



MACH ANNOUNCES \$14.00 PER SHARE OFFER TO PURCHASE CLASS B VOTING SHARES OF TRANSAT

- *Group Mach Acquisition Inc. offers holders of Class B Voting Shares of Transat A.T. Inc. \$14.00 per Share payable in cash for not less than 6,900,000 Class B Voting Shares of Transat, representing approximately 19.5% of the issued and outstanding Class B Voting Shares (the “Offer”).*
- *The Offer is being made to all holders of Class B Voting Shares of Transat as of July 17, 2019, being the record date set by Transat for voting at Transat’s upcoming special meeting of shareholders to be held August 23, 2019 (the “**Special Meeting**”). Shareholders who were not holders of Class B Voting Shares as of the record date, and holders of other classes of securities of Transat, are not eligible to tender to the Offer.*
- *The deposit deadline for the Offer is 5:00 p.m. (Montréal time) on August 13, 2019.*
- *As a condition of the Offer, depositing shareholders are required to appoint representatives of Mach as their nominee and proxy for the Special Meeting in respect of all Class B Voting Shares deposited pursuant to the Offer.*
- *Mach intends to vote all Class B Voting Shares tendered to the Offer against Transat’s proposed plan of arrangement with Air Canada.*
- *Mach intends to conduct a concurrent proxy solicitation to defeat Transat’s proposed plan of arrangement with Air Canada and to generate additional value for Transat shareholders.*
- *Questions or requests for assisting in depositing your Class B Voting Shares may be directed to Laurel Hill Advisory Group toll free at 1-877-452-7184 or by email at assistance@laurelhill.com.*

MONTRÉAL, August 2, 2019 / CNW Telbec / - Group Mach Acquisition Inc. (“**Mach**” or the “**Offeror**”), a wholly-owned subsidiary of Group Mach Inc., is pleased to announce an offer to purchase not less than 6,900,000 Class B Voting Shares (the “**Shares**”) of Transat A.T. Inc. (TSX: TRZ) (“**Transat**”), representing approximately 19.5% of the issued and outstanding Shares, at a price of \$14.00 cash per Share (the “**Purchase Price**”).

The Purchase Price represents the following approximate premiums: 21% to the \$11.55 closing price of the Voting Shares (as defined below) on the TSX on Thursday, August 1, 2019, and \$1.00 per Share, or 8%, more than the \$13.00 per Voting Share offered under the plan of arrangement between Air Canada and Transat announced on June 27, 2019 (the “**Proposed Arrangement**”). In addition, the Offer represents a premium of 147% to the \$5.67 closing price of the Voting Shares on the TSX on April 29, 2019, the day prior to the day that Transat first publicly announced the potential sale of the company. The Purchase Price represents a premium of 176% to the 30-day volume weighted average price of the Voting Shares on the TSX on April 29, 2019, and a premium of 162% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.

The Offer is made only to registered and beneficial holders of Shares as of the Record Date (the “**Shareholders**”). The Offer is not made for any Class A Variable Voting Shares of Transat (together with the Shares, the “**Voting Shares**”) or any convertible securities of Transat. Shares belonging to registered or beneficial holders who were not holders of such Shares as of July 17, 2019 are ineligible for take up under the Offer.

The deadline to deposit Shares under the Offer commences on the date hereof and ends at 5:00 p.m. (Montréal time) on August 13, 2019 (the “**Deposit Deadline**”), or such earlier or later time or times and date

or dates which may be established by the Offeror in accordance with the Offer, unless withdrawn by the Offeror.

Shareholders tendering to the Offer shall be required to appoint representatives of Mach as its nominee and proxy for the Special Meeting in respect of all Shares deposited pursuant to the Offer by the Deposit Deadline (the “**Deposited Shares**”), regardless of the number of Shares actually taken up and paid for by Offeror. Please see “Details of the Offer” at the conclusion of this press release for additional information.

