

PRESS RELEASE RELATING TO THE FILING OF A DRAFT RESPONSE DOCUMENT
RELATING TO THE CASH TENDER OFFER TARGETING THE SHARES OF

LATÉCOÈRE

INITIATED BY

SCP SKN HOLDING I S.A.S.



This press release has been established by Latécoère and released in accordance with the provisions of article 231-16 of the general regulation of the AMF on September 16, 2019.

This document is an unofficial English-language translation of the press release relating to the filing of the draft response document. The French version shall prevail.

THE DRAFT OFFER, THE DRAFT OFFER DOCUMENT AND THE DRAFT RESPONSE DOCUMENT REMAIN SUBJECT TO REVIEW BY THE AMF.

The draft response document (the “**Draft Response Document**”) is available on the websites of Latécoère (www.latecoere.aero) of the AMF (www.amf-france.org) and may be obtained free of charge upon request to the registered office of Latécoère located at 135, rue de Périole in Toulouse (31500).

I. PRESENTATION OF THE OFFER

Pursuant to Title III of Book II, and more specifically to Articles 232-1 et seq. of the AMF General Regulation, SCP SKN HOLDING I S.A.S., a simplified joint stock company (*société par actions simplifiée*) whose registered office is located at 39, rue de la Gare de Reuilly in Paris (75012), and registered with the Company Registry of Paris under number 851 128 835 R.C.S. Paris¹ (the “**Offeror**”), irrevocably proposes to the shareholders of Latécoère, a public limited company (*société anonyme*) whose registered office is located at 135, rue de Périole in Toulouse (31500), and registered in the Company Registry of Toulouse under number 572 050 169 R.C.S. Toulouse (“**Latécoère**” or the “**Company**”), whose shares are admitted to trading on the regulated market of Euronext Paris (“**Euronext Paris**”) under ISIN code FR0000032278, ticker symbol “LAT”, to acquire all their shares by means of a cash tender offer under the conditions described below, at a share price of 3.85 euros per Latécoère share (the “**Offer Price**”).

The Offer follows the acquisition by the Offeror, on June 26, 2019, of 24,697,727 Latécoère shares representing as many voting rights, i.e. a stake of 26,05% of the share capital and 25.73% of the theoretical voting rights of the Company², from certain investment funds managed by affiliates of Apollo Global Management, LLC, Monarch Master Funding 2 (Luxembourg) S.à.r.l. and CVi Partners SARL (the “**Sellers**”), for a total amount of 106,838,909.32 US dollars, representing a price of 3.85 euros per Latécoère share based on the conversion rate agreed between the parties of EUR 1 = USD 1.1236 (the “**Acquisition of the Stake**”).

The Offer targets all outstanding Latécoère shares not held, directly or indirectly, alone or in concert, by the Offeror, representing at the date hereof, a maximum number of 70,470,791 shares of the Company³ representing 74.05% of the share capital and 74.36% of the voting rights of the Company, determined as follows:

| | |
|---|-------------------|
| Outstanding shares ⁴ | 94,818,518 |
| <i>minus</i> shares held by the Offeror | 24,697,727 |
| Total number of shares targeted by the Offer | 70,120,791 |

¹ SCP SKN HOLDING I S.A.S. is indirectly and wholly owned by SCP EPC II UK Limited, a company incorporated under British law, which is managed by Searchlight Capital Partners II GP, L.P., a limited partnership registered in the Cayman Islands (which is ultimately controlled and managed by Searchlight Capital Partners II GP, LLC, a Delaware limited liability company, United States, whose three founding members are Mr. Eric Zinterhofer, Mr. Erol Uzumeri and Mr. Oliver Haarmann, each of them holding a one-third interest in Searchlight Capital Partners II GP, LLC.

² On the basis of a total number of 95,168,518 shares and 96,330,699 theoretical voting rights of the Company (information as at August 30, 2019 published by the Company on its website in accordance with Article 223-16 of the AM General Regulation), minus, in share capital and voting rights, the 350,000 Latécoère shares whose cancellation was decided by the meeting of the Board of directors of Latécoère held on September 12, 2019. In accordance with Article 223-11 of the AMF General Regulation, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights.

³ *Ibid.*

⁴ Including the 664,232 treasury shares as of the date hereof, it being specified that such number takes into account the cancellation of 350,000 Latécoère decided by the meeting of the Board of directors of Latécoère held on September 12, 2019.

It is indicated that, as of the date of the Draft Response Document, the free shares of the Company allocated at the meetings of the Board of Directors of the Company on 2 March 2016, 5 March 2018 and 5 March 2019, which represent a number equal to 1,334,206 Latécoère shares, will, unless in exceptional cases of waiver of their unavailability provided by applicable legal or regulatory provisions (death or disability of the beneficiary):

- (i) for 146,290 of them, shares still in the vesting period at the closing date of the Offer, which are therefore not targeted by the Offer; and
- (ii) for 1,187,916 of them, shares that will still be in the retention period at the closing date of the Offer, and which are targeted by the Offer and therefore included in the 70,120,791 shares targeted by the Offer indicated above. Among these 1,187,916 shares under retention period, it is specified that 1,000,716 are registered shares held by employees and corporate officers of the Company and the remaining 187,200 shares were contributed to the FCPE B *via* the employee saving scheme and are now held by the FCPE B.

