchaser or its Representatives. All such users have non-transferable, non-exclusive, licenses to use only object code versions of the material Corporation Software. To the knowledge of the Corporation, no third parties are in material breach of any such agreement.
- (f) To the knowledge of the Corporation, there are no material problems or defects in the material Corporation Software or the operation thereof, including bugs, logic errors or failures of the material Corporation Software to operate as described in the related documentation, and the Corporation Software operates in accordance with its documentation and specifications.
- (g) The Corporation and each of its Subsidiaries have taken reasonable measures, consistent with industry practice, to prevent the introduction into any material Corporation Software owned by the Corporation or one of its Subsidiaries of any "back door", "drop dead device", "time bomb", "Trojan horse", "virus", "worm", "spyware" "malware" or "adware" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing or facilitating, any of the following functions: (i) disrupting, disabling, harming, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed, or (ii) compromising the privacy or data security of a user or damaging or destroying any data or file without a user's consent.

(34) **Litigation.**

- (a) Except as disclosed in Section 3.1(34)(a) of the Corporation Disclosure Letter, there are no material Proceedings in progress, pending or ongoing or, to the knowledge of the Corporation, threatened, against or affecting the Corporation or any of its Subsidiaries, the business of the Corporation or any of its Subsidiaries or against or affecting any of their respective current or former properties or assets, by or before any Governmental Entity that, if determined adverse to the interests of the Corporation or its Subsidiaries, (i) would have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (ii) would prevent or materially delay the consummation of the Arrangement; or (iii) would materially and prejudicially impact the Purchaser's ability to own its interests in the Corporation and its Subsidiaries or operate the business of the Corporation and its wholly-owned Subsidiaries; nor to the knowledge of the Corporation are there any events or circumstances which could reasonably be expected to give rise to any such Proceeding.
- (b) There is no bankruptcy, liquidation, dissolution, winding-up or other similar Proceeding pending or in progress, or, to the knowledge of the Corporation, threatened against or relating to the Corporation or any of its Subsidiaries before any Governmental Entity.
- (c) Neither the Corporation nor any of its Subsidiaries is subject to any outstanding Order which has had or is reasonably likely to have, a Material Adverse Effect or which would prevent or materially delay the consummation of the Arrangement or any other transaction contemplated by this Agreement.

(35) **Environmental Matters.**

- (a) Except as disclosed in Section 3.1(35)(a) of the Corporation Disclosure Letter, the Corporation and each of its Subsidiaries and, to the knowledge of the Corporation, each Consortia are and have complied in all material respects with all Environmental Laws since November 1, 2013.
- (b) None of the Corporation or any of its Subsidiaries or, to the knowledge of the Corporation, any Consortia (A) is subject to any material Proceeding or Order under any Environmental Laws, (B) has received any written notice of any alleged material non-compliance in respect of, or any potential material liability under, any Environmental Laws that remains outstanding, or (C) has been required by any Governmental Entity to conduct a cessation of activities at, a change of use, a closure, an Environmental rehabilitation or an Environmental remediation of, any real property, except as disclosed in Section 3.1(35)(b) of the Corporation Disclosure Letter.
- (c) Except as disclosed in Section 3.1(35)(c) of the Corporation Disclosure Letter, none of the Corporation or any of its Subsidiaries has caused or permitted the release, spill, emission, discharge, presence or migration of any Hazardous Substances in the Environment, except (A) in material compliance with Environmental Laws, and (B) in material compliance with any applicable contractual obligations of the Corporation or any of its Subsidiaries, including under the Corporation Leases.
- (d) Except as disclosed in Section 3.1(35)(d) of the Corporation Disclosure Letter, there are no Hazardous Substances in, on, under or migrating to or from lands currently or, to the knowledge of the Corporation, formerly owned or leased by the Corporation, its predecessors or any of its Subsidiaries, except in concentrations that comply in all material respects with Environmental Laws.
- (e) The Data Room contains, as the case may be, complete and accurate copies and results of any material reports, studies, analyses, tests, documents or correspondence in the possession of the Corporation or any of its Subsidiaries relating to Environmental Laws or Hazardous Substances.
- (f) Except pursuant to any customary indemnities in any Lease, pursuant to any Material Contract set forth in Section 3.1(26) the Corporation Disclosure Letter, or as set forth in Section 3.1(35)(f) of the Corporation Disclosure Letter, none of the Corporation or any of its Subsidiaries has agreed by Contract or otherwise (including any order or consent agreement) to indemnify or hold harmless any Person for any material liability pursuant to Environmental Laws.
- (g) The Corporation developed and submitted an emissions monitoring plan (the "**EMP**") to the Canadian government as required pursuant to the Canadian Aviation Regulations, Part X (SOR/2018-240) implementing the Carbon Offsetting and Reduction Scheme for International Aviation (including the regulations thereunder "**CORSIA**") and, since January 1, 2019, monitors the carbon emissions generated by the international aviation operations of the Corporation and its Subsidiaries and otherwise complies with the requirements of its approved EMP.

(36) **Employees.**

- (a) Section 3.1(36)(a) of the Corporation Disclosure Letter contains an anonymized list of all current Employees (other than Employees of the Joint Venture Subsidiary) as of the date hereof and sets forth for each such Employee the following information (as applicable): (i) title or position (including whether full or part time); (ii) hire date; (iii) current annual



base compensation rate; and (iv) commission, bonus or other incentive-based compensation paid in the preceding year. All Contracts of Senior Management have been disclosed in the Data Room. To the knowledge of the Corporation, no such member of Senior Management has notified the Corporation or its Subsidiaries that he or she intends to resign, retire or terminate his or her employment with the Corporation or any of its Subsidiaries following the Arrangement or as a result of the transactions contemplated by this Agreement or otherwise. Section 3.1(36)(a) of the Corporation Disclosure Letter contains an anonymized list of all current Employees who are currently on any form of leave of absence, and including the reason for such leave (subject to applicable Privacy Laws) and indicating whether such Employee is in receipt of disability benefits or workers' compensation benefits.