REASONS TO ACCEPT THE OFFER

- ***Mach is offering a premium cash offer and liquidity*** – Mach is offering cash consideration of \$14.00 per Share, which represents the following approximate premiums: 21% to the \$11.55 closing price of the Voting Shares on the TSX on Thursday, August 1, 2019, and a \$1.00 per Share premium, or 8% more, than the \$13.00 per Voting Share Proposed Arrangement between Air Canada and Transat. In addition, the Offer represents a premium of 147% to the \$5.67 closing price of the Voting Shares on the TSX on April 29, 2019, the day prior to the day that Transat first publicly announced the potential sale of the company. The Purchase Price represents a premium of 176% to the 30-day volume weighted average price of the Voting Shares on the TSX on April 29, 2019, and a premium of 162% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.
- ***Air Canada offer undervalues Transat*** – Mach believes that the proposed acquisition by Air Canada under the Proposed Arrangement greatly undervalues Transat.
- ***Transat’s sale process was flawed and ignored a superior offer*** – The sale process undertaken by the board of directors of Transat (the “**Transat Board**”) has been flawed in many respects, most significantly, by the Transat Board’s failure to respond to, or discuss with Group Mach Inc., its superior proposal dated June 25, 2019 at a price of \$14.00 cash per Voting Share.
- ***The Offer generates near term liquidity*** – If the conditions of the Offer are met or waived, Shareholders of Deposited Shares will receive the Purchase Price within three business days following August 23, 2019.
- ***Air Canada’s offer will not generate liquidity until 2020 and carries significant regulatory risk*** The Transat Circular confirms that the Proposed Arrangement is expected to be completed early in 2020 (without providing specifics about the meaning of “early 2020”) and that holders of Voting Shares may have to wait a considerable time, and possibly past the outside closing date of June 27, 2020, before receiving any purchase price under the Proposed Arrangement due to the time required to obtain key regulatory approvals.
- ***Transat is not currently exposed to the risks of grounded Boeing 737 Max 8 fleets*** – Transat is a strong company with a significant value proposition, which includes new Airbus fleets in contrast to the indefinitely grounded Boeing 737 Max 8 fleets in Air Canada’s portfolio.
- ***Air Canada’s offer reduces competition*** – The closing of the Proposed Arrangement will significantly reduce competition in Canada’s airline industry which has historically been dominated by the two largest domestic airlines, including Air Canada.
- ***Air Canada’s offer creates uncertainty for Transat employees and Transat’s head office*** – No binding guarantees have been provided by either Air Canada or Transat that the closing of the Proposed Arrangement will not result in job losses for either company or any of its subsidiaries. No binding guarantees have been provided by Air Canada that Transat’s banner and head office shall be permanently preserved.
- ***Mach is committed to creating long term shareholder value*** – If the Offer is successful, Mach intends to work with other stakeholders and shareholders to advocate for improved corporate

governance, management accountability and financial performance at Transat, with a view to maximizing returns for Transat shareholders.

PURPOSE OF THE OFFER

The purpose of the Offer is for Mach to vote the Deposited Shares against the Proposed Arrangement and to provide holders of said Shares with a significant Purchase Price premium in cash no later than within three business days after August 23, 2019, subject to the terms of the Offer.

Mach has no intention of launching any formal hostile take-over bid for all Voting Shares. Mach will not submit a "Superior Proposal" (as defined in the arrangement agreement between Air Canada and Transat dated June 27, 2019) as long as the current board of directors of Transat is in place. To the extent the Proposed Arrangement is not approved by the requisite number of Voting Shares at the Special Meeting, Mach looks forward to the opportunity of working with all stakeholders of Transat, including its key shareholders and any new members of the board of Transat to protect the best long term interests of Transat as a strong and independent global leader in the leisure travel industry.

DETAILS OF THE OFFER

The deadline to deposit Shares under the Offer commences on the date hereof and ends at 5:00 p.m. (Montréal time) on August 13, 2019, or such earlier or later time or times and date or dates which may be established by the Offeror.

The Offer is made to holders as of the record date – The Offer is being made to all registered and beneficial holders of Shares as of July 17, 2019, being the record date set by Transat for voting at the Special Meeting. Shares belonging to registered or beneficial holders who were not holders of such Shares as of the record date are ineligible for take up under the Offer.

Take-up if fully subscribed – The Offer is for not less than 6,900,000 Shares (representing approximately 19.5% of the issued and outstanding Shares). In the event that greater than 6,900,000 Shares are tendered to the Offer and the terms and conditions of the Offer are waived or satisfied, as applicable, under no circumstances will the Offeror take up less than 6,900,000 Shares.

Withdrawal of the Offer by Mach – Under the Offer, Mach reserves the right to extend, vary or withdraw the Offer. If the Offer is withdrawn by Mach, Mach shall cause all Shares delivered pursuant to the Offer to be immediately returned to Shareholders and all proxies associated with such Shares will be deemed to be revoked.

Withdrawal of Shares deposited under the Offer by Shareholders – Any Deposited Shares may be withdrawn by or on behalf of the depositing Shareholder at any time before the Shares have been taken up by the Offeror or if the Shares have not been paid for by the Offeror within three business days after having been taken up by the Offeror. In either circumstance, all Deposited Shares will be immediately returned to the Shareholder and all proxies associated with such withdrawn Shares will be deemed to be revoked.

