

MATERIAL CHANGE REPORT

Section 118(1) of the *Securities Act* (Alberta)
Section 67(1) of the *Securities Act* (British Columbia)
Section 76(2) of the *Securities Act* (Newfoundland)
Section 81(2) of the *Securities Act* (Nova Scotia)
Section 75(2) of the *Securities Act* (Ontario)
Section 84(1) of *The Securities Act, 1988* (Saskatchewan)¹

Item 1 - Reporting Issuer

Canadian Airlines Corporation (the "Corporation")
1601 Airport Road NE, Suite 200
Calgary, Alberta, T2E 6Z8
Telephone: (403) 294-2000
Facsimile: (403) 294-6885

Item 2 - Date of Material Change

March 24, 2000

Item 3 - Press Releases

News releases describing the material change were issued through the facilities of Canada NewsWire on Friday, March 24, 2000.

Item 4 - Summary of Material Change

On March 24, 2000, the Court of Queen's Bench of Alberta granted an order under the Companies' Creditors Arrangement Act ("CCAA") in respect of the Corporation and Canadian Airlines International Ltd. ("Canadian Airlines") and the United States Bankruptcy Court for the District of Hawaii granted an order under section 304 of the U.S. Bankruptcy Code in respect of Canadian Airlines.

Item 5 - Full Description of Material Change:

On March 24, 2000 the Corporation announced that it had taken the next step in the airline's financial restructuring by filing for court protection in Canada and the United States. The filings are part of the process of restructuring the debt and other obligations of the Corporation and Canadian Airlines. The filings were initiated with the support of a substantial number of secured creditors and aircraft lessors with interests in approximately 80% of Canadian Airlines' fleet.

¹ Reference is made herein to Form 27 under the *Securities Regulations* (Alberta), *Securities Regulations* (British Columbia), *Securities Regulations* (Nova Scotia) and *Securities Regulations* (Ontario), Form 26 under the *Securities Regulations* (Newfoundland), and Form 25 under the *Securities Regulations* (Saskatchewan).

On March 24, 2000, the Court of Queen's Bench of Alberta granted an order under the CCAA in respect of the Corporation and Canadian Airlines and the United States Bankruptcy Court for the District of Hawaii granted an Order under section 304 of the U.S. Bankruptcy Code in respect of Canadian Airlines. Section 304 of the U.S. Bankruptcy Code provides a process whereby the United States Courts will give effect to and the protection of the United States Courts to the Alberta Court's jurisdiction under the CCAA.

The orders stay any proceedings against the Corporation and/or Canadian Airlines in Canada and against Canadian Airlines in the United States, as the Corporation has no assets in the United States, and ensure that no pre-emptive action can be taken by creditors to disrupt the significant progress to date in negotiations with senior creditors.

Under the terms of the two orders, the Corporation and Canadian Airlines will present a Plan Compromise and Reorganization (the "Plan") setting out the terms of the restructuring of its debt and other obligations, to creditors and the Courts within 30 days. Creditor meetings to approve the Plan are expected to be held in early May. The Plan contemplates that Canadian Airlines will become a wholly owned subsidiary of Air Canada upon completion. It is likely that shareholder interests will be compromised under the Plan. As such, there can be no assurances as to what level of consideration, if any will be offered to shareholders of the Corporation as part of the reorganization process.

Canadian Airlines' and Canadian Regionals' operations, employees and customers are not affected by the filings and the airlines will continue business as usual. Suppliers who are providing goods and services necessary for the operation of the airlines such as travel agencies, fuel, catering, and materials will continue to be paid in the normal course.

Item 6 - Reliance on Section 118(2) of the *Securities Act* (Alberta) or Equivalent Provisions

Not applicable.

Item 7 - Omitted Information

Not applicable.

Item 8 - Senior Officer

For further information concerning the material change described herein, please contact Mr. Douglas A. Carty Senior Vice-President & Chief Financial Officer of the Corporation at (403) 294-2057.

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED at the City of Calgary, in the Province of Alberta, as of the 30th day of March 2000.

CANADIAN AIRLINES CORPORATION

Per: "Douglas A. Carty"
Douglas A. Carty
Senior Vice President & Chief Financial Officer