- (b) All amounts due or accrued for all salary, wages, bonuses, incentive compensation, deferred compensation, commissions, vacation with pay, sick days, pension and benefits under Employee Plans and other similar accruals have either been paid or are accrued and accurately reflected in the books and records of the Corporation and its Subsidiaries. All liabilities of the Corporation or any of its Subsidiaries due or accruing due to Employees have or shall have been paid or accrued and accurately reflected in the books and records of the Corporation to the Effective Date, including premium contributions, remittances and assessments for Employment Insurance, Employer Health Tax, Canada Pension Plan, Québec Pension Plan, income Tax and any other employment-related legislation.
- (c) Section 3.1(36)(c) of the Corporation Disclosure Letter contains a list of all management personnel of the Corporation and its Subsidiaries who have a Contract with the Corporation or one of its Subsidiaries providing for a length of notice or termination or severance payment required to terminate his or her employment. Except as disclosed in Section 3.1(36)(c) of the Corporation Disclosure Letter, there are no change of control payments, retention payments or severance payments or Contracts with any Employees or Employee Plans providing for cash or other compensation or benefits (including any increase in amount of compensation or benefit or the acceleration of time of payment or vesting of any compensation or benefit) upon the consummation of, or relating to, the Arrangement or any other transaction contemplated by this Agreement, including a change of control of the Corporation or of any of its Subsidiaries.
- (d) Since June 27, 2016, the Corporation has taken reasonable action with respect to each known and credible psychological or sexual harassment allegation and the Corporation, to its knowledge, does not reasonably expect any material liability with respect to any such allegations.
- (e) Except as disclosed in Section 3.1(36)(e) of the Corporation Disclosure Letter, the Corporation and its Subsidiaries are in compliance in all material respects with all applicable terms and conditions of employment and with all applicable Laws respecting labour and employment, including pay equity, employment equity, work classification, work permits/authorizations, wages, hours of work, Employment Insurance, discrimination, harassment, leave of absence, equal opportunity, overtime, employment and labour standards, labour relations, privacy, workers compensation, human rights, French language use and occupational health and safety. No material Proceedings with respect to any such Law relating to the Corporation or any of its Subsidiaries is in progress or pending or, to the knowledge of the Corporation, threatened.
- (f) There are no material outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation Laws owing by the Corporation or any of its Subsidiaries, and neither the Corporation nor any of its Subsidiaries has been assessed or reassessed in any material respect under such legislation since June 27, 2016. No material Proceeding involving the Corporation or any

of its Subsidiaries is currently in progress or pending or, to the knowledge of the Corporation, threatened, pursuant to any applicable workers' compensation Laws. There are no Proceedings currently in progress or pending or, to the knowledge of the Corporation, threatened, which could materially adversely affect the accident cost experience in respect of the Corporation or any of its Subsidiaries or workers compensation premiums or other amounts which may be owed under such Laws by the Corporation or any of its Subsidiaries.

- (g) There are no material charges pending under occupational health and safety Laws ("**OHSA**") in respect of the Corporation or any of its Subsidiaries, and there are no appeals of any Orders under OHSA applicable to the Corporation or any of its Subsidiaries currently outstanding. The Corporation and each of its Subsidiaries have complied in all material respects with all Orders issued under OHSA since June 27, 2017, and have developed and implemented policies and training for Employees, including with respect to harassment, OHSA and accessibility for people with disabilities requirements.
- (h) All Employees, consultants, agents and independent contractors of the Corporation and its Subsidiaries have been accurately classified by the Corporation and its Subsidiaries with respect to services as an employee or a non-employee for all purposes, including wages, payroll Taxes and participation and benefit accrual under each Employee Plan, and neither the Corporation nor any of its Subsidiaries has received any notice from any Person disputing such classification.

(37) **Collective Agreements.**

- (a) Except as disclosed in Section 3.1(37)(a) of the Corporation Disclosure Letter, there are no Collective Agreements in force or currently being negotiated with respect to any Employee, and no Person holds bargaining rights with respect to any of the Employees. Except as disclosed in Section 3.1(37)(a) of the Corporation Disclosure Letter (i) to the knowledge of the Corporation, no Person has applied to be certified as the bargaining agent of any Employees; (ii) to the knowledge of the Corporation, there are no threatened or apparent Union organizing campaigns for Employees; (iii) there are no employee associations authorized to represent any Employees; (iv) no Union has an application outstanding to have the Corporation or any of its Subsidiaries declared a common, single or related employer under applicable labour Laws, and (v) no material arbitration Proceeding or material grievance or complaint arising out of, or pursuant to, any Collective Agreement or Laws governing collective bargaining is in progress, pending or, to the knowledge of the Corporation, threatened.
- (b) There is no labour strike, dispute, lock-out, concerted refusal to work overtime, work slowdown, stoppage or similar labour activity or organizing campaign in progress or pending or, to the knowledge of the Corporation, threatened, involving the Corporation or any of its Subsidiaries, and no such event has occurred since June 27, 2017. None of the Corporation or any of its Subsidiaries has engaged in or has knowledge or has received written notice of, any pending or threatened complaint pertaining to any unfair labour practice.
- (c) Section 3.1(37)(c) of the Corporation Disclosure Letter sets forth all material collective bargaining commitments already made to any Union or employee association in connection with any negotiations that are ongoing with Unions or such associations as of the date hereof.

(38) **Employee Plans.**

- (a) The Data Room contains complete and accurate copies of: (i) the Incentive Plans, the ESPPs and each other written Employee Plan (and a summary of each material unwritten

Employee Plan) as listed in Section 3.1(38)(a) of the Corporation Disclosure Letter, (ii) each trust, Contract, insurance, group annuity Contract, letter of credit or other funding Contract relating to any Employee Plan, and (iii) all material correspondence to or from any Governmental Entity since June 27, 2016 relating to any Employee Plan.