Pro Rata Take Up – If greater than 6,900,000 Shares are deposited under the Offer, and the terms and conditions of the Offer are waived or satisfied, as applicable, the Offeror shall take up and pay for only 6,900,000 Shares or 19.5% of the issued and outstanding Shares proportionately, disregarding fractions, according to the number of Shares deposited by each Shareholder, by rounding down to the nearest whole number of Deposited Shares. If the conditions of the Offer are met or waived as of the Expiry Time (defined below) and the Offer has not been withdrawn, the Offeror shall widely disseminate a press release that states the number of Shares taken up under the Offer on a pro-rated basis and the calculation of such pro ration.

Revocation of proxies deposited – Any proxies solicited by the Offeror in connection with the Special Meeting, other than proxies in respect of Shares taken up and paid for by the Offeror under the Offer, may be revoked at any time by the shareholder providing instructions to its investment dealer, broker or other nominee or by simply submitting a subsequent vote. After the Deposit Deadline, holders of Deposited

Shares can call 1-866-892-5387, toll-free, to facilitate the immediate revocation of any proxies associated with Deposited Shares not taken up and paid for by the Offeror under the Offer, if they so choose.

Timing of payment for Shares taken up – The closing of the Offer is 5:00 p.m. (Montréal time) on August 23, 2019 (the “**Expiry Time**”). Assuming conditions of the Offer are satisfied or waived and the Offer has not been withdrawn, the Offeror will take-up the Deposited Shares at the Expiry Time and pay for the Deposited Shares within three business days of the Expiry Time.

Take up if conditions satisfied – The Offer will not be extended past the Expiry Time, if all conditions of the Offer are satisfied or waived at the Expiry Time, including that there shall have been deposited a minimum of 6,900,000 Shares representing approximately 19.5% of the issued and outstanding Shares at the Deposit Deadline.

Extension of Offer – If there is a further extension of the Offer past the Expiry Date, the Offeror will announce the number of Shares deposited under the Offer as at the date of such extension. Furthermore, the Offeror will continue to provide the market with timely updates by way of press release, and any material updates to the terms of the Offer will be disseminated by way of notice mailed to each Shareholder.

Notices to Shareholders regarding the Offer – Mach will continue to provide the market with timely updates by way of press release, and any material updates to the terms of the Offer will be disseminated by way of notice mailed to each Shareholder.

The Offeror has sufficient funds to acquire the maximum number of Shares to be taken up pursuant to the Offer.

Shareholders are reminded that the Offer is for not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares, and that, as a condition of take up and payment of the Shares, a depositing Shareholder is required to appoint the Offeror as its nominee and proxy for the Special Meeting in respect of all Shares deposited pursuant to the Offer by the Deposit Deadline, regardless of the number of Shares actually taken up and paid for by Offeror.

Based on the public record, as at April 30, 2019, there were 35,376,271 Shares issued and outstanding. The Offer is for not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer.

Under no circumstances will the Offeror acquire more than 19.9% of the Shares pursuant to the Offer. If it is subsequently determined that the 6,900,000 Shares subject to the Offer represent more than 19.9% of the Shares as of the date of the Offer, the Offer will be amended in order to ensure that the Offer is not a take-over bid pursuant to Regulation 62-104 respecting Take-Over Bids and Issuer Bids.

The Offer will be subject to certain conditions set out in an offer to purchase sent to Shareholders (the “**Offer to Purchase**”). These conditions include: (i) there having been validly deposited under the Offer and not withdrawn not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer (the “**Minimum Tender Condition**”); (ii) the Proposed Arrangement not being approved by the requisite number of Voting Shares at the Special Meeting; and (iii) no decision, order, ruling or injunction of a governmental entity shall be in effect and no law shall have been proposed, enacted, promulgated or applied, preventing or prohibiting the ability of the Offeror to proceed with, make or maintain the Offer or to take up and pay for the Shares deposited under the Offer.

Full details of the Offer will be included in the Offer to Purchase, complete with instructions for the tendering and delivery of Shares to the Offeror. In order to deposit their Shares to the Offeror, Shareholders must complete the documentation and follow the instructions provided by their investment dealer, broker or other nominee. Investment dealers, brokers and other nominees may set a deadline for the delivery of deposit instructions that is earlier than the Deposit Deadline, and as such Shareholders should contact their investment dealer, broker or other nominee for assistance at their earliest

convenience. Deposited Shares may be withdrawn at any time prior to the time they are taken up by the Offeror. Shareholders who wish to withdraw Shares tendered pursuant to the Offer should contact their investment dealer, broker or other nominee in order to take the necessary steps to be able to withdraw such Shares. Participants of CDS should contact CDS with respect to the deposit or withdrawal of Shares tendered pursuant to the Offer.

