

Mach Responds to Transat's Abusive Defensive Tactics and Misleading Statements

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Group Mach Acquisition Inc. →

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- *Transat's defensive tactics strip its own shareholders of fundamental rights and restrict their choices*
- *Mach corrects Transat's misleading statements regarding Mach's C\$14 premium offer to Transat Class B Shareholders*
- *Mach will vigorously challenge Transat's defensive tactics*

MONTREAL, Aug. 8, 2019 /CNW/ - Group Mach Acquisition Inc. ("**Mach**" or the "**Offeror**"), a wholly-owned subsidiary of Group Mach Inc., today responded to the adoption of abusive defensive tactics and misleading statements by Transat A.T. Inc. (TSX: TRZ ("**Transat**")) in a desperate and misguided effort to prevent Transat's shareholders from accepting Mach's full and fair August 2, 2019 offer to purchase not less than 6,900,000 Class B Voting Shares of Transat (the "**Shares**"), representing approximately 19.5% of the issued and outstanding Shares, at a price of \$14.00 per Share (the "**Offer**"). Instead, Transat is seeking to coerce its shareholders into an undervalued plan of arrangement with Air Canada that carries significant regulatory risk and for which holders of Voting Shares will not receive any cash consideration prior to early 2020 and possibly not until after the outside closing date of June 27, 2020 (the "**Proposed Arrangement**"). By contrast, the Offer represents an approximately 21% premium to the \$11.55 closing price of the Shares on the TSX on Thursday, August 1, 2019, and a premium of \$1.00 per Share, or 8%, more than the \$13.00 per Voting Share offered under the Proposed Arrangement.

The Offer also provides nearer-term liquidity than the Proposed Arrangement, as Shares will be taken up and paid for under the Offer within three business days of August 23, 2019 (assuming the conditions of the Offer are met or waived).

Mach notes the following:

- **Transat's Refusal to Engage.** Mach is disappointed by the repeated refusal of Transat, its Board of Directors (the "**Board**") and the Board's Special Committee to constructively and meaningfully engage in response to multiple offers at a premium to the Proposed Arrangement. Mach questions the Board's and Special Committee's ability and inclination to make an informed decision in the best interest of shareholders.
- **Oppressive Tactics to Thwart a Premium Offer.** Rather than frankly acknowledging and addressing the material weaknesses in, and widespread shareholder dissatisfaction with, the Proposed Arrangement, Transat instead has chosen to launch frivolous and groundless litigation before securities regulators to thwart a compelling premium offer to Transat shareholders. This marks the second time that Transat has intervened to prevent its own shareholders from receiving a financially superior alternative to the Proposed Arrangement. Previously, the Board failed to respond to, or discuss with Mach, its superior proposal dated June 25, 2019 to purchase all Class A Variable Voting Shares and Class B Voting Shares of Transat (together, the "**Voting Shares**") at a price of \$14.00 in cash per Voting Share – an 8% premium to the Proposed Arrangement – despite the Board's acknowledgment that its exclusivity period with Air Canada had expired on June 26, 2019.
- **Limiting Fundamental Rights and Choices of Shareholders.** If successful, Transat's oppressive litigation tactics would strip away the fundamental right of Transat's shareholders to choose the timing, manner and terms on which they can sell their own Shares. Transat's defensive tactics are abusive and squarely aimed at restricting its own shareholders' right to choose.
- **Misleading Statements by Transat.** In its August 6, 2019 press release, Transat made numerous flagrantly misleading statements concerning Mach's Offer. To set the record straight: the Offer is fully funded and evidence to that effect has been submitted to Québec securities regulators. The Offer has far fewer conditions than the Proposed Arrangement with Air Canada and is subject to considerably less regulatory risk. Under the Offer, Shares can be taken up and paid for within three business days of the special meeting of Transat shareholders on August 23, 2019 (the "**Special Meeting**"), whereas Transat has conceded that the Proposed Arrangement will not be concluded until early 2020 and possibly may extend beyond the outside closing date of June 27, 2020. If the conditions to the Offer are met or waived by 5:00 p.m. (Montréal time) on August 23, 2019 (the "**Expiry Time**"), Mach is fully committed to take up and pay for 6,900,000 validly tendered shares on a pro rata basis within three business days. Finally, Mach will not

withdraw, amend or extend the Offer if the conditions of the Offer have been satisfied or waived at the Expiry Time.

