



PRESS RELEASE
For immediate release

TRANSAT WARNS ITS SHAREHOLDERS AGAINST MACH'S HIGHLY ABUSIVE, COERCIVE, MISLEADING AND CONDITIONAL SCHEME AND URGES THEM TO REJECT IT

Transat to launch complaint to securities regulator to block Groupe Mach's abusive scheme

Montreal, August 6, 2019 — Transat A.T. Inc. ("Transat"), one of the largest integrated tourism companies in the world and Canada's holiday travel leader, announced that it is filing today a complaint with the *Tribunal administratif des marchés financiers*, regarding Groupe Mach Acquisition Inc.'s **highly abusive, coercive, misleading and conditional** offer to acquire 6.9 million Class B voting shares of Transat (the "Class B Shares") made on August 2, 2019 (the "Scheme"), representing approximately 19.5% of Transat's Class B Shares.

Transat's board of directors (the "Board") and the special committee of the Board (the "Special Committee"), supported by their financial and legal advisors continue to unanimously reiterate that the arrangement with Air Canada is in the best interest of Transat and its stakeholders and is fair to its shareholders, and unanimously recommend that Transat shareholders:

1. Vote **FOR** the arrangement resolution approving the plan of arrangement with Air Canada; and
2. **REJECT** the Mach Scheme and **NOT DEPOSIT** their shares with Mach.

The Board, the Special Committee and their advisors categorically reject Mach's Scheme as highly abusive, coercive, misleading and conditional, and prejudicial to the interests of shareholders and putting them at significant risk by unfairly disregarding their interests and subverting applicable securities rules designed to protect shareholders and treat them fairly and equally and to protect the integrity of capital markets.

Notably, the Board warns that **Mach has made no commitment to acquire and pay for any of the shares deposited under its Scheme**. The Scheme disenfranchises shareholders without any guarantee of compensation by (1) encouraging them to deposit their shares and concurrently grant proxies in favour of Mach for all deposited shares, irrespective of the number of shares, if any, that may ultimately be taken-up and paid for, and (2) using these proxies to vote against the proposed Arrangement with Air Canada (the "Air Canada Arrangement") at the Special Meeting, and without any disclosure regarding Mach's plans and intentions for Transat and its shareholders.

The Board is highly concerned by the fact that shareholders will only find out after the Special Meeting whether Mach will actually take up and pay for any of the very same Class B Shares already voted on their behalf at the Special Meeting.

Transat is taking vigorous and immediate actions against Mach's abusive scheme to protect its shareholders

Transat is filing an application with the *Tribunal administratif des marchés financiers* to challenge Mach's Scheme. In addition, Transat is reviewing other potential legal proceedings with the goal of protecting shareholders from the Scheme and defending their interests, and the integrity of capital markets.

Transat is sending to its shareholders a letter containing the detailed reasons supporting the Board's recommendation that shareholders 1) vote **FOR** the arrangement resolution approving the plan of arrangement with Air Canada; and 2) **REJECT** the Mach Scheme and **NOT DEPOSIT** their shares with Mach. A copy of such letter is available under Transat's SEDAR profile at www.sedar.com and on Transat's website at transat.com.



Transat has retained Kingsdale Advisors to act as its strategic shareholder advisor and proxy solicitation agent and to answer information requests from shareholders. Communications with Kingsdale Advisors may be made by phone toll free within North America at 1-888-518-1552, or collect call outside North America at 416-867-2272, or by e-mail at contactus@kingsdaleadvisors.com.

Beware of Mach's misleading promise of a better deal and coercive and unfair shareholder treatment

Mach's Scheme is not a better deal for all the shares of Transat, but a partial bid on a limited number of shares representing 19.5% of the outstanding Class B Shares, and therefore does not provide liquidity to all shareholders of Transat.

Contrary to its claims that it is seeking to protect Transat's shareholders, Mach's Scheme is highly prejudicial to their interests and coercive. It is designed to create uncertainty to entice shareholders to act quickly and contrary to their own interests. The Scheme is limited to the holders of Class B Shares as of July 17, 2019, the record date set by Transat to determine the shareholders entitled to vote on the Air Canada Arrangement, thus excluding all Class B Shares acquired after such date. The bid also excludes all Class A variable voting shares, thereby frustrating the principle that such shares be treated on equal footing with the Class B Shares.

In contrast, the Air Canada Arrangement is fair to all shareholders and provides liquidity for all of the shares held by all of Transat's shareholders, not only a small fraction of them.

By setting the mark just below the regulatory threshold of 20% of the outstanding Class B Shares, Mach is deliberately evading the take-over bid rules of Canadian securities laws designed to protect shareholders and afford them with a fair and equal treatment and sufficient time and information to make informed decisions.

Beware of Mach's abusive attempt to obtain voting rights for free

The Scheme and Mach's concurrent proxy solicitation efforts are value-destructive for all shareholders. Mach has designed a Scheme that allows it to exercise all of the voting rights of shareholders who deposit their Class B Shares, before committing to purchase all or even any of them.

Mach's Scheme purports to offer a premium which will however be paid, if at all, on a limited number of shares and only on up to a maximum of 19.9% of all outstanding Class B Shares. Shareholders face a significant risk of receiving the price offered by Mach for only a fraction and not all of their shares, with no premium on the remainder. As a result, shareholders will be left holding substantially all, if not all, the shares they originally held with no guarantee of any future liquidity and exposed to significant market and other risks and fluctuations under the newly acquired influence and control of Mach.

The Scheme is a "bait and switch" tactic: Mach wants to vote all of the Class B Shares deposited by Transat shareholders while paying for none or only some of them. Mach intends to vote 100% of the proxies but, in reality, may only pay for up to 19.9% of the total number of Class B Shares, if any at all, thereby returning the remaining voting shares to shareholders. The remaining voting shares (being at least 80.1%) then held by shareholders would return to the market price that would prevail after the proposed Arrangement with Air Canada has been rejected. Mach could therefore potentially unilaterally derail the transaction with Air Canada without paying a penny.



Beware of Mach's highly conditional Scheme

Mach's Scheme is highly conditional and can be withdrawn, modified or extended for any reason and at any time given the extremely broad and discretionary conditions attached to Mach's Scheme and crafted in its favour. Mach's only intention is to vote against the Air Canada Arrangement, thereby preventing Transat's shareholders from receiving the premium represented by Air Canada's offer for 100% of the shares, and undermining a transaction that is in the best interest of Transat and all of its stakeholders.

The Board and the Special Committee urge shareholders to reject Mach's Scheme, an entity with no expertise in the highly complex airline industry, no proof of financial ability to fund the Scheme, and which has made multiple and changing proposals over time while failing to set out any plan or vision for Transat.

Caution regarding forward looking statements

This press release contains certain forward-looking statements about Transat concerning a potential transaction involving the acquisition of shares of Transat. These statements are based on certain assumptions deemed reasonable by Transat, but are subject to certain risks and uncertainties, several of which are outside the control of Transat, which may cause results to vary materially. Transat disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, other than as required by securities laws.

About Transat

Transat A.T. Inc. is a leading integrated international tourism company specializing in holiday travel. It offers vacation packages, hotel stays and air travel under the Transat and Air Transat brands to some 60 destinations in more than 25 countries in the Americas and Europe. Transat is firmly committed to sustainable tourism development, as reflected in its multiple corporate responsibility initiatives over the past 12 years, and was awarded Travelife certification in 2018. Based in Montreal, the company has 5,000 employees (TSX: TRZ).

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