- (b) Except as required by the operation of the Plan of Arrangement, neither the execution of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will increase the amount payable under, result in a default under, or result in any other material obligation pursuant to, any Employee Plan or any Contract with any Employee, consultant, agent or independent contractor of the Corporation or any of its Subsidiaries.
- (c) Each Employee Plan has, in all material respects, been established, registered and administered in accordance with applicable Laws and in accordance with its terms. To the knowledge of the Corporation, no fact or circumstance exists that could adversely affect the registered status of any Employee Plan.
- (d) No event has occurred and no condition or circumstance exists that has resulted in, or could reasonably be expected to result in, any Employee Plan being ordered, or required to be, terminated or wound up in whole or in part, having its registration under applicable Laws refused or revoked, being placed under the administration of any trustee, receiver or Governmental Entity, or the Corporation or any of its Subsidiaries being required to pay any Taxes, penalties, payments or levies under applicable Laws that are material in the aggregate.
- (e) All contributions or premiums required to be made or paid by the Corporation or any of its Subsidiaries under the terms of each Employee Plan or by applicable Laws have been duly made in accordance the terms of such Employee Plan and such applicable Laws.
- (f) Other than as required by applicable Law or as otherwise disclosed in Section 3.1(38)(f) of the Corporation Disclosure Letter, none of the Employee Plans provide for post-termination welfare or life benefits to any individual under any circumstances, and neither the Corporation nor any of its Subsidiaries has any liability or obligation to provide post-termination or retiree welfare or life benefits to any Employee, consultant, agent or independent contractor of the Corporation or any of its Subsidiaries, or have ever represented, promised or contracted in favour of any individual that such individual would be provided with post-termination or retiree welfare or life benefits.
- (g) Other than routine claims for benefits in the Ordinary Course or as otherwise disclosed in Section 3.1(38)(g) of the Corporation Disclosure Letter, there is no Proceeding in progress or pending or, to the knowledge of the Corporation, threatened, threaten relating to any Employee Plan, nor has any such Proceeding been initiated since June 27, 2014.
- (h) Except as disclosed in Section 3.1(38)(h) of the Corporation Disclosure Letter, no Employee Plan is a "retirement compensation plan", a "registered pension plan" or a "multi-employer pension plan", or contains a "defined benefit provision", in each case, within the meaning of the Tax Act, nor is any Employee Plan a multi-employer pension plan as such term is defined under the *Pension Benefits Standards Act (Canada)* or any similar plan for purposes of pension standards Laws of any jurisdiction. Except as disclosed in Section 3.1(38)(h), neither the Corporation nor any of its Subsidiaries sponsors, maintains or contributes to, or is obligated to contribute to, or has, since June 27, 2014, sponsored, maintained or contributed to, an Employee Plan of the kind described in the preceding sentence.
- (i) There are no material unfunded liabilities in respect of any Employee Plan that is a registered pension plan (as defined under the Tax Act), including going concern

unfunded liabilities, solvency deficiencies or wind-up deficiencies where applicable. There are no liabilities in respect of any individual retirement agreement, for current or former Employees, that is not covered by the letter of credit described in Section 3.1(38)(i) of the Corporation Disclosure Letter.

- (j) Each Employee Plan that is a funded plan is fully funded on both a going concern and solvency basis pursuant to the actuarial assumptions and methodology utilized in the most recent actuarial valuation for that Employee Plan. With respect to each Employee Plan that is a registered pension plan: (i) the Corporation may take contribution holidays under or withdraw surplus from the Employee Plan, subject only to approvals required by Laws; (ii) the Employee Plan has not received a transfer of assets from or been merged with another registered pension plan; (iii) the Employee Plan has not been subject to a partial wind-up in respect of which surplus assets relating to the partial wind-up group were not dealt with at the time of partial wind-up; (iv) no surplus assets have been withdrawn, other than proper payments of benefits to eligible beneficiaries, refunds of over-contributions and permitted payments of reasonable expenses incurred by or in respect of the Employee Plan; and (v) no conditions have been imposed by any Person and no undertakings or commitments have been given to any Employee, Union or any other Person concerning the use of assets relating to the Employee Plan or any related funding medium.
  - (k) Except as disclosed in Section 3.1(38)(k) of the Corporation Disclosure Letter, no Employee Plan is registered in, or subject to, the Laws of any jurisdiction outside of Canada.
  - (l) Neither the Corporation nor any of its Subsidiaries has any material liability or obligation for any assessment, excise or penalty Taxes with respect to any Employee Plan and, to the knowledge of the Corporation, no condition or circumstances exist that would give rise to any such liability or obligation.
  - (m) Only Employees and directors of the Corporation and its Subsidiaries participate in the Employee Plans, and no Person other than the Corporation or its Subsidiaries is a participating employer under any Employee Plan other than a multi-employer plan disclosed in Section 3.1(38)(h) of the Corporation Disclosure Letter.
  - (n) All outstanding Options, DSUs, PSUs, RSUs and ESPP Shares have been granted or issued in compliance with the terms of the applicable Incentive Plan or the applicable ESPP, and have been recorded in the Corporation's financial statements in accordance with IFRS, and no such grants involved any "back dating," "forward dating," "spring loading" or similar concept.
- (39) **Insurance.**
- (a) Each of the Corporation and its Subsidiaries is insured by reputable third party insurers with reasonable and prudent policies appropriate for the size and nature of the business of the Corporation and its Subsidiaries and their respective assets, consistent with industry practice.
  - (b) Section 3.1(39)(b) of the Corporation Disclosure Letter contains a correct and complete list of each the material insurance policy, reinsurance arrangement and surety bond maintained, as of the date of this Agreement, by the Corporation or any of its Subsidiaries (other than the Joint Venture Subsidiary) setting out, in respect of each such material insurance policy, reinsurance arrangement and surety bond maintained, the type of policy, the name of the insurer, the coverage allowance, the expiration date, the annual premium and any pending claims.

- (c) Each material insurance policy, reinsurance arrangement and surety bond maintained held by the Corporation or any of its Subsidiaries is in full force and effect in accordance with its terms, and neither the Corporation nor any of its Subsidiaries is in default under the terms of any such material insurance policy, reinsurance arrangement and surety bond maintained. To the knowledge of the Corporation, neither the Corporation nor any of its Subsidiaries have received notice that any material claim pending under any material insurance policy, reinsurance arrangement and surety bond maintained of the Corporation or its Subsidiaries has been denied, rejected, questioned or disputed by any insurer, or as to which any insurer has refused to cover all or any material portion of such claims. To the knowledge of the Corporation, all material Proceedings covered by any material insurance policy, reinsurance arrangement and surety bond maintained of the Corporation or any of its Subsidiaries have been properly reported to and accepted by the applicable insurer.
- (d) To the knowledge of the Corporation, neither the Corporation nor its Subsidiaries have any liability of any kind to any insurance broker, intermediary, agent or any similar person for or on account of the acquisition.