The beneficiaries of free shares and the FCPE B will be offered to subscribe to the liquidity mechanism described in sections 1.3.7 and 1.3.8 of the Draft Response Document and sections 2.2.6 and 2.2.7 below.

To the Company's knowledge, there are no other equity securities or financial instruments that could give access, immediately or in the future, to share capital or voting rights of Latécoère.

The Offer will be carried out in accordance with the normal procedure pursuant to Articles 232-1 et seq. of the AMF General Regulation and will be open for a period of 25 trading days, without prejudice to the possible reopening of the Offer by the AMF in accordance with Article 232-4 of the AMF General Regulation.

The Offer is subject to the withdrawal threshold described in section 2.6 of the Draft Offer Document.

II. CONTEXT AND CHARACTERISTICS OF THE OFFER

2.1. Context of the Offer

The Offer is being filed following the announcement of Latécoère on April 2, 2019, by way of a press release, of the signing of an acquisition agreement regarding the transfer by the Sellers to the Offeror of their entire stake in the Company, representing approximately 26% of the share capital of the Company (the "**Share Purchase Agreement**").

The Company welcomed this proposed transaction, during which the Offeror expressed its support for the strategy proposed by management and approved by the Board of Directors. The Company confirmed on that occasion that the nomination of three members proposed by Searchlight would be submitted to its Board of Directors.

On June 26, 2019, the Offeror completed the Acquisition of the Stake for a total amount of 106,838,909.32 US dollars, representing a price of 3.85 euros per Latécoère share based on the euro-dollar conversion rate on the signing date of the Share Purchase Agreement⁵.

⁵ The exchange rate on the signing date of the Share Purchase Agreement was equal to 1 EUR = 1,1236 USD.

The Share Purchase Agreement contains a top-up provision in the event that, within twelve months following the completion of the Acquisition of the Stake, the Offeror, directly or indirectly, alone or in concert, files with the AMF an exclusively cash tender offer or including a cash component at a price per Latécoère share higher than that of the Acquisition of the Stake (i.e. 3.85 euros per share, adjusted, if necessary (a) in proportion to the new outstanding number of Latécoère shares in the event of any subdivision or consolidation of shares completed at any time between the date of the Share Purchase Agreement and the date of payment of the additional consideration, and (b) any distribution of dividend or reduction of share capital of the Company made between these two same dates), and whose outcome would be successful (i.e., as a result of which the Offeror would hold more than the threshold referred to in article 231-9 I 1° of the AMF General Regulation, such threshold being more than 50% of the share capital or voting rights of the Company).

In such case, the Offeror shall pay to the Sellers an additional consideration (the “Top-Up”) exclusively in cash and in US dollars equal to the sum, if positive, of:

(a) the number of shares acquired from the Sellers pursuant to the Acquisition of the Stake multiplied by the difference, if positive, between (i) the highest price per Latécoère share paid by the Offeror in the tender offer up to a maximum price of 4 euros, and (ii) 3.85 euros (as adjusted in the cases indicated above, if applicable); and

(b) the number of shares acquired from the Sellers pursuant to the Acquisition of the Stake, multiplied by 50% of the difference between (i) the highest price per Latécoère share paid by the Offeror in the tender offer (if it exceeds 4 euros) and (ii) 4 euros.

The payment of the Top-Up is subject to the completion of the aforementioned tender offer and should be paid by the Offeror to the Sellers no later than the 12th business day following the last settlement-delivery of the said tender offer.

It is specified for the avoidance of doubt that the filing of the Offer will not give rise to any additional consideration for the benefit of the Sellers as long as the Offer Price does not exceed 3.85 euros per Latécoère share.

On June 28, 2019, the Offeror announced its intention to file this Offer.

Prior to the filing of the Offer, the Company has made available to the Offeror a certain amount of information concerning it in the context of a “data room” procedure in accordance with the recommendations of the AMF on the procedures of data room contained in the “*Guide de l’information permanente et de la gestion de l’information privilégiée DOC-2016- 08*”. The Company considers that this data room did not contain any privileged information relating to the Company which would not have been made public as of the date hereof.

2.2. Terms of the Offer

2.2.1. Main terms of the Offer

In accordance with the provisions of Article 231-13 of the AMF General Regulation, JPMorgan Chase Bank N.A., acting through its Paris branch, acting on behalf on the Offer as presenting banks, have filed the Offer with the AMF on September 16, 2019. It is specified that only Natixis, acting as presenting and guaranteeing bank, guarantees the content and the irrevocable nature of the commitments undertaken by the Offeror in connection with the Offer.

The Offer would be carried out in accordance with the normal procedure pursuant to Articles 232-1 et seq. of the AMF General Regulation.