Shareholders considering tendering securities to the Offer should consult with their investment advisor, broker, bank manager, lawyer or other professional advisor.

CONCURRENT PROXY SOLICITATION

Mach intends to send a proxy circular (the “**Circular**”) to holders of Voting Shares in order to defeat the Proposed Arrangement. The Circular may be sent to shareholders by courier, telephone, email or other electronic means.

Shareholders tendering to the Offer are required to appoint the Offeror as its nominee and proxy for the Special Meeting in respect of all Shares deposited pursuant to the Offer by the Deposit Deadline, regardless of the number of Shares actually taken up and paid for by Offeror.

Shareholders who tender their Shares and submit a proxy in accordance with the Offer do not need to take any further steps in respect of the proxy solicitation set out in the Circular. If you choose not to accept the Offer, or if you are not eligible to participate in the Offer, then you can still vote AGAINST the Proposed Arrangement.

Please review the Circular for additional information on how to vote against the Proposed Arrangement. As will be detailed in the Circular, all proxies solicited by Mach will be voted against the Proposed Arrangement at the upcoming Special Meeting. If you have questions regarding how to vote against the Proposed Arrangement, please contact Mach’s proxy advisor, Laurel Hill Advisory Group (“**Laurel Hill**”) by contacting Laurel Hill at the numbers or address set out below.

MACH’S ADVISORS

Mach’s advisory team in connection with the Offer includes Alfred Buggé, Executive Vice-President, Mergers & Acquisitions at Mach, its legal counsel Borden Ladner Gervais LLP and Laurel Hill Advisory Group as Information and Depositary Agent.

ABOUT MACH

Mach is a company constituted under the laws of Québec with its head office located at 630, rue Saint-Paul O., bureau 600 Montréal (Québec) H3C 1L9. It is a wholly-owned subsidiary of Group Mach Inc., which itself is the leading independent real estate owner and developer in Québec. Mach is a holding company which invests in various industries.

SHAREHOLDER QUESTIONS

For further information regarding the Offer please contact:

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

ADDITIONAL INFORMATION

The information contained in this press release does not and is not meant to constitute a solicitation of a proxy within the meaning of applicable securities laws. Mach intends to file the Circular in due course in compliance with applicable securities laws. Notwithstanding the foregoing, Mach is voluntarily providing the

disclosure required under section 9.2(4) of *Regulation 51-102 Respecting Continuous Disclosure Obligations* in accordance with securities laws applicable to public broadcast solicitations of proxies. All information is and will be provided in accordance with corporate and securities laws applicable to public broadcast solicitations.

This press release and any solicitation made by Mach in advance of the Special Meeting is, or will be, as applicable, made by Mach. All costs incurred for any solicitation will be borne by Mach, provided that, subject to applicable law, Mach may seek reimbursement from Transat of Mach's out-of-pocket expenses, including proxy solicitation expenses and legal fees.

Any proxies solicited by Mach will be solicited pursuant to a Circular sent to shareholders of Transat. Solicitations may be made by or on behalf of Mach, by mail, telephone, email or other electronic means, and in person by directors, officers and employees of the Mach or its proxy advisor or by the nominees. Mach has also retained Laurel Hill as its proxy advisors. Laurel Hill's responsibilities will principally include providing strategic advice, liaising with proxy advisory firms, developing and implementing shareholder communication and engagement strategies, and advising Mach with respect to the Special Meeting and proxy protocol. Laurel Hill will receive a proxy solicitation fee of \$50,000 for its services plus disbursements.

Any proxies solicited by Mach in connection with the Special Meeting may be revoked by instrument in writing by the shareholder or by its duly authorized officer or attorney, or in any other manner permitted by law. None of Mach and its directors and officers, or, to the knowledge of Mach, any associates or affiliates of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of Transat's most recently completed financial year, or in any proposed transaction which has materially affected or will materially affect Transat or any of its subsidiaries. None of Mach or, to its knowledge, any of its associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Special Meeting.

Transat's principal business office is located at Place du Parc, Léo-Pariseau Street, Suite 600, Montréal, Québec, Canada H2X 4C2. A copy of this press release and the Offer to Purchase may be obtained on Transat's SEDAR profile at www.sedar.com.

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 Offeror's plans for Transat; the ability of the Offeror to complete the transactions contemplated by the Offer; the benefits of the Offer; the reasons to accept the Offer; the purpose of the Offer; the expected timing for completion of the Proposed Arrangement; the significant value proposition of Transat; and the reduction of competition in Canada's airline industry caused by 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.