(40) **Taxes.**

- (a) Except as set out in Section 3.1(40)(a) of the Corporation Disclosure Letter, the Corporation and each of its Subsidiaries have duly and timely filed with the appropriate Governmental Entity or with the appropriate Corporation Airport all income and other material Tax Returns (including, for greater certainty, all CEWS Returns) required by Law or by a Corporation Airport to be filed by them prior to the date hereof and all Tax Returns that were filed are complete and correct in all material respects.
- (b) Except as set out in Section 3.1(40)(b) of the Corporation Disclosure Letter, the Corporation and each of its Subsidiaries have paid as required by Law or by a Corporation Airport on a timely basis all Ticket Taxes and other material Taxes which are due and payable, all assessments and reassessments, and all Ticket Taxes and other material Taxes due and payable by them, including instalments on account of Taxes for the current year, whether or not shown as being due on any Tax Returns or assessed by the appropriate Governmental Entity or by the appropriate Corporation Airport, on or before the date hereof, other than those which are being or have been contested in good faith by appropriate Proceedings and in respect of which adequate reserves have been provided in the most recently published consolidated financial statements of the Corporation (where required in accordance with applicable accounting standards). The Corporation and its Subsidiaries have provided adequate accruals in accordance with their books and records and in the most recently published consolidated financial statements of the Corporation for any Taxes of the Corporation and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no liability in respect of Ticket Taxes and other material Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued. Neither the Corporation nor any of its Subsidiaries has claimed CEWS to which it was not entitled.
- (c) Except as disclosed in Section 3.1(40)(c) of the Corporation Disclosure Letter, no claims, suits, audits, assessments, reassessments, deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted or threatened with respect to Ticket Taxes and other material Taxes of the Corporation or any of its Subsidiaries and none of the Corporation or any of its Subsidiaries is a party to any material Proceeding for assessment or collection of Taxes and no such event has been asserted or threatened against the Corporation or any of its Subsidiaries or any of their respective assets.

- (d) No claim has been made by any Governmental Entity or by any Corporation Airport in a jurisdiction where the Corporation or any of its Subsidiaries do not file Tax Returns that the Corporation or any of its Subsidiaries is or may be subject to Tax by that jurisdiction.
- (e) There are no Liens (other than Permitted Liens) with respect to Taxes upon any of the assets of the Corporation or any of its Subsidiaries.
- (f) The Corporation and each of its Subsidiaries have withheld or collected all material amounts required by Law to be withheld or collected by them on account of Taxes (including Taxes and other amounts required to be withheld by them in respect of any amount paid or credited or deemed to be paid or credited by them to or for the benefit of any Person and all amounts on account of any sales, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial Taxes and state and local Taxes, required by Law to be collected by them), but excluding Ticket Taxes and have remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.
- (g) None of the Corporation or any of its Subsidiaries is bound by, is party to, or has any obligation under any Tax sharing, allocation, indemnification or similar agreement with respect to Taxes that could give rise to a payment or indemnification obligation (other than agreements among the Corporation and its Subsidiaries).
- (h) None of the Corporation or any of its Subsidiaries has, at any time, directly or indirectly transferred any property or supplied any services to, or acquired any property or services from, a Person who is not resident in Canada for purposes of the Tax Act and with whom the Corporation or Subsidiary, as the case may be, was not dealing at arm's length (within the meaning of the Tax Act) for consideration other than consideration equal to the fair market value of such property or services at the time of transfer, supply or acquisition, as the case may be, nor has the Corporation or any of its Subsidiaries been deemed to have done so for purposes of the Tax Act; and the Corporation and each such Subsidiary have made or obtained records or documents that meet the requirements of Paragraphs 247(4)(a) to (c) of the Tax Act, and there are no transactions to which Subsection 247(2) or Subsection 247(3) of the Tax Act may reasonably be expected to apply.
- (i) There are no circumstances existing which could result in the application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to the Corporation or any of its Subsidiaries. Except as in accordance with past practices, the Corporation and its Subsidiaries have not claimed nor will they claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Corporation or its Subsidiaries for any period ending after the Effective Date.
- (j) For the purposes of the Tax Act, any applicable Tax treaty and any other relevant Tax purposes (i) the Corporation is resident in, and is not a non-resident of, Canada, and is a "taxable Canadian corporation"; and (ii) each of its Subsidiaries is resident in the jurisdiction in which it was formed, and is not resident in any other country.
- (k) The Tax attributes of the depreciable assets of the Corporation and each of its Subsidiaries are accurately reflected in the Tax Returns of the Corporation and each of its Subsidiaries, as applicable, and have not materially and adversely changed since the date of such Tax Returns.
- (l) Except as set out in Section 3.1(40)(l) of the Corporation Disclosure Letter, there are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or

reassessment of material Taxes of or the payment or remittance of material Taxes by, the Corporation or any of its Subsidiaries.

- (m) Except as set out in Section 3.1(40)(m) of the Corporation Disclosure Letter, none of the Corporation or any of its Subsidiaries will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Effective Date; (ii) use of an improper method of accounting for a taxable period ending on or prior to the Effective Date; or (iii) prepaid amount received on or prior to the Effective Date.
- (n) Except as set out in Section 3.1(40)(n) of the Corporation Disclosure Letter, the Corporation and each of its Subsidiaries (a) have withheld or collected all amounts required by Law or by a Corporation Airport to be withheld or collected by them on account of Ticket Taxes, except for (i) amounts that are not material, in the aggregate or taken individually, or (ii) deficiencies that could not reasonably be expected to impact the continuous operations of the business, and (b) have remitted all such amounts to the appropriate Governmental Entity or to a Corporation Airport when required by Law or otherwise to do so.
- (o) When refunding, adjusting, or crediting any Tax Adjustment, the Corporation or its Subsidiaries, as applicable, claimed forthwith to the applicable Governmental Entities or Corporation Airports, as applicable, in the applicable reporting period, any available adjustment, deduction, credit, reimbursement or refund related to such Tax Adjustment.