- **Ample Procedural Protections under the Offer.** There are ample procedural protections for Transat shareholders under the Offer. The Offeror shall widely disseminate a press release as soon as practicable after the deposit deadline for Shares under the Offer of 5:00 p.m. (Montréal time) on August 13, 2019 (the "**Deposit Deadline**"), which will state the number of Shares deposited under the Offer and a preliminary calculation of how deposited shares will be pro rationed for purposes of any take-up and payment under the Offer. Any Shares deposited under the Offer may be withdrawn by or on behalf of the depositing shareholder at any time before the Shares have been taken up by the Offeror (which shall occur at the Expiry Time, assuming conditions of the Offer are satisfied or waived) or, if the Shares have not been paid for by the Offeror, within three business days after having been taken up by the Offeror.
- **Mach to Challenge Transat's Oppressive Defensive Tactics.** Mach will vigorously challenge Transat's position before securities regulators to protect Transat shareholders' right to choose a premium alternative to the Proposed Arrangement.

"It is disheartening that Canadian public company directors in this day and age would have such little regard for their fiduciary duties as to resist placing a financially superior transaction in front of its own shareholders, not just once but twice", said Mach's CEO, Vincent Chiara. "Transat's shareholders deserve better. And, in particular, they deserve the right to make their own choice whether or not to tender their Shares to a higher offer."

Concurrently with making the Offer, Mach filed a dissident proxy circular to solicit proxies AGAINST the Proposed Arrangement, which will be voted on by Transat shareholders at the Special Meeting on August 23, 2019.

Mach reminds Transat shareholders that the deadline to deposit their Shares under the Offer ends at 5:00 p.m. (Montréal time) on August 13, 2019 (the "**Deposit Deadline**"), or such earlier or later time or date or date which may be established by the Offeror in accordance with the Offer.

The description of the Offer herein is qualified in its entirety by the full terms and conditions of the Offer and the letter of transmittal, both of which may be obtained on Transat's SEDAR profile at www.sedar.com.

SHAREHOLDER QUESTIONS

For shareholder questions and further information regarding the Offer, please contact:

Laurel Hill Advisory Group

Toll-free: 1-877-452-7184

E-mail: assistance@laurelhill.com.

ADDITIONAL INFORMATION – TRANSAT PROXY REVOCATION

Holders of Voting Shares (the "**Shareholders**") can revoke any proxies previously voted in favour of the Proposed Arrangement by immediately contacting Laurel Hill Advisory Group.

COMPLETE AND DEPOSIT THE BLUE LETTER OF TRANSMITTAL FOR THE OFFER. DO NOT COMPLETE THE LETTER OF TRANSMITTAL PROVIDED BY TRANSAT FOR THE PROPOSED ARRANGEMENT.

WARNING: Shareholders should not deposit the letter of transmittal provided by Transat under the terms of the Proposed Arrangement as such deposit will be irrevocable. Shareholders will have sufficient time subsequent to the Special Meeting to deposit such a letter of transmittal and receive payment of the purchase price under the Proposed Arrangement as the depositing procedures under the Proposed Arrangement do not require that the letter of transmittal and other related documents be filed with the depository prior to August 23, 2019 in order for any Shareholder to receive said purchase price. SHAREHOLDERS WILL ONLY RECEIVE THE PURCHASE PRICE AFTER THE PROPOSED ARRANGEMENT CLOSURES WHICH TRANSAT EXPECTS TO HAPPEN IN EARLY 2020.

FORWARD-LOOKING INFORMATION

Other than statements of historical fact, the information presented in this press release constitute forward-looking statements. By their very nature forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Mach's control. Forward-looking statements contained in this press release include, but are not limited to, statements regarding: the Offer, including the anticipated timing, mechanics, funding, completion, settlement, results and effects of the Offer; the ability of the Offeror to complete the transactions contemplated by the Offer; and the expected timing for completion of the Proposed Arrangement. Although forward-looking statements contained in this presentation are based upon what management of Mach believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Mach undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

SOURCE Group Mach Acquisition Inc.

For further information: Laurel Hill Advisory Group, Toll-free: 1-877-452-7184, E-mail: assistance@laurelhill.com