The Offeror irrevocably undertakes to purchase from the shareholders of the Company all the shares targeted by the Offer and which will be tendered to the Offer, at a price of 3.85 euros per Latécoère share, to be paid exclusively in cash, for a period of 25 trading days, unless reopened by the AMF in accordance with Article 232-4 of the AMF General Regulation.

2.2.2. Adjustment of the terms of the Offer

In the event that between the date hereof and the date of the last settlement-delivery of the Offer (included), the Company makes any form of distribution of (i) a dividend, interim dividend, reserve, premium, or any other distribution (in cash or in kind), or (ii) to a redemption or reduction of its share capital, and in both cases, for which the detachment date or the record date is set before the date of the last settlement-delivery of the Offer, the Offer Price would be adjusted accordingly to take into account such transaction.

Any adjustment of the Offer Price would be subject to the prior approval of the AMF and will be subject of a press release.

2.2.3. Number and type of shares targeted by the Offer

It is recalled that, at the date of the Draft Response Document, in accordance with the terms of the Draft Offer Document, the Offeror holds, directly or indirectly, alone or in concert, 24,697,727 shares representing approximatively 26.05% of the share capital and 25.73% of the theoretical voting rights (calculated in accordance with Article 223-11 of the AMF General Regulation).

According to Article 231-6 of the AMF General Regulation, the Offer targets all outstanding Latécoère shares not held, directly or indirectly, alone or in concert, by the Offeror, representing at the date of the Draft Response Document, a maximum total number of 70,120,791 shares of the Company representing 73.93% of the share capital and 74.27% of the voting rights of the Company, determined as follows:

| | |
|---|-------------------|
| Outstanding shares ⁶ | 94,818,518 |
| <i>minus</i> shares held by the Offeror | 24,697,727 |
| Total number of shares targeted by the Offer | 70,120,791 |

It is indicated that, as of the date of the Draft Response Document, the free shares of the Company allocated at the meetings of the Board of Directors of the Company on 2 March 2016, 5 March 2018 and 5 March 2019, which represent a number equal to 1,334,206 Latécoère shares, will, unless in exceptional cases of waiver of their unavailability provided by applicable legal or regulatory provisions (death or disability of the beneficiary):

- (i) for 146,290 of them, shares still in the vesting period at the closing date of the Offer, which are therefore not targeted by the Offer; and
- (ii) for 1,187,916 of them, shares that will still be in the retention period at the closing date of the Offer, and which are targeted by the Offer and therefore included in the 70,120,791

⁶ Including the 664.232 treasury shares as of the date hereof, it being specified that such number takes into account the cancellation of 350,000 Latécoère decided by the meeting of the Board of directors of Latécoère held on September 12, 2019.

shares targeted by the Offer indicated above. Among these 1,187,916 shares under retention period, it is specified that 1,000,716 are registered shares held by employees and corporate officers of the Company and the remaining 187,200 shares were contributed to the FCPE B *via* the employee saving scheme and are now held by the FCPE B.

The beneficiaries of free shares and the FCPE B will be offered to subscribe to the liquidity mechanism described in sections 1.3.7 and 1.3.8 of the Draft Response Document and sections 2.2.6 and 2.2.7 below.

To the Company's knowledge, there are no other equity securities or financial instruments that could give access, immediately or in the future, to share capital or voting rights of Latécoère.

2.2.4. Regulatory, administrative and antitrust clearances

Clearance from the Committee on Foreign Investment in the United States

In accordance with the provisions of Article 231-32 of the AMF General Regulation, the opening of the Offer was subject to the approval of the *Committee on Foreign Investment in the United States* (the "CFIUS"), pursuant to the *Defense Production Act* of 1950, relating to foreign investments made in the United States of America.

A notification to the CFIUS has been made on July 3, 2019. The CFIUS authorization was obtained on July 25, 2019.

Clearance from the Ministry of Economy

In accordance with the provisions of Article 231-32 of the AMF General Regulation, the opening of the Offer is subject to the prior approval of the French Ministry of the Economy pursuant to Article L. 151-3 of the French Monetary and Financial Code relating to foreign investments made in France.

A request for prior authorization was filed with the French Ministry of Economy on June 27 2019.

Authorization by the German competition authority (Bundeskartellamt)

On July 1, 2019, the Offeror filed an application for approval of the proposed acquisition under the Offer with the Bundeskartellamt. The approval was obtained on July 12, 2019.