**(41) Non-Arm's Length Transactions.**

Except as set forth in Section 3.1(41) of the Corporation Disclosure Letter and except for Contracts made solely among the Corporation and its Subsidiaries, there are no Material Contracts between the Corporation or its Subsidiary and any Person with whom the Corporation or its Subsidiary is not dealing, as of the date of this Agreement, at arm's length (within the meaning of the Tax Act), other than Contracts entered into in the Ordinary Course on terms not materially less favourable to the Corporation or its Subsidiary than are available from an arm's length party.

**(42) Anti-Terrorism Laws.**

None of the Corporation, any of its Subsidiaries or, to the knowledge of the Corporation, any of its or their Representatives acting on behalf of the Corporation or any of its Subsidiaries, has been or is currently subject to any economic or financial sanctions or trade embargoes imposed, authorized, administered or enforced by any Governmental Entity (including the Government of Canada, the Office of Foreign Assets Control of the U.S. Treasury Department (including, but not limited to, the designation as a "specially designated national or blocked person" thereunder), or any other applicable sanctions authority) or other similar Laws (collectively, "**Sanctions**"). Neither the Corporation nor any of its Subsidiaries has received any written notice alleging that the Corporation, any of its Subsidiaries or any of their respective Representatives has violated any Sanctions, and, to the knowledge of the Corporation, except as disclosed in Section 3.1(42) of the Corporation Disclosure Letter, no condition or circumstances exist (including any ongoing Proceeding) that would form the basis of any such allegations.

**(43) Corrupt Practices Legislation.**

None of Corporation nor any of its Subsidiaries, nor any of their respective directors and officers nor, to the knowledge of Corporation, any of their respective employees, agents or representatives, to the extent acting on behalf of the Corporation or any of its Subsidiaries, have directly or indirectly, taken any action which is or would be otherwise inconsistent with or prohibited by the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada)

or the *United States Foreign Corrupt Practices Act of 1977*, as amended, Title 18 United States Code Section 1956 and 1957 (US) or the *Criminal Code* (Canada) if applicable, or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Corporation or its Subsidiaries and their respective operations (collectively, the "**Corrupt Practices Legislation**"). The operations of the Corporation and its Subsidiaries are and have been conducted at all times in compliance with the Corrupt Practices Legislation and since June 27, 2013 there has been no suit, Proceeding by or before any Governmental Entity or any arbitrator involving the Corporation or any of its Subsidiaries with respect to the Corrupt Practices Legislation and to the knowledge of the Corporation there are no circumstances likely to lead or give rise to any such Proceeding.

(44) **Trade Compliance.**

The operations of the Corporation and each of its Subsidiaries have been conducted in compliance in all material respects with Trade Legislation. Neither the Corporation nor any of its Subsidiaries has received any notice alleging that the Corporation or any of its Subsidiaries has violated any Trade Legislation in any material respect.

(45) **Money Laundering.**

The operations of the Corporation and each of its Subsidiaries have been, since November 1, 2016, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements and money laundering or similar Laws ("**Money Laundering Laws**"). Neither the Corporation nor any of its Subsidiaries has received any notice alleging that the Corporation, any of its Subsidiaries or any of their respective Representatives has violated any Money Laundering Laws, and, to the knowledge of the Corporation, no condition or circumstances exist (including any ongoing Proceedings) that would form the basis of any such allegations.

(46) **Privacy and Anti-Spam.**

- (a) The Corporation and each of its Subsidiaries have complied, in all material respects, with all applicable Privacy Laws, each Corporation Privacy Policy, all Contracts with third parties relating to privacy and data protection to which the Corporation and any of its Subsidiaries is a party or by which any of them are otherwise bound. There are no material Proceedings in progress or pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation or any of its Subsidiaries with respect to any of the foregoing.
- (b) Section 3.1(46)(b) of the Corporation Disclosure Letter identifies each Corporation Privacy Policy in effect at any time since June 27, 2016. Each Corporation Privacy Policy provides (or provided while it was in effect) accurate and sufficient notice of the then current practices of the Corporation and its Subsidiaries relating to the subject matter of such Corporation Privacy Policy.
- (c) To the knowledge of the Corporation, the Corporation has not collected or received any Personal Information online from children under the age of thirteen without verifiable consent of a parent or legal guardian, or directed any of its websites or applications to children under the age of thirteen through which such Personal Information could be obtained.
- (d) In relation to the collection, accepting, processing, storage or transmission of any credit cards, passwords, CVV data, or other related data by the Corporation or any of its Subsidiaries, the Corporation or the applicable Subsidiary have implemented data protection procedures, processes and systems that together meet or exceed all applicable Privacy Laws as well as standards and guidelines established by the Payment



Card Industry Standards Council (including the Payment Card Industry Data Security Standard).

- (e) To the knowledge of the Corporation, the Corporation and each of its Subsidiaries have all necessary consents and authorizations to collect, use, transfer, disclose, retain and process any Personal Information in its possession or under its control to the extent required in connection with the operation of their respective businesses as conducted in the Ordinary Course. Neither the Corporation nor any of its Subsidiaries sells, rents or otherwise makes available any Personal Information to any Person, except in a manner that complies in all material respects with the applicable Privacy Laws. The Corporation has obtained written agreements from all third parties to whom it has provided, disclosed or made available any Personal Information that satisfy the requirements of applicable Privacy Laws.
- (f) The Corporation and each of its Subsidiaries have taken commercially reasonable measures (including implementing and monitoring organizational, technical and physical security) to ensure that confidential information of the Corporation and its Subsidiaries and Corporation Data are protected against unauthorized access, use, modification, disclosure or other misuse, and, since May 1, 2016, except as set forth in Section 3.1(46)(f) of the Corporation Disclosure Letter, to the knowledge of the Corporation, no material unauthorized access to or unauthorized use, modification, disclosure or other material misuse of such confidential information or Corporation Data has occurred.
- (g) The Corporation and each of its Subsidiaries have, in all material respects, conducted its business in compliance with CASL, including provisions relating to having obtained valid express consent within the meaning of such legislation for the installation (or causing to be installed) any computer program on another Person's computer system and to the sending of commercial electronic messages only with express or implied consent, within the meaning of such legislation, and with the provisions requiring commercial electronic messages to include prescribed contact information and an unsubscribe mechanism and ensure commercial electronic messages are not sent to Persons that have previously unsubscribed or whose consent has been revoked or expired. The Corporation and each of its Subsidiaries retain records sufficient to demonstrate such compliance, including evidence of express consent or circumstances giving rise to implied consent or any exemption available under CASL.

**(47) Franchise Matters.**

Except as set forth in Section 3.1(47) in the Corporation Disclosure Letter (a) there have not been any material Proceedings between the Corporation and any current or former Franchisee at any time since June 27, 2016; (b) to the knowledge of the Corporation, the Franchisees are operating their franchises in accordance with the Franchise Agreements; (c) each of the Franchisees is up to date in all royalty payments owing to the Corporation or any of its Subsidiaries; and (d) the franchise operations of the Corporation and its Subsidiaries have been conducted in material compliance with all applicable Laws that relate to, regulate or are applicable to franchising in any jurisdiction in which such operations are carried on by the Corporation and its Subsidiaries.

**(48) Aircraft, Aircraft Engines, Spare Engines and Parts.**

- (a) Section 3.1(48)(a) of the Corporation Disclosure Letter sets forth a complete and accurate list as of the date of this Agreement of (i) all air operating certificates issued by Transport Canada that are held by the Corporation or one of its Subsidiaries; (ii) all Corporation Aircraft, including a description of the manufacturer, model/type, manufacturer serial number, Transport Canada registration number and manufacture date of each such Corporation Aircraft, whether such Corporation Aircraft is owned or

leased (including if leased the name of the lessor) and the Aircraft Engine applicable or appurtenant to each such Corporation Aircraft (whether installed or not); (iii) all Spare Engines, including a description of the manufacturer, model/type and manufacturer serial number and whether such Spare Engine is owned or leased and, in the case of an uninstalled Spare Engine, the location where such Spare Engine is stored; and (iv) all domestic, scheduled international and non-scheduled international licenses to operate air services issued to the Corporation or one of its Subsidiaries by Transport Canada and applicable Governmental Entities.

- (b) The Corporation or one or more of its Subsidiaries has good and valid title to all Corporation Aircraft and Corporation Engines described as owned in Section 3.1(48)(a) of the Corporation Disclosure Letter as at the date hereof, or a valid and enforceable leasehold interest in all Corporation Aircraft and Corporation Engines described as leased in Section 3.1(48)(a) of the Corporation Disclosure Letter as at the date hereof, in each case free and clear of all Liens (other than Permitted Liens).
- (c) The Corporation or one of its Subsidiaries has been issued all required Authorizations (including aviation documents, certifications and licenses) by the applicable Governmental Entities of each jurisdiction in which the Corporation or such Subsidiary operates a Corporation Aircraft, and each such Authorization, aviation document, certification and license is in good order and has not been cancelled, suspended or rescinded, except for any temporary suspension of such document, certificate or license for a period of time during which such Corporation Aircraft is out of service for maintenance purposes.
- (d) All Corporation Aircraft are properly registered on the Canadian Civil Aircraft Register, are in airworthy and serviceable condition and have validly issued Transport Canada certificates of registration and airworthiness that are in full force and effect (except for any temporary suspension relating to a period of time during which any Corporation Aircraft is out of service for maintenance purposes), and all requirements for the effectiveness of each certificate of airworthiness have been satisfied.
- (e) All Corporation Aircraft are operated by, and under the control of, trained, qualified and duly licenced pilots with proper ratings.
- (f) All technical records relating to any Corporation Aircraft, Corporation Engines and Corporation Parts have been maintained in accordance with applicable Law, mandatory manufacturers' requirements, mandatory directives, airworthiness directives, bulletins, guidelines and notices of Transport Canada and the Maintenance Program.
- (g) All Corporation Aircraft, Corporation Engines and Corporation Parts are being maintained, inspected, serviced, repaired and overhauled:
  - (i) by properly qualified personnel approved by Transport Canada in compliance with each applicable Authorizations (including any applicable certificates of airworthiness and registration) issued by, and requirements of, Transport Canada, in accordance with all applicable Laws and all mandatory directives, airworthiness directives, bulletins, guidelines and notices issued by Transport Canada and in accordance with the requirements of the Corporation Aircraft, Corporation Engine and Corporation Parts manufacturers so as to keep such Corporation Aircraft, Corporation Engines and Corporation Parts in good and airworthy operating condition and maintain the necessary Authorizations and certificates of airworthiness and registration of the Corporation Aircraft, Corporation Engines and Corporation Parts, as applicable, except (A) during temporary periods of storage or maintenance and modifications as permitted by applicable Laws; and (B) when Transport Canada has revoked or suspended the

certificate of airworthiness for any Corporation Aircraft for reasons other than a failure by the Corporation or any Subsidiary to maintain, service, repair or overhaul such Corporation Aircraft in the manner described above and the Corporation and its Subsidiaries are not operating such Corporation Aircraft or Corporation Engine;

