



2021

Notice of Meeting and Management Proxy Circular in respect of the

2021 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD on **April 29, 2021**, at **10:00 a.m.** (Montréal time),
in a virtual-only format at <https://web.lumiagm.com/495924417>



Transat A.T. Inc.
March 23, 2021

Glossary

Terms and abbreviations used in this Circular

ANI Adjusted net income¹, expressed as a percentage of revenue
Arrangement Acquisition by Air Canada of all of Transat's issued and outstanding Voting Shares by way of a plan of arrangement pursuant to section 192 of the *Canada Business Corporations Act*, approved by Transat's shareholders on December 15, 2020.
Board Board of Directors of Transat A.T. Inc.
CTA *Canada Transportation Act*
Director Director sitting on the Board

DPSP Deferred profit sharing plan
DSUs Deferred Share Units
EY Ernst & Young LLP, Chartered Professional Accountants
HRCC Human Resources and Compensation Committee
IBITDA Income before income tax, interest, depreciation and amortization
LTIP Long-term incentive plan
Meeting Annual meeting of shareholders of Transat A.T. Inc.
NEO Named Executive Officer
Option Stock Option

PCI PCI Perrault Consulting Inc.
President and CEO President and Chief Executive Officer
PSUs Performance-Based Share Units
RMCGC Risk Management and Corporate Governance Committee
RRSP Registered retirement savings plan
RSUs Restricted Share Units
STIP Short-term incentive plan
SVP Senior Vice President
TSR Total shareholder return
TSX Toronto Stock Exchange
VP Vice President

¹ This is a non-IFRS financial measure. It is defined as the net income attributable to shareholders before net income from discontinued operations, changes in the fair value of fuel-related derivatives and other derivatives, gains (losses) on the transfer of a subsidiary, restructuring charges, lump-sum payments related to collective agreements, asset impairments and other significant unusual items, including premiums linked to fuel-related derivatives and other derivatives matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results.

Matters to be brought before the Meeting

1

Election of the nominees as Directors

2

Appointment of EY as external auditors for the fiscal year ending October 31, 2021

3

Advisory resolution regarding the Corporation's approach to executive compensation.

SUMMARY OF THE MANAGEMENT PROXY CIRCULAR



2020 at a Glance

The year 2020 has, without a doubt, marked not only the history of Transat, but also that of the travel and aviation industry worldwide. The COVID-19 pandemic, which has disrupted our lives in many ways, has also had a devastating effect on our operations.

The beginning of the year was very promising. Up until the beginning of March 2020, we were on track to return to profitability or at least break even for the winter season, after many years of losses during this period. The changes implemented (costs, fleet, revenue management) really seemed to be starting to pay off.

We also had a very strong balance sheet. This position greatly helped us manage the pandemic crisis that hit us in early March.

We then reacted very quickly to reduce costs and protect cash flow. We also had to temporarily lay off up to 85% of our workforce and, ultimately, make some permanent layoffs. We offered flexible travel credits for cancelled flights and packages, particularly during the shutdown of our operations from April 1 to July 22. We renegotiated agreements with our suppliers, in particular aircraft and building leases.

We reduced our investments where we could do so without damage. And we drew on our \$50 million revolving term credit agreement and put in place a \$250 million short-term loan facility.

Some of these decisions have enabled us to accelerate transformations that were necessary in any case, particularly that of our fleet.

Our results reflect the unimaginable financial effect of the pandemic. A financial impact felt throughout the industry, as IATA forecasts a 61% decline in revenues for all airlines worldwide in 2020, but particularly in Canada, where we suffered from general travel restrictions, quarantine and lack of government support at a time when our foreign competitors were heavily supported by their governments.

Despite everything we absorbed the shock. We have reduced our costs and cash outflows considerably. On the destinations we were able to serve, we enabled our customers to travel safely and with a high level of satisfaction, thanks to our Traveller Protection program. We have remained connected with our employees, as we were ranked 57th (and 5th airline) in the Forbes ranking of the world's best employers in the midst of the pandemic.

At a time when, despite the second wave of COVID-19, vaccines offer hope for a way out of the crisis and a recovery in demand, we are ready to go back and rebuild Transat.

