



AIR CANADA

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Air Canada and Transat A.T. Inc. Conclude Amended Transaction for Combination of the Two Companies

- *Reduced \$5.00 purchase price reflects post-COVID-19 reduction in airline values*
- *Air Canada approves \$250 million of increased borrowings by Transat pending transaction completion*
- *Transat Board of Directors unanimously approves amended transaction and recommends shareholder approval*

MONTREAL, Oct. 10, 2020 /CNW Telbec/ - Air Canada announced today that it has concluded an amended transaction with Transat A.T. Inc. that provides for Air Canada to acquire all the issued and outstanding shares of Transat and for its combination with Air Canada. Under the binding agreement, unanimously approved by the Board of Directors of Transat, Air Canada will acquire all shares of Transat for \$5.00 per share, payable at the option of Transat shareholders in cash or shares of Air Canada at a fixed exchange ratio of 0.2862 Air Canada share for each Transat share (representing a price for the Air Canada shares of \$17.47). The value of the transaction is approximately \$190 million.

The amended transaction reflects the unprecedented impact of COVID-19 upon the global air transport industry, which has endured a severe decline in air travel since the initial Arrangement Agreement between Air Canada and Transat was concluded and approved by Transat shareholders in August 2019. The transaction remains subject to shareholder approval, court approval, the approval of the Toronto Stock Exchange, certain customary and other conditions, and regulatory approvals including the ongoing approval process of regulatory authorities in Canada and the European Union. If such approvals are obtained and conditions are met, the transaction is expected to be completed in late January or early February 2021.

"COVID-19 has had a devastating effect on the global airline industry, with a material impact on the value of airlines and aviation assets. Nonetheless, Air Canada intends to complete its acquisition of Transat, at a reduced price and on modified terms," said Calin Rovinescu, President and Chief Executive Officer of Air Canada. "This combination will provide stability for Transat's operations and its stakeholders and will position Air Canada, and indeed the Canadian aviation industry, to emerge more strongly as we enter the post-COVID-19 world."

The Transat Board of Directors has unanimously determined that the amended transaction is in the best interests of Transat and its stakeholders, and is recommending that Transat shareholders vote in favour of the transaction. In addition, each of the directors of Transat has entered into a voting support agreement pursuant to which each of them has committed to vote in favour of the transaction. Each of National Bank Financial and BMO Capital Markets has provided the Transat Board of Directors with an opinion to the effect that, as of the date thereof, the consideration to be received by holders of Transat shares with respect to the transaction was fair, from a financial point of view, to such holders, in each case subject to the respective limitations, qualifications, assumptions and other matters set forth in such opinions.

The transaction will be implemented pursuant to a court-approved plan of arrangement under the Canada Business Corporations Act. The new price of \$5.00 per share represents a premium of 31.6% over the 20-day volume weighted average price (VWAP) of Transat shares on October 8, 2020.

All dollar amounts in this news release are in Canadian currency.

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 Transat A.T. Inc. shareholder approval, court approval, regulatory approvals, approval by the Toronto Stock Exchange 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. Canada's flag carrier is among the 20 largest airlines in the world and in 2019 served over 51 million customers. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network. 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 2019 Best Airline in North America. For more information, please visit: aircanada.com/media, follow Air Canada on [Twitter](#) and [LinkedIn](#), and join Air Canada on [Facebook](#).

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