



AIR CANADA

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Air Canada enters into Exclusive Agreement with Transat A.T. Inc. to pursue a Combination of the two Companies

Combination of two Quebec-based travel leaders to benefit all stakeholders; Control of Transat A.T. Inc. to remain in Quebec

- Purchase of all outstanding Transat A.T. Inc. shares at \$13 per share, subject to confirmatory due diligence, regulatory and shareholder approvals and final documentation.
- Combination of two respected Quebec-based aviation and travel brands to create Montreal-based global leader in leisure, tourism and travel distribution offering Canadians choices to more destinations and promoting two-way tourism.
- Made-in-Quebec solution to maintain high-quality head office jobs and key functions in Montreal as well as provide a platform for future growth and employment.

MONTREAL, May 16, 2019 /CNW Telbec/ - Air Canada announced today that it has entered into an exclusive agreement with Transat A.T. Inc. (Transat) regarding the proposed purchase by Air Canada of all issued and outstanding shares of Transat and its combination with Air Canada. The proposed transaction, valued at approximately \$520 million or \$13.00 per share of Transat (on a fully-diluted basis), will create a Montreal-based global travel services company in leisure, tourism and travel distribution operating across Canada and internationally. Air Canada has all the necessary funding required to complete the transaction which is accordingly not subject to financing conditions.

"A combination with Transat represents a great opportunity for stakeholders of both companies. This includes the shareholders of both Transat and Air Canada, employees of both companies, who will benefit from increased job security and growth prospects, and Canadian travellers, who will benefit from the merged company's enhanced ability to participate as a leader in the highly competitive leisure travel market globally. The acquisition presents a unique opportunity to compete with the very best in the world when it comes to leisure travel. It will also allow us to further grow our hub at Montréal-Trudeau Airport, where we have added 35 new routes since 2012 to the benefit of the Montreal and Quebec communities, and from which we carried 10 million customers in 2018 alone," said Calin Rovinescu, President and Chief Executive of Air Canada.

The transaction remains subject to the finalization of definitive agreements, confirmatory due diligence, regulatory and shareholder approvals and other closing conditions usual in this type of transaction. There is no assurance that the transaction will be completed as described in this news release or at all. No further announcements are expected to be made by Air Canada until the signature of the definitive agreements unless required by law. Air Canada has retained Morgan Stanley as its financial advisor.

Air Canada presence and investment in Montreal and the Province of Quebec.

Air Canada is proud to have been named one of Montreal's top employers for each of the last six years. Headquartered in Montreal since 1949, Air Canada maintains one of the largest global head offices in Quebec. Air Canada employs 36,000 employees globally, with close to 10,000 of those in the province of Quebec where it has created over 2,600 new jobs over the last five years. Air Canada's Executive Committee members (President and Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Executive Vice-President, Operations) in addition to many other key members of the Executive Management team are all based in the Montreal Headquarters.

Air Canada serves 11 airports across Quebec. The international reach of Air Canada's network makes Quebec a gateway to the world and is an important tool for economic development, including tourism.

Montréal-Trudeau Airport is a strategic hub for Air Canada connecting its Quebec and Atlantic Canada domestic network, with its U.S. transborder, Caribbean, European, North African, Asian and South American flights. To the U.S. alone, Air Canada connects Montreal-Trudeau to some 24 cities.

Since 2012, Air Canada has launched 35 new routes from Montréal-Trudeau to global markets including Shanghai, Beijing, Tokyo, Tel Aviv, Lima, Sao Paulo, and Casablanca. This growth has allowed Montreal to rank amongst the top 50 most internationally connected cities in the world and to become one of the largest North American hubs.

Air Canada served more than 10 million passengers in Montreal in 2018.

Caution Regarding Forward-Looking Information

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors. The acquisition of Transat A.T. Inc. is subject to the satisfactory negotiation of transaction documents, Transat A.T. Inc. shareholder approval, court approval, regulatory approvals, and certain customary and other conditions and there are no assurances that the acquisition will be completed as described in this news release or at all. Any forward-looking statements contained in this news release represent expectations as of the date of this news release and are subject to change after such date. However, except as required under applicable securities regulations, any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, is disclaimed.

About Air Canada

Air Canada is Canada's largest domestic and international airline serving nearly 220 airports on six continents. Canada's flag carrier is among the 20 largest airlines in the world and in 2018 served nearly 51 million customers. Air Canada provides scheduled passenger service directly to 63 airports in Canada, 56 in the United States and 100 in Europe, the Middle East, Africa, Asia, Australia, the Caribbean, Mexico, Central America and South America. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network serving 1,317 airports in 193 countries. Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax, which also named Air Canada the 2018 Best Airline in North America. For more information, please visit: aircanada.com/media, follow [@AirCanada on Twitter](https://twitter.com/AirCanada) and join Air Canada on [Facebook](https://www.facebook.com/AirCanada).

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SOURCE Air Canada

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