This year, for personal reasons, Lina De Cesare will not be a nominee for election as director on Transat's board of directors. I would like to take this time to point out that, over the years, very few people have contributed as much to our company since its inception, both in terms of operations and strategy. Working alongside me before Transat even went public, Ms. De Cesare began by managing our retail business, and after being instrumental in steering the operations of our biggest tour operators, she was key in our expansion in Europe and Canada. After starting out as a travel agent, she progressed through the ranks of the company by exemplifying the exceptional professional and human qualities that make her one of the great founders of Canada's travel industry.

A handwritten signature in black ink, appearing to read 'J. Eustache'.

*Jean-Marc Eustache
Chairman of the Board and President and
Chief Executive Officer*

Leader in sustainability

The proof? Transat is the first major international
tour operator to be **Travelife Certified** for all its activities.



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HIGHLIGHTS

Compensation

- Special compensation plan introduced in 2019 to promote retention in connection with the Arrangement and enhanced in 2020 in response to the additional time required to obtain the regulatory approvals for the Arrangement
- The long-term incentive compensation allocated before the beginning of the trading blackout period is subject to financial performance criteria and is aligned with the interests of the shareholders
- Variable compensation clawback in place
- Annual bonus caps and payout threshold
- Three-year vesting period for LTIPs
- Floor price for determining number of Options to grant while limiting dilution
- Requirement to hold Voting Shares of the Corporation by management and Directors
- Use of external independent compensation advisors
- 4.6% of the outstanding Options have been granted and 2.2% of the outstanding Options remain available in the Options reserve for future grants.
- Large proportion of NEO usual compensation is variable (30% to 66% depending on the NEO)

Governance

- 11 nominees proposed for election as Directors, 10 of whom are independent
- Independent Lead Director
- Each committee of the Corporation is composed of independent members (except for the Executive Committee)
- Majority voting guidelines for Directors
- Comprehensive Board orientation and training program
- Code of business conduct for employees, officers and Directors
- No multiple voting share class
- Board and senior management diversity policy, providing for a target of Board seats held by women of 30% for the fiscal year 2020, which target was exceeded
- Annual advisory vote on executive compensation
- Annual performance review of Board members and operation

AWARDS AND RECOGNITIONS

- World's Best Leisure Airline at the Skytrax World Airline Awards
- First major international tour operator to be Travelife Certified for all its activities, confirming its leadership position on sustainable development.
- Ranked among Canada's Best Employers on *Forbes* magazine's annual list
- Best tour operator and favourite overall supplier at the Agents' Choice Awards by Baxter Travel Media

Table of Contents

NOTICE OF THE 2021 ANNUAL MEETING OF SHAREHOLDERS	7
INFORMATION ON VOTING	9
Part 1 – MATTERS TO BE BROUGHT BEFORE THE 2021 ANNUAL MEETING OF SHAREHOLDERS	18
GENERAL CORPORATE GOVERNANCE PRACTICES	20
Ethics.....	20
GOVERNANCE AND NOMINATION OF CANDIDATES	21
SELECTION OF CANDIDATES	21
Diversity	22
Policy on gender diversity of the board and the executive officers	22
Proposed nominees	24
Majority voting Policy	37
Board interlocks.....	37
Shareholders Guidelines for Directors.....	37
Director Overboarding.....	37
Director Qualifications.....	38
Performance Assessment	39
Independence of Directors	39
Orientation and Continuing Education	40
Part 2 - DIRECTOR COMPENSATION	42
Total Compensation of External Directors.....	43
Table of Outstanding Option-Based and Share-Based Awards.....	44
Part 3 – BOARD COMMITTEE REPORTS	45
SPECIAL COMMITTEE REPORT	45
AUDIT COMMITTEE REPORT	46
RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE REPORT.....	47
HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT	48
Part 4 - EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS	50
Compensation Approach and Objectives	50
Risks Relating to Compensation and Human Resources.....	51
Employee Retention Policy	51
Comparison Group.....	53
External advisors.....	54