- (ii) in accordance with the relevant manufacturers' mandatory requirements and procedures and the Maintenance Program;
  - (iii) so as to comply with the applicable manufacturers' maintenance, components maintenance or structural repair manuals or Contracts and, to the extent that the same are made mandatory by either the manufacturer or Transport Canada, to comply with all modifications, airworthiness directives, corrosion prevention programs, alert service bulletins and any service bulletins that must be performed in order to maintain the warranties or any other similar rights on the Corporation Aircraft, the Corporation Engines or the Corporation Parts;
  - (iv) so as to comply with any Material Contract described in clause (a) of the definition of Material Contract in all material respects; and
  - (v) so as to comply with all applicable Laws of Canada and any other jurisdiction to, from, in or over which the Corporation Aircraft may be flown (and regardless of upon whom the relevant requirements are imposed).
- (h) The Corporation and its Subsidiaries have made all such alterations and modifications in and additions to any Corporation Aircraft, Corporation Engines and Corporation Parts as have been required to be made from time to time by the applicable manufacturer and/or to meet the mandatory applicable standards of Transport Canada.
- (i) The Corporation and its Subsidiaries have implemented maintenance schedules with respect to the Corporation Aircraft, the Corporation Engines and the Corporation Parts that, if complied with, are designed to result in the satisfaction of all requirements under all applicable airworthiness directives and applicable Laws required to be complied with in accordance with such maintenance schedules in all materials respects. Each Corporation Aircraft's structure and systems and each Corporation Aircraft's and Corporation Engine's components are functioning in all material respects in accordance with their intended use, except for Corporation Aircraft and Corporation Engines that are undergoing maintenance and temporarily deferred maintenance as permitted by any applicable rules and regulations of Transport Canada.
- (j) Except as set forth in Section 3.1(48)(j) of the Corporation Disclosure Letter, the Corporation is not a party to any interchange or pooling agreements with respect to the Corporation Aircraft, the Corporation Engines or the Corporation Parts.
- (k) The Corporation Aircraft and Corporation Engines are not used for any purpose or manner, or in any airspace for which they were not designed or reasonably suited or in a manner which is outside the tolerances and limitations for which the Corporation Aircraft or Corporation Engines were designed, or in a manner that is inconsistent with applicable Laws, insurance policies, Aircraft Contracts or Aircraft Finance Contracts.
- (l) The Corporation and its Subsidiaries have implemented in accordance with applicable Laws (including the *Canadian Aviation Regulations* and the *IATA Operational Safety Audit (IOSA) Program and Standards*), Government approved safety policies including required safety and security reporting policies. Such policies are regularly reviewed (at

least annually) by the Board and are reasonably appropriate with respect to the size and complexity of the organization of the Corporation and its Subsidiaries.

- (m) There are no material charges or violations pending under aviation safety and security regulations in respect of the Corporation or any of its Subsidiaries, and there are no appeals of any Orders under aviation safety and security regulations applicable to the Corporation or any of its Subsidiaries currently outstanding. The Corporation and each of its Subsidiaries have complied in all material respects with all requirements, policies and Orders issued under aviation safety and security regulations since June 27, 2016, and have developed and implemented policies and training for Employees to enhance compliance with the regulations.
- (n) Except as set forth in Section 3.1(48)(n) of the Corporation Disclosure Letter and except in the course of the normal operation of scheduled flights for a period, in each case of such scheduled flights, not exceeding 24 hours, or, in the case of an emergency landing situation, for the shortest period reasonably required, none of the Corporation Aircraft and the Corporation Engines is expected to be located, parked or stored in the United States on December 31, 2020 or January 1, 2021.
- (o) For the full calendar year 2020, none of the Corporation Aircraft and the Corporation Engines will spend or will have been located, parked or stored 183 days or more, in the United States, either on the ground or in the air.

(49) **Corporation Slots.**

- (a) Section 3.1(49)(a) of the Corporation Disclosure Letter sets forth a complete and accurate list of all takeoff and landing slots, gate rights and bridge rights granted to the Corporation or any of its Subsidiaries by an airport authority or other air carriers, and any applicable operating Authorizations from Transport Canada, or any other applicable Governmental Entity and other similar airport access rights held by the Corporation or any of its Subsidiaries in respect of any Material Corporation Airport (the "**Corporation Slots**") and such list indicates any Corporation Slots that have been leased from another air carrier and in which the Corporation or one of its Subsidiaries holds only temporary use rights.
- (b) The Corporation and its Subsidiaries have complied, in all material respects, with all applicable Laws and terms of any Contracts governing Corporation Slots.
- (c) None of the Corporation or any of its Subsidiaries have (i) received any written notice of any proposed withdrawal of a Corporation Slot by an airport authority or other air carrier, Transport Canada or any other applicable Governmental Entity; or (ii) agreed to any future reduction, trade, purchase, sale, exchange, lease, or transfer of any Corporation Slot that has not been completed (in each case, except for seasonal swaps and temporary returns with a duration of approximately six (6) months or less).

(50) **Investigations.**

Except with respect to Safety Management System (SMS) self-audits conducted by the Corporation or its Subsidiaries in the Ordinary Course and audits conducted by the CTA in the Ordinary Course, since November 1, 2016, there has been no material accident or incident investigations or reviews, safety related incidents or other material Proceedings related to aviation safety or regulation with respect to or involving the Corporation or any of its Subsidiaries or any Corporation Aircraft.

(51) **Corporation Airports.**

No airport authority at any Corporation Airport has issued any Order, initiated any Proceeding or taken any other action, nor, to the knowledge of the Corporation, is any such Order, Proceeding or other action threatened, that would reasonably be expected to materially and adversely interfere with the ability of the Corporation to conduct its operations at any Corporation Airport in the Ordinary Course.

(52) **Major Suppliers.**

Except as set forth in Section 3.1(52) of the Corporation Disclosure Letter, to the knowledge of the Corporation, no material supplier has any intention to materially adversely change its relationship with the Corporation.

(53) **Disclosure.**

Except as set forth in Section 3.1(53) of the Corporation Disclosure Letter, true and complete copies of all documents listed in the Corporation Disclosure Letter have been made available in the Data Room.



**SCHEDULE D  
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

**(1) Organization and Qualification.**

The Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

**(2) Corporate Authorization.**

The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the Arrangement and other transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby.

**(3) Execution and Binding Obligation.**

This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to (a) any limitation on enforcement under Laws relating to bankruptcy, winding-up, insolvency, reorganization, arrangement or other Law affecting the enforcement of creditors' rights generally; and (b) the discretion that a court may exercise in the granting of equitable or extraordinary remedies such as specific performance and injunction.