2.2.5. Situation of the beneficiaries of free shares and liquidity mechanism

The table below sets out the main characteristics of the free shares allocated by the Company at the date hereof:

| Plan | MIP 1 | | | | Plan 2018 | MIP 2 | | |
|--|------------|------------|---------------------------|------------|------------|---------------------------|---------------------------|----------------------|
| | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | | Tranche 1 | Tranche 2 | Tranche 3 |
| Date of the general meeting of shareholders | 15/07/2015 | 15/07/2015 | 03/06/2016 | 03/06/2016 | 03/06/2016 | 03/06/2016 and 14/05/2018 | | |
| Date of the decision of the Board of Directors on the shares attributable to the beneficiaries | 22/09/2015 | | 10/11/2016 and 19/05/2017 | 05/03/2018 | N/A | 16/01/2018 and 05/03/2018 | 16/01/2018 and 05/03/2019 | 16/01/2018 |
| Total number of | 350,050 | 495,894 | 847,132 | 847,132 | N/A | 513,100 | 568,800 | 448,800 ⁷ |

⁷ It being specified that 174.999 shares may be allocated with respect to this tranche in accordance with the

| Plan | MIP 1 | | | | Plan 2018 | MIP 2 | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | | Tranche 1 | Tranche 2 | Tranche 3 |
| free shares attributable under conditions | | | | | | | | |
| Number of beneficiaries | 4 | 0 | 7 | 0 | 1381 | 16 | 21 | 7 |
| Date of the free shares granted by the Board of Directors | 02/03/2016 | 10/03/2017 | 05/03/2018 | 05/03/2019 | 05/03/2018 | 05/03/2019 | 03/2020 | 03/2021 |
| <i>Total number of free shares granted</i> | 350,050 | 0 | 423,566 | 0 | 471,900 | 146,290 | - | - |
| Vesting date of free shares | 02/03/2018 | 02/03/2019 | 05/03/2019 | 05/03/2020 | 05/03/2019 | 05/03/2020 | 05/03/2021 | 05/03/2022 |
| <i>Total number of free shares vested</i> | 350,050 | 0 | 423,566 | 0 | 414,300 | - | - | - |
| End date of the retention period | 02/03/2020 | 02/03/2021 | 05/03/2020 | 03/2021 | 05/03/2020 | 03/2021 | 03/2022 | 03/2023 |
| Cumulative number of shares cancelled or lapsed | 0 | 495,894 | 423,566 | 847,132 | 57,600 | 366,810 | - | - |
| Total number of remaining attributable free shares | 0 | 0 | 0 | 0 | 0 | 0 | 568,800 | 448,800 |

Unless in exceptional cases of waiver of their unavailability provided by applicable legal or regulatory provisions (death or disability of the beneficiary):

- (i) for the 146,290 free shares granted by the Board of Directors on March 5, 2019 under tranche 1 of the Plan MIP 2, and for which the final vesting has not occurred yet, such free shares will still be in the course of the vesting period at the closing date of the Offer and are therefore not targeted by the Offer (the “**Free Shares under Vesting Period**”);
- (ii) for the 1,187,916 free shares granted, corresponding to the sum of:
 - a) the 350,050 free shares granted by the Board of Directors on March 2, 2016 under tranche 1 of the Plan MIP 1,
 - b) the 423,566 free shares granted by the Board of Directors on March 5, 2018 under tranche 3 of the Plan MIP 1, and
 - c) the 227,100 free shares granted by the Board of Directors on March 5, 2019 under the Plan 2018 and which were not contributed by the employees to the FCPE via the employees saving scheme;

for which the retention period will not have expired at the closing date of the Offer, are targeted by the Offer (the “**Free Shares under Retention Period**”).

regulations of the MIP 2 Plan.

2.2.6. Liquidity mechanism

For Free Shares under Retention Period relating to the tranche 1 of the Plan MIP 1

Free Shares under Retention Period relating to the tranche 1 of the Plan MIP 1 (corresponding to 350,050 shares to date) (the “**Free Shares 1**”) are offered a liquidity mechanism consisting in reciprocal put and call options between the beneficiaries of the Free Shares 1 (the “**Beneficiaries 1**”) and the Offeror.

Under the terms of this liquidity mechanism:

- (i) Beneficiaries 1 will be granted with a put option allowing them to sell all (and only all) their Free Shares 1 to the Offeror (or any entity that may be substituted to it) within the 30 calendar days as from March 3, 2020 subject that on such date the Offeror holds, alone or in concert, more than 75% of the share capital of the Company; and
- (ii) the Offeror (or any entity that may be substituted to it) will be granted with a call option allowing it to acquire all (and only all⁸) the Free Shares 1 from the Beneficiaries 1 within the 60 calendar days as from the first business day following the expiry date of the exercise period of the put option abovementioned.

In the event such put or call options are exercised, the purchase price of the Free Shares 1 will correspond to the Offer price (i.e. €3.85 per Latécoère share); it being specified that in case of occurrence of an event having a significant impact on the valuation of the Company before March 3, 2020, the parties will agree in good faith in order to subsequently adjust the price. In case of absence of agreement, an expert will be designated to determine the amount at stake.

For Free Shares under Retention Period relating to the tranche 3 of the Plan MIP 1, to the Plan 2018, to the Free Shares under Vesting Period and to the shares that have not been attributed yet

Free Shares under Retention Period relating to the tranche 3 of the Plan MIP 1 (i.e. 423,566 shares to date) and to the Plan 2018 registered shares held by employees (i.e. 227,100 shares), Free Shares under Vesting Period (i.e. 146,290 shares) and free shares that have not been attributed yet but that are still attributable under tranche 2 and 3 of the Plan MIP 2 (i.e. 1,017,600 shares) (together the “**Free Shares 2**”, corresponding to a maximum of 1,814,556 shares) are offered a liquidity mechanism consisting in reciprocal put and call options between the beneficiaries of such Free Shares 2 (the “**Beneficiaries 2**”) and the Offeror.

Under the terms of this liquidity mechanism:

- (i) Beneficiaries 2 will be granted with a put option allowing them to sell all (and only all) their Free Shares 2 to the Offeror (or any entity that may be substituted to it) within the 30 calendar days as from the first business day following the date of the first anniversary of the expiry date of the retention period of such free shares (the “**Exercise Date**”), subject that, on the Exercise Date the Offeror holds, alone or in concert, more than 75% of the share capital of the Company; and

⁸ It being specified that it will be proposed to the corporate officers holding free shares subject to the mandatory retention of a certain number of registered shares, pursuant to Article L. 225-197-1 II of the French commercial Code and the regulations of the corresponding plans, to enter into cross-sell and buy-in agreements in the event of the departure, provided that on that date the Offeror holds, alone or in concert, more than 75% of the share capital, under the same conditions as those provided for under the liquidity mechanism.

- (ii) the Offeror (or any entity that may be substituted to it) will be granted with a call option allowing it to acquire all (and only all⁸) the free shares from the Beneficiaries 2 within the 30 calendar days as from the first business day following the expiry date of the exercise period of the put option abovementioned.

In the event such put and call options are exercised, the purchase price of the Free Shares 2 will be set as follows:

- (a) in the event the shares of the Company are not listed on Euronext Paris anymore on the Exercise Date, the purchase price of the Free Shares 2 will be calculated on the basis of the multiple of the 2018 current gross operating surplus induced by the Offer price;
- (b) in the event the Offeror holds, alone or in concert, more than 75% of the share capital of the Company and the shares of the Company are still admitted to trading on Euronext Paris on the Exercise Date, the sale price of Free Shares 2 will be equal to the average price weighted by the transaction volumes of the Latécoère share during the twenty trading days preceding the Exercise Date. By way of exception, in the event that the average daily trading volume of Latécoère shares during the twenty trading days preceding the Exercise Date is less than 0.05% of the Company's share capital on that date, the price of the Free Shares 2 will be calculated in the same manner as in (a) above.

It will also be provided that in the event that the Offeror holds, alone or in concert, more than 75% of the Company's share capital and the Company's shares remain admitted to trading on Euronext Paris, the Company will be required to subscribe to and maintain a liquidity and animation agreement with an investment services provider.

For the avoidance of doubt, the Beneficiaries 1 and the Beneficiaries 2 do not act in concert with the Offeror. They are invited to contact the Offeror in order to enter into the liquidity mechanisms abovedescribed, at the latest on November 8, 2019 (included).

Pursuant to Article L. 233-9, I., 4° of the French Commercial Code, and subject to the Offer holding, alone or in concert, more than 75% of the share capital of the Company, the Free Shares under Retention Period for which a call option has been granted by the Offeror under the abovementioned liquidity mechanism before the closing of the Offer (and before the closing of the Reopened Offer, if any) will be assimilated to the shares held by the Offeror and will not be transferred to the Offeror in the context of a potential squeeze-out.

2.2.7. Situation of the Latécoère shares held through the Company Mutual Fund (FCPE)

The Latécoère shares held through the Company Mutual Funds A and B are targeted by the Offer.

The supervisory board of the FCPE A and B, which respectively hold 124,000 and 2,032,300 Latécoère shares (including, for the latter, the 187,200 free shares granted under Plan 2018, which were contributed to the FCPE by employees under the company savings plan, and which are now held by the FCPE B), will decide whether or not to tender the Latécoère shares they hold.

In addition, the FCPE B is offered to enter into a liquidity mechanism consisting in reciprocal put and call options between the FCPE B and the Offeror.

Under the terms of this liquidity mechanism:

- (i) the FCPE B will be granted a put option allowing it to sell all (and only all⁹) its Latécoère shares to the Offeror (or any entity that may be substituted to it) within the 30 calendar days as from July 2024, subject that, on such date the Offeror holds, alone or in concert, more than 75% of the share capital of the Company; and
- (ii) the Offeror (or any entity that may be substituted to it) will be granted with a call option allowing it to acquire all (and only all) the Latécoère shares owned by the FCPE B within the 30 calendar days as from the first business day following the expiry date of the exercise period of the put option abovementioned.

In the event such put and call options are exercised, the purchase price of the Latécoère shares owned by the FCPE B will be set as follows:

- (a) in the event the shares of the Company are not listed on Euronext Paris anymore in July 2024, the purchase price of the Latécoère shares owned by the FCPE B will be calculated on the basis of the multiple of the 2018 current gross operating surplus induced by the Offer price;
- (b) in the event the Offeror holds, alone or in concert, more than 75% of the share capital of the Company and the shares of the Company are still admitted to trading on Euronext Paris on the Exercise Date, the sale price of the shares held by the FCPE B will be equal to the average price weighted by the transaction volumes of the Latécoère share during the twenty trading days preceding the Exercise Date. By way of exception, in the event that the average daily trading volume of Latécoère shares during the twenty trading days preceding the Exercise Date is less than 0.05% of the Company's share capital on that date, the price of the shares of the FCPE B will be calculated in the same manner as in (a) above.