Total Compensation Components	54
Minimum Shareholding Requirement for the NEOS	70
NAMED EXECUTIVE OFFICERS.....	71
Part 5 - SUMMARY COMPENSATION TABLE	76
Part 6 - INCENTIVE PLANS	78
Table of Outstanding Option-Based and Share-Based Awards.....	78
Table of the Value Vested or Paid During the Fiscal Year	79
Part 7 – BENEFITS UNDER A RETIREMENT PLAN	80
Defined Contribution Plan Table	81
Part 8 - TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS	83
Benefits Provided by the Individual Agreements in Case of Termination of Employment.....	83
Benefits Provided by the Text of the Plans.....	84
Value of Benefits in the Event of Termination of Employment (Involuntary Departure) and Change of Control.....	86
Part 9 - PERFORMANCE GRAPHS	87
Part 10 – SUCCESSION PLANNING	88
Part 11 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS	89
Equity Securities	89
Part 12 - ADDITIONAL DISCLOSURE	90
SCHEDULE A – APPROACH TO EXECUTIVE COMPENSATION	92
SCHEDULE B – ADVANCE NOTICE BY-LAW.....	93

Notice of the 2021 Annual Meeting of Shareholders

Montréal, Québec, March 23, 2021.

The annual meeting of the holders of Class A variable voting shares and Class B voting shares of Transat A.T. Inc. (the “Corporation” or “Transat” or the terms “we,” “us,” “our” and “ours” also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) will be held in a virtual-only format at <https://web.lumiagm.com/495924417>, on **April 29, 2021, at 10:00 a.m. (Montréal time)** (the “Meeting”). In order to comply with COVID-related measures imposed by the federal and provincial governments and to mitigate the health and safety risks to our communities, shareholders, employees and other stakeholders, our meeting will take place only as a virtual event via a live audio webcast online at <https://web.lumiagm.com/495924417>. All shareholders will have an equal opportunity to participate in the online Meeting, regardless of their geographic location. However, the vast majority of shareholders vote in advance by proxy, and you too are encouraged to vote by proxy prior to the Meeting.

The following items of business will be brought before the Meeting:

1. to receive the consolidated financial statements of the Corporation for the year ended October 31, 2020, and the external auditors’ report thereon;
2. to elect the Directors;
3. to appoint the external auditors for the fiscal year ending October 31, 2021, and to authorize the Directors to fix their remuneration;
4. to consider and approve, in an advisory, non-binding capacity, a resolution regarding the Corporation’s approach to executive compensation (the full text of which is attached as Schedule A to this Management Proxy Circular); and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Corporation’s Board of Directors has set the close of business on March 22, 2021 as the record date for determining which shareholders are entitled to be convened to and vote at the Meeting. Only those persons whose name appears in the shareholder register on the close of business on that date, or their proxies, will be able to participate and vote at the Meeting.

The Circular and a form of proxy or voting instruction form are enclosed with this Notice of Meeting. The attached Circular contains information regarding the matters to be transacted at the Meeting and is also included in this Notice of Meeting. Any meeting that is adjourned or postponed will be held at the time and place specified by Transat before the Meeting takes place or by the Chair during the meeting, at his discretion.

Registered shareholders and duly appointed proxyholders may attend the Meeting, ask questions and vote in real time, provided that they are connected to the internet and comply with all the requirements set out in the Circular. Non-registered (or beneficial) shareholders who do not have a duly appointed proxyholder may attend the Meeting as a guest, but they will not be able to participate, interact, ask questions or vote at the Meeting.

Regardless of whether shareholders are entitled to participate at the Meeting, we recommend that shareholders vote as soon as possible by electronic means, by mail or by fax in the manner set out in the instructions included on the form of proxy or voting instruction form that is enclosed with this Notice of Meeting. All votes must be sent to AST Trust Company (Canada) no later than 10:00 a.m. (Montréal time) on April 27, 2021 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or extend the proxy cut-off at his discretion and without notice. At the Meeting, the Corporation will also report on the conduct of its business during the year ended October 31, 2020. **This Circular is provided in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting.**

If you have any questions or require assistance in completing your form of proxy, please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, toll free at 1 888 518-1552 (in North America), or collect call at 1 416 867-2272 (outside North America) or by email at contactus@kingsdaleadvisors.com.

Montréal, Québec, March 23, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

Transat A.T. Inc.