**(4) Governmental Authorization.**

The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Arrangement and the transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with or notification to, any Governmental Entity by the Purchaser other than (a) the Key Regulatory Approvals and the Other Regulatory Approvals; (b) the Interim Order and the Final Order; (c) filings with the Director under the CBCA, (d) the filing of the Articles of Arrangement; (e) customary filings with the Securities Authorities.

**(5) No Conflict/ Non-Contravention.**

The execution and delivery of this Agreement by the Purchaser, and performance of its obligations hereunder and the consummation by the Purchaser of the Arrangement and the other transactions contemplated hereby do not and will not:

- (a) contravene, conflict with, or result in any violation or breach of the Constatng Documents of the Purchaser; or
- (b) assuming receipt of the Key Regulatory Approvals and Other Regulatory Approvals, contravene, conflict with or result in a violation or breach of Law, except as would not, individually or in the aggregate, materially impede the ability of the Purchaser to consummate the Arrangement and the transactions contemplated hereby.

**(6) Securities Law Matters.**

- (a) The Purchaser is a "reporting issuer" (or the equivalent) under Securities Laws in each of the provinces and territories of Canada. The Purchaser Shares are listed and posted for

trading on the Exchange. The Purchaser is not in default of any requirements of any Securities Laws which would reasonably be expected to have a Material Adverse Effect.

- (b) The Purchaser has not taken any action to cease to be a "reporting issuer" (or the equivalent) in any province or territory of Canada nor has the Purchaser received notification from any Securities Authority seeking to revoke the reporting issuer status of the Purchaser. No Proceeding or Order for the delisting, suspension of trading or cease trade or other Order or restriction with respect to any securities of the Purchaser is in effect or pending or, to the knowledge of the Purchaser, has been threatened or is expected to be implemented or undertaken.
- (c) The Purchaser has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by the Purchaser with the Securities Authorities since January 1, 2020, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect. The documents comprising the Purchaser Filings, as of their respective dates (or, if amended or superseded by a subsequent Purchaser Filing prior to the date of this Agreement, on the date of such subsequent Purchaser Filing), complied as filed in all material respects with applicable Law and did not contain any Misrepresentation. The Purchaser has not filed any confidential material change report or other confidential filing with any Securities Authority which, as at the date of this Agreement, remains confidential. As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters from any Securities Authority with respect to any of the Purchaser Filings. Neither the Purchaser nor any of its Subsidiaries is a party to any ongoing Proceeding by any Securities Authority or the Exchange and, to the knowledge of the Purchaser, no such Proceeding is threatened.

**(7) Purchaser Shares.**

The authorized capital of Purchaser is set forth in the Purchaser Filings. The Purchaser Shares to be issued pursuant to the Arrangement, upon issuance, will be validly issued as fully paid and non-assessable, will be listed for trading on the TSX (subject only to the satisfaction of the conditions set forth in the Stock Exchange Approval), and will not be subject to any contractual or other restrictions on transferability or voting.

**(8) Financial Statements.**

The audited consolidated financial statements and the unaudited consolidated interim financial statements of the Purchaser (including, in each case, the notes or schedules to and, as applicable, the auditor's report on such financial statements) included in the Purchaser Filings (i) were prepared in accordance with IFRS, consistently applied throughout for the periods referred to therein (except as expressly set forth in the notes thereto), and (ii) fairly present, in all material respects, the assets, liabilities, consolidated financial position, results of operations and cash flows of the Purchaser and its Subsidiaries as of their respective dates and for the periods covered by such financial statements. Except as disclosed in the Purchaser Filings, there are no, nor are there any commitments to become a party to, any off-balance sheet transaction, arrangement, obligation or other similar relationships of the Purchaser or of any of its Subsidiaries with unconsolidated entities or other Persons.

**(9) Internal Controls.**

- (a) The Purchaser has established and maintains disclosure controls and procedures (as such term is defined in Regulation 52-109) to provide reasonable assurance that information required to be disclosed by the Purchaser in its annual filings, interim filings or other reports required to be filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods required by applicable Securities Laws. Such disclosure controls and procedures include controls and



procedures designed to ensure that information required to be disclosed by the Purchaser in its annual filings, interim filings or other reports required to be filed or submitted under applicable Securities Laws is accumulated and communicated to the Purchaser's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

- (b) The Purchaser has established and maintains a system of internal control over financial reporting (as such term is defined in Regulation 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
- (c) To the knowledge of the Purchaser, (i) as at December 31, 2019, there were no material weaknesses or significant deficiencies in the Purchaser's internal controls, and (ii) as of the date hereof, nothing has come to the attention of the Purchaser or any of its Subsidiaries that has caused the Purchaser to believe that there are any material weaknesses or significant deficiencies in the Purchaser's internal controls over financial reporting.

(10) **Litigation.**

There are no material Proceedings in progress or pending or, to the knowledge of the Purchaser, threatened, against the Purchaser, nor is the Purchaser subject to any outstanding Order that is reasonably likely to prevent or materially delay consummation of the Arrangement or the other transactions contemplated by this Agreement.

(11) **Funds Available.**

The Purchaser will have at the Effective Time, sufficient funds available to satisfy the aggregate cash Consideration payable by the Purchaser pursuant to the Arrangement in accordance with the terms of this Agreement and the Plan of Arrangement and to satisfy all other obligations payable by the Purchaser pursuant to this Agreement and the Arrangement.

(12) **Security Ownership.**

As of the date hereof, the Purchaser does not beneficially own, or exercise control or direction over, any securities of the Corporation.

(13) **Canadian Status.**

The Purchaser is not a "non-Canadian" as defined pursuant to Section 3 of the *Investment Canada Act* (Canada). The Purchaser is a "Canadian" as defined pursuant to Section 55(1) of the CT Act.

(14) **United States Securities Act of 1933.**

The issuance of Purchaser Shares is not subject to the registration requirements of the United States Securities Act of 1933.



**SCHEDULE E**  
**KEY REGULATORY APPROVALS**

- (1) Competition Act Approval
- (2) CT Act Approval
- (3) clearance pursuant to the EU Merger Regulation (139/2004)



**SCHEDULE F  
FORM OF D&O SUPPORT AND VOTING AGREEMENT**

See attached.