NEWS RELEASE

FAIR Canada calls for the OSC to hear complaint about Sirius XM Canada privatization

TORONTO, August 25, 2016 – The Canadian Foundation for Advancement of Investor Rights (FAIR Canada) urges the Ontario Securities Commission (OSC) to hold a public hearing into whether a proposed transaction to privatize Sirius XM Canada Holdings Inc. ("Sirius Canada") is being carried out in a manner that is unfair to minority shareholders and contrary to the public interest.

At issue is the broad question of whether securities regulators will intervene to ensure that controlling shareholders, minority shareholders and boards of directors all comply with the spirit of regulations governing their conduct in privatization transactions.

According to a complaint filed with the OSC by a group of minority shareholders, the proposed transaction to privatize Sirius Canada has coercive elements that oppress the minority and the transaction is based on a flawed and contrived valuation of the company's shares. In addition, the complaining shareholders argue that one minority shareholder, the Canadian Broadcasting Corporation (CBC) should be barred from voting in a "majority of the minority" approval ballot because, unlike the other minority shareholders, the CBC will continue to benefit from a business relationship with Sirius Canada after the privatization.

The allegations of coercion stem from a decision by the Sirius Canada board to suspend payment of quarterly dividends for the entire period during which the proposed privatization transaction is under consideration. This suspension, the complainants say, is a deviation from the company's normal and longstanding practice. They allege it puts pressure on minority shareholders to stifle any objections and vote in favour of the proposed transaction.

The dividend suspension also adversely affects the share price and thereby skews any assessment of whether the offer represents fair value, according to the complaining shareholders. Furthermore, they claim, the share price was adversely impacted by the announcement of a demand from Sirius Canada's U.S. parent company, for increased licensing fees going back a decade (2005 to 2016). The complainants allege this announcement was timed to artificially reduce the share price.

It is noteworthy that International Shareholder Services Inc. (ISS), a proxy advisory firm, has recently issued a report criticizing the valuation process and concluding that Sirius Canada has been undervalued. ISS therefore recommends that Sirius Canada

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shareholders vote against the transaction.

With regard to the CBC's participation in the "majority of the minority" vote, the purpose of such a vote is to ensure that the proposed deal will be seen as fair for, and approved by, the constituency of shareholders whose interests in the company are being privatized. Except for the CBC, none of the minority shareholders will have an ongoing business relationship with Sirius Canada. The appropriateness of CBC being able to vote with other minority shareholders is therefore being called into question.

These are all serious concerns that warrant scrutiny in a public hearing. The protection of minority shareholders' rights is critical to preserving confidence in Canada's capital markets, and the OSC ought to examine the proposed Sirius Canada privatization to assess whether it is being carried out fairly and in a manner consistent with the public interest.

FAIR Canada is an independent national non-profit organization dedicated to strengthening investor protection in securities regulation, and it is also a registered charity devoted to providing public education on investor protection issues through research, publications and conferences. For further information about FAIR Canada, please contact our executive director Neil Gross at (416) 214-3408 or neil.gross@faircanada.ca, or consult our website www.faircanada.ca.

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