Bernard Bussi res

Vice President, General Counsel and Corporate Secretary

Information on voting

To ensure representation of your shares at the annual meeting of the holders of Class A variable voting shares and Class B voting shares (collectively the “**Voting Shares**”) of Transat A.T. Inc. (the “**Corporation**” or “**Transat**” or the terms “**we**,” “**us**,” “**our**” and “**ours**” also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) (the “**Meeting**”), please select the most convenient way for you to deliver your voting instructions and follow the relevant instructions. Unless otherwise indicated, the information included herein is given as at March 22, 2021. In this Circular, any reference to “**dollars**” or “**\$**” refers to Canadian dollars unless otherwise indicated. The following questions and answers provide guidance on how to vote your shares.

Q: Who is soliciting my proxy?

A: Transat’s management is soliciting your proxy for use at the annual meeting to be held on Thursday, April 29, 2021, at 10:00 a.m. (Montréal time), in a virtual-only format at <https://web.lumiagm.com/495924417>, and any adjournment or postponement of such Meeting, if applicable. The solicitation of proxies will be done primarily by mail. However, proxies may also be solicited by other means of communication or directly through Transat officers or employees, who will not, however, be compensated for this. Transat will bear the cost of the solicitation.

Q: Am I a registered or non-registered Shareholder?

A: Registered holders of shares that carry a right to vote (the “**Registered Shareholders**”) hold such Voting Shares directly with Transat, meaning these shares are registered in their name and are generally evidenced by a share certificate.

However, most holders of Shares that carry a right to vote (the “**Non-Registered Shareholders**”) beneficially own these Voting Shares through a custodian or nominee, such as a trustee, financial institution or securities broker (the “**Intermediaries**” in this Circular). If your Voting Shares appear on an account statement sent by your bank, broker or financial advisor, you are probably a Non-Registered Shareholder. Non-Registered Shareholders must carefully follow the instructions of their Intermediaries, as well as the instructions set out in this Circular, so that the votes attached to their Voting Shares may be exercised at the Meeting in accordance with their instructions.

Q: How can I participate at the Meeting?

A: In order to comply with the COVID-related measures imposed by the federal and provincial governments and to mitigate the health and safety risks to our communities, shareholders, employees and other stakeholders, our meeting will take place only as a virtual event via a live audio webcast online at <https://web.lumiagm.com/495924417>. All shareholders will have an equal opportunity to participate in the online Meeting, regardless of their geographic location. However, the vast majority of shareholders vote in advance by proxy, and you too are encouraged to vote by proxy prior to the Meeting.

Participation at the online Meeting will allow Registered Shareholders, and their duly appointed proxyholders and representatives, including Non-Registered Shareholders who appointed themselves or another person as representative, to participate at the Meeting, interact with other shareholders and ask questions in real time. Registered Shareholders, and their proxyholders and duly appointed representatives, can vote at the appropriate time during the Meeting. **Guests, including Non-Registered Shareholders who have not appointed themselves or another person as representative, will be able to connect to and attend the Meeting in the manner provided below. Guests will be able to attend the Meeting, but will not be entitled to participate, interact, ask questions or vote.**

At the Meeting, the Corporation will hold a live question and answer period to answer written questions sent during the Meeting by participants entitled to ask questions.

The Chair of the Meeting reserves the right to modify or refuse questions that he deems inappropriate. The Chair of the Meeting has full authority to ensure the orderly conduct of the Meeting. To ensure that the Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Meeting reserves the right, for example, to establish the order that the questions will be asked and the time allowed for each question.

To access the Meeting, follow the instructions below:

Step 1: Go to the following web page: <https://web.lumiagm.com/495924417>

Step 2: Follow the applicable instructions below:

- **Registered Shareholders:** Click on “*I have a control number*” and enter your control number and the password “transat2021” (case sensitive). Your control number is on the form of proxy or in the email Notice that you received from our transfer agent, AST Trust Company (Canada) (“AST”), (the “Control Number”). **If you used your Control Number to connect to the Meeting, any vote that you cast at the Meeting will have the effect of revoking any proxy that you have already submitted. If you do not wish to revoke any proxy that is already submitted, you should attend the Meeting as a guest and refrain from voting during the Meeting. Guests may listen to the virtual Meeting, but are not entitled to participate, interact, ask questions or vote.**
- **Duly appointed proxyholders:** Click on “*I have a control number*” and enter your 13-digit proxyholder control number and the password “transat2021” (case sensitive). **Only proxyholders who have been duly appointed and registered by a Registered Shareholder with AST, as described further below at the question “How can I appoint a third party as proxyholder or representative?,” will receive a 13-digit proxyholder control number by email from AST after the deadline to vote by proxy. This 13-digit proxyholder control number will be different from the Control Number indicated in the form of proxy provided by AST to the Registered Shareholder.**
- **Non-Registered Shareholders and other duly appointed representatives:** Click on “*I have a control number*” and enter your 13-digit representative control number and the password “transat2021” (case sensitive). **Only Non-Registered Shareholders who are duly appointed and registered as representatives with the AST, as described further below at the question “How can I appoint a third party as proxyholder or representative?,” will receive a 13-digit representative control number by email from AST after the deadline to vote by proxy. This 13-digit representative control number will be different from the control number indicated in the form of proxy provided by AST to the Non-Registered Shareholder.**
- **Guests:** Click on “Guest” and complete the online form.

Step 3: Please complete the Declaration of Ownership and Control in accordance with the instructions provided to you in the online platform.

If you lose your Control Number, your 13-digit proxyholder control number or your 13-digit representative control number, please contact AST by telephone at 1 800 387-0825 (in North America) or 1 416 682-3860 (outside North America).

We recommend that you connect at least 15 minutes before the Meeting starts. You must ensure that you are connected to the internet at all times to be able to vote when balloting commences. You are responsible for ensuring that your internet connection is adequate throughout the duration of the Meeting.

Should any technical issues arise during the registration process or the Meeting, please call the technical support number indicated on the Meeting’s login page at: <https://web.lumiagm.com/495924417>.

Q: How can I appoint a third party as proxyholder or representative?

A: If you are a shareholder and wish to appoint a person other than the management nominees set out in the form of proxy or voting instruction form as proxyholder or representative, including if you are a Non-Registered Shareholder who wishes to appoint yourself as representative to participate, interact, ask questions or vote at the Meeting, then you **MUST** submit your form of proxy or voting instruction form, as applicable, appointing such third party as your proxyholder or representative, as the case may be, **AND** register the third-party proxyholder or representative, as the case may be, as provided below. Registering either your proxyholder or representative is an **additional step** (Step 2) to be completed **AFTER** you have submitted your form of proxy or voting instruction form (Step 1). If the third-party proxyholder or representative is not registered, that person will not receive the applicable 13-digit proxyholder or representative control number, which is required to participate and vote at the Meeting. **This 13-digit proxyholder or representative control number, as applicable, will differ from the Control Number set out in the form of proxy or the “control number” set out in the voting instruction form, as applicable, provided by AST.**

Step 1: Submit your form of proxy or voting instruction form. To appoint a third party proxyholder or representative, as applicable, insert the person’s name in

the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the relevant instructions for submitting the form. If you are a Non-Registered Shareholder located in the United States, you must also provide AST with a duly completed legal proxy if you wish to participate, interact, ask questions or vote at the Meeting or, if permitted, appoint a third party as your representative, if permitted. For more information, see the next paragraph.

Step 2: Register your proxyholder or representative. To register a proxyholder or representative, as applicable, shareholders (including Non-Registered Shareholders who wish to appoint themselves or another person as representative) **MUST** call AST at **1 866 751-6315 (in North America)** or **1 212 235-5754 (outside North America)** or complete the online form at <https://lp.astfinancial.com/ControlNumber> by no later than 10:00 a.m. (Montréal time) on April 27, 2021. AST will then send your proxyholder or representative, as applicable, a 13-digit proxyholder control number or a 13-digit representative control number, as applicable, by email, which can be used by that person to participate, interact, ask questions or vote at the Meeting. **This 13-digit proxyholder or representative control number, as applicable, will differ from the Control Number set out in the form of proxy or the “control number” set out in the voting instruction form, as applicable, provided by AST.**

Non-Registered Shareholders located in the United States **MUST ALSO, as an additional third step**, send a duly completed legal proxy to AST either by mail sent to 1, Toronto Street, Suite 1200, Toronto, ON M5C 2V6, by fax at 1 416 368-2502 or by email at proxyvote@astfinancial.com (any of which must be received by 10:00 a.m. (Montréal time) on April 27, 2021) **AND** then call AST at 1 866 751-6315 or complete the online form at <https://lp.astfinancial.com/ControlNumber> by no later than 10:00 a.m. (Montréal time) on April 27, 2021, so that AST may provide the Non-Registered Shareholder with a 13-digit representative control number by email in time for the Meeting.