For the avoidance of doubt, the FCPE B does not act in concert with the Offeror. The FCPE B is invited to contact the Offeror in order to enter into the liquidity mechanism above described, at the latest on November 8, 2019 (included).

Pursuant to Article L. 233-9, I., 4° of the French Commercial Code, and subject to the Offer holding, alone or in concert, more than 75% of the share capital of the Company, the share held by the FCPE B for which a call option has been granted by the Offeror under the abovementioned liquidity mechanism before the closing of the Offer (and before the closing of the Reopened Offer, if any) will be assimilated to the shares held by the Offeror and will not be transferred to the Offeror in the context of a potential squeeze-out.

2.2.8. Intentions regarding a squeeze-out or a delisting following the Offer

Intentions regarding a squeeze-out following the Offer

If the legal conditions are fulfilled, the Offeror intends to implement a squeeze-out at the end of the Offer under the conditions required by applicable regulations.

In the event that the number of Company shares not tendered to the Offer by the Company's minority shareholders does not represent more than 10% of the share capital and voting rights of the Company, the Offeror intends to request, within three months of the closing date of the Offer, in accordance with the provisions of Article L. 433-4 II of the French Monetary and Financial Code and Articles 237-1 et seq. of the AMF General Regulation, the implementation of a squeeze-out procedure to transfer the shares not tendered to the Offer, in consideration for a compensation for compensation equal to the Offer Price, net of all costs, it being specified that this squeeze-out procedure will lead to the delisting of the Company's shares from Euronext Paris.

⁹ Intermediary exercise periods would also be put in place to allow FCPE B to meet its regular liquidity needs.

The amount of the indemnity will be paid, net of all fees, after the squeeze-out, into a blocked account opened for this purpose with Natixis, designated as the centralizing agent for the squeeze-out indemnification operations. After the closure of the affiliates' accounts, Natixis, upon presentation of the balance certificates issued by Euroclear France, will credit the depositaries responsible for the amount of the indemnity, with the latter being responsible for crediting the accounts of holders of Latécoère shares.

In accordance with Article 237-8 of the AMF Regulations, unrestricted funds corresponding to the indemnification of Latécoère shares whose beneficiaries have remained unknown will be retained by Natixis for a period of ten (10) years from the date of the delisting and paid to the Caisse des dépôts et consignations at the end of this period. These funds will be held at the disposal of the beneficiaries, subject to the thirty-year prescription for the benefit of the State.

Intentions regarding a delisting of the Company's shares

The Offeror reserves the right, if it does not implement a squeeze-out, to request Euronext Paris to delist the shares of the Company from the Euronext Paris market.

It is recalled that the procedure for the implementation of the aforementioned delisting is governed by the provisions of Article 6905 of Book I (Harmonised Rules) of the Euronext Market Rules. In this context, Euronext Paris may remove securities admitted to listing and/or trading on its market at the written request of the Company, which must indicate the reasons for its request. Euronext Paris may decide not to delist the shares as requested if such delisting would adversely impact the fair, orderly and efficient functioning of the market Euronext Paris. Euronext Paris may also subject any removal of securities to such additional requirements as it deems appropriate.

3. REASONED OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY

In accordance with the provisions of Article 231-19 of the AMF General Regulation, a meeting of the Board of Directors of the Company was held on 12 September 2019, convened and chaired by Pierre Gadonneix, Chairman of the Board of Directors, to examine the Offer and render a reasoned opinion on the interest and the consequences of the Offer for the Company, its shareholders and its employees.

All members of the Board of Directors were physically present and / or by audio conference.

The deliberation of the Board of Directors containing the reasoned opinion is reproduced below.

"It is specified that the three directors appointed by Searchlight, the Offeror, namely Mr. Ralf Ackermann, Ms. Helen Lee Bouygués and Mr. Grégoire Huttner, have decided not to take part in the vote on the Board of Directors' reasoned opinion on the Offer.

The Chairman reminds that, on the basis of the information provided and in accordance with the provisions of Article 231-19 of the AMF General Regulation, the Board of Directors must deliver its reasoned opinion on the interest of the Offer and its consequences for employees, the Company and its shareholders.

After deliberation, the Board of Directors, having considered (i) the terms of the Offer, (ii) the Offeror's reasons and intentions, and the valuation elements prepared by J.P. Morgan and Natixis as set out in the draft information notice, (iii) the valuation and analysis of the related agreements, as set out in the independent expert's report, (iv) the opinion of the ad hoc committee and (v) the opinion of the Works Council,

acknowledges that:

- *the Offer is in line with Searchlight Capital Partners' acquisition, on June 26, 2019, of a block of shares of the Company representing approximately 26% of the share capital (the « **Block Acquisition** ») from certain investment funds managed by affiliates of Apollo Global Management LLC and Monarch Master Funding 2 (Luxembourg) and CVi Partners SARL;*

- *as the Offeror holds less than 30% of the share capital or voting rights of the Company, the Offer is voluntary;*
- *the Offer will lapse if, on the date of its closing, Searchlight does not hold a number of shares of the Company representing a fraction of the share capital or voting rights of the Company greater than 50%;*
- *the opening of the Offer remains subject to the obtaining of the required authorization from the French Minister of Economy for investment control (it being specified that the authorization from the Committee on Foreign Investment in the United States (CFIUS) was obtained on July 25, 2019 and the required authorization from the German competition authority was obtained on July 12, 2019);*
- *the Offeror intends to request the AMF under the Offer to implement a mandatory squeeze-out of the Company's shares and to request the delisting of the Company's shares from the regulated market of Euronext in Paris if the shares not presented in the Offer do not represent more than 10% of the Company's share capital and voting rights or any other percentage of the Company's share capital and voting rights that would be applicable at the closing of the takeover bid. Under the squeeze-out, shares of the Company other than those held by the Offeror that have not been tendered to the Offer will be transferred to it for the same compensation as the Offer price, i.e. €3.85 per share, net of any costs;*
- *employees and corporate officers holding free shares as well as FCPE B, subject to the decision of its Supervisory Board, will be offered the opportunity to subscribe to the liquidity mechanism consisting of cross promises to buy and sell between the beneficiaries and the Offeror.*

also notes that:

- *the price of €3.85 per share of the Company, proposed in the Offer, reflects a premium of 34.1% on the Company's closing price on June 28, 2019 (last trading day prior to the announcement of the Offer) and 29.7%, 22.3% and 23.8% respectively compared to the average of the prices weighted by trading volumes over the one, three and six months respectively preceding June 28, 2019;*
- *the price offered is identical to the price offered by the Offeror in connection with the Company's Block Acquisition, namely €3.85 per share of the Company;*
- *the Offer price compares favorably with all the valuation criteria as presented in the Offer price assessment elements prepared by Natixis and JP Morgan, the institutions presenting the Offer, and set out in section 3 of the Offeror's draft information notice.*

further notes that the Offeror's intentions, as described in the draft information notice, are as follows:

- *in terms of the Company's industrial and commercial strategy and policy, the Offeror intends to support the existing management team and the development of the Company. It does not intend to modify the strategic orientations implemented by Latécoère in order to pursue its development. It does not intend to modify Latécoère's industrial, commercial and financial strategy or policy;*
- *in terms of employment, the Offer is in line with Latécoère's business continuity and development strategy and should not have a particular impact on Latécoère's workforce, salary policy or human resources management policy. The Offer is therefore not expected to have any impact on employment at Latécoère*
- *in the area of dividends, at this stage, Searchlight does not intend to change the dividend distribution policy. However, it reserves the right to review the Company's dividend distribution policy at the end of the Offer in the light of changes in the Company's distribution capacity.*

The Board of Directors has taken note of:

- *the independent expert's conclusion that the Offer price of €3.85 per share is fair from a financial point of view to Latécoère shareholders in the context of the Offer and in the event that the mandatory squeeze-out procedure is implemented at the end of the Offer, in particular after applying and comparing the main valuation methods for the shares; In this respect, the Independent Expert notes in particular that the proposed price shows a premium of +34% compared to the closing price before the announcement of the Offer, and premiums of between +18% and +29% compared to the weighted average volume prices over 1 month, 3 months, 6 months and 12 months; the Independent Expert also points out that the price offered is above the ranges of*

values resulting from valuation methods deemed relevant, based on a multi-criteria approach; the Independent Expert also points out that the agreements that may have a significant influence on the assessment of the Offer, namely the block sale contract, the executive compensation mechanisms and the liquidity mechanisms offered to holders of free shares, do not contain any provisions that would call into question the fairness of the Offer from a financial point of view;

- the work carried out by the ad hoc committee; and
- the favorable opinion of the Works Council as mentioned above.

After an exchange of views on the draft Offer, after analysis, in particular, of the Offeror's draft information notice, which includes the Offeror's intentions, the draft takeover response document prepared by the Company, the independent expert's report and the opinion of the ad hoc committee and the Works Council, the Board of Directors:

decides unanimously by the directors who took part in the vote, to issue a favorable opinion on the draft Offer as presented, considering that the Offer is in accordance with the interests:

- of the Company's employees, the Offer not having any particular impact on employment;
- the Company, in that the backing of a solid controlling shareholder, such as the Offeror, will support the Company's development strategy in France and abroad and its participation in the consolidation, as well as its research and development activities; and
- the Company's shareholders, as the latter will benefit, if they so wish, from an immediate liquidity opportunity on the entirety of their participation at a price per share representing a premium of 34.1% on the Company's closing price on June 28, 2019 (last trading day preceding the announcement of the Offer) and, respectively, of 29.7%, 22.3% and 23.8% compared to the average of the prices weighted by trading volumes over one, three and six months respectively preceding that same date,

decides, therefore unanimously by the directors who took part in the vote, to recommend to those of the shareholders who would like to benefit from a certain liquidity, to tender their shares to the Offer,

approves unanimously by the directors who took part in the vote the Company's draft takeover response document, the draft "Other Information" document relating to the Company's legal, financial, accounting and other characteristics, as well as the draft press release relating to the Board's reasoned opinion, and gives full powers to the Company's Chief Executive Officer to finalize, sign and file these documents with the AMF.

Claire Deyfus-Cloarec and Pierre Gadonneix have indicated that they intend to tender their shares to the Offer, it being specified that there is no statutory provision requiring directors to hold a minimum number of shares. Yannick Assouad has indicated that she intends not to tender its shares to the Offer as soon as they are reinvested in the Offeror's capital as part of the incentive scheme set up for the benefit of the Company's managers and employees.

In addition, after deliberation, the Board of Directors decides, unanimously by the directors who took part in the vote, to tender to the Offer all of the Company's treasury shares, excluding the treasury shares allocated to the liquidity contract entered into with Gilbert Dupont, shares intended to be cancelled and those that may be delivered under the executive and employee incentive plans, i.e. a total of 369,410 shares to be tendered to the Offer."

4. OPINION OF THE WORKS COUNCIL

In accordance with the provisions of Articles L. 2323-35 et seq. Of the Labor Code, the works council (*comité d'entreprise*) of Latécoère was consulted in the context of the information-consultation of the representative bodies of the Company's employees and rendered, on 26 July 2019, a favorable opinion on the proposed Offer. This opinion is reproduced in its entirety in Appendix 1 of the Draft Response Document, in accordance with the provisions of Article 231-19 of the AMF Regulations and Article L. 2323-39 of the Labor Code.

The works council of Latécoère has appointed the expert firm Syncea, pursuant to the provisions of

Articles L. 2323-38 et seq. of the Labor Code. Syncea's report is reproduced in its entirety in Appendix 2 of the Draft Response Document, in accordance with the provisions of Article 231-19 of the AMF General Regulation and Article L. 2323-39 of the Labor Code.

5. REPORT OF THE INDEPENDENT EXPERT IN ACCORDANCE WITH ARTICLE 261-1 OF THE AMF REGULATIONS

Pursuant to article 261-1 of the RGAMF, the Board of Directors of the Company has appointed Finexsi as an independent expert to report on the financial terms of the Offer and a possible Squeeze out. The conclusion of the report dated September 16, 2019 is reproduced below:

The conclusion of Finexsi is the following:

“The Offer price of €3.85 per share corresponds to the price of the transaction concluded between the Offeror and the investment funds APOLLO, MONARCH and CVI PARTNERS, namely the Offeror's acquisition on 1 April 2019 of a 26% block of the Company's shares. This price constitutes a direct and relevant reference because it is the result of (i) a very open and competitive process for the sale of the Company and (ii) a negotiation between independent parties. We were also able to verify that the agreements concluded between the Offeror and the Sellers are not such as to cause unequal treatment of the Company's other shareholders in the framework of this Offer. This Offer gives the Company's minority shareholders immediate access to liquidity, the price of which reflects a 34% premium on the closing price before announcement of the Offer, and premiums of between 18% and 29% in relation to the 1-month, 3-month, 6-month and 12-month volume weighted average price. The LATÉCOÈRE share price did not attain the Offer price following the transaction between the Offeror and APOLLO, MONARCH and CVI PARTNERS or after announcement of the Offer. The Company's share is historically highly volatile, reflecting market perception of the Company's intrinsic risk.

The Offer price reflects a 16% premium on the central value resulting from the discounted cash flow valuation, based on management projections which include anticipated revenue growth and significant improvements in the Company's profitability, in particular due to the LiFi technology, which is not yet marketed. From our standpoint, the use of these management projections in the DCF valuation consequently gives the Company's full value.

We also find that the Offer price yields premiums on the values derived from comparable companies (39% on the central value) and comparable transactions (2%). A synthesis of analysts' target prices before announcement of the Offer yields a 6% discount on the Offer price, though we consider that in this particular instance the criterion should be regarded as of secondary importance.

From our review of agreements that could have a material impact on assessment of the Offer, namely the block acquisition agreement, the arrangements for the remuneration of senior executives and the liquidity arrangements offered to holders of free shares, described in the Draft Offer Document, we consider that they do not contain provisions likely to cast doubt on the fairness of the Offer from a financial standpoint.

Consequently, it is our opinion that the Offer price of €3.85 per share is fair from a financial standpoint for LATÉCOÈRE's shareholders.

It is our opinion that this Offer price of €3.85 per share is fair from a financial standpoint should the Squeeze-Out Procedure be implemented on conclusion of this Offer.”

The report of the independent expert is reproduced in Annex 3 of the Draft Response Document.