Non-Registered Shareholders who have not duly appointed themselves as representative will only be able to attend the Meeting as a “guest,” and will not be able to participate, interact, ask questions or vote at the Meeting.

Q: How will matters be decided at the meeting?

A: The election of each of the Directors and the appointment of the external auditors must obtain a majority of the votes cast by all of our shareholders present in person or represented by proxy at the Meeting.

Q: What ownership restrictions affect my Voting Shares?

A: Under the *Canada Transportation Act*, S.C. 1996, c. 10 (the “CT Act”), Air Transat A.T. Inc. (“**Air Transat**”), a wholly-owned subsidiary of the Corporation, must at all times be able to establish that it is “Canadian” within the meaning of the CT Act to be entitled to hold the licences necessary to operate an air service. Because Air Transat is a wholly-owned subsidiary of Transat, Transat must qualify as “Canadian” in order for Air Transat to qualify as “Canadian.”

In order to remain “Canadian,” Transat’s articles of arrangement provide for Class A variable voting shares and Class B voting shares. The Class A variable voting shares can only be owned or controlled by non-Canadians, while the Class B voting shares can only be owned or controlled by Canadians. Any outstanding Class B voting share is converted into a Class A variable voting share on a one-for-one basis, automatically and without any further action by the Corporation or the holder, if such Class B voting share becomes owned or controlled by a person who is not a Canadian. Conversely, in the event that a Class A variable voting share becomes held by a Canadian, it will be converted into a Class B variable voting share on a one-for-one basis automatically and without any further action by the Corporation or the holder.

Following the amendment to the Corporation’s articles of incorporation on May 8, 2019, in accordance with a plan of arrangement under the CBCA, for the purpose of aligning the restrictions on the level of non-Canadian ownership and voting control with those provided under the definition of “Canadian” in Subsection 55(1) of the CT Act, Transat’s Class A variable voting shares carry one vote per Class A share at any meeting of shareholders subject to an automatic reduction of the voting rights attached thereto in the event that (i) any non-Canadian, either individually or in affiliation with any other person, holds a number of Class A variable voting shares that exceeds 25% of either the total number of Voting Shares or the number of votes that would be cast at a given meeting of shareholders, (ii) all non-Canadians authorized to provide air services, together with such

affiliates hold, in the aggregate, a number of Class A variable voting shares that exceeds 25% of either the total number of Voting Shares or the total number of votes that would be cast at a given meeting of shareholders, and (iii) the number of issued and outstanding Class A variable voting shares exceeds 49% of either the total number of all of the Corporation's issued and outstanding Voting Shares or the total number of votes that would be cast at a given meeting of shareholders. If any of the above-mentioned applicable limitations are exceeded, the votes that should be attributed to holders of Class A variable voting shares will be attributed as follows:

- firstly, if applicable, there will be a reduction in the voting rights of any single non-Canadian (including a single non-Canadian authorized to provide air service) carrying, either individually or in affiliation with any other person, holds more than 25% of the voting votes, so as to ensure that any such non-Canadian (including such persons in affiliation with such non-Canadian) never carry more than 25% of the votes cast by holders of Voting Shares at any meeting of shareholders;
- secondly, if necessary, and after giving effect to the first proportional reduction set out above, there will be a further proportional reduction of the voting rights of all non-Canadians authorized to provide air service (including such persons in affiliation with them), so as to ensure that such non-Canadians authorized to provide air service, in the aggregate, never carry more than 25% of the votes cast by holders of Voting Shares at any meeting of shareholders; and
- thirdly, if necessary, and after giving effect to the two proportional reductions set out above, there will be a proportional reduction of the voting rights attached to the Class A variable voting shares, to ensure that non-Canadians never carry, in the aggregate, more than 49% of the votes cast by holders of Voting Shares at any meeting of shareholders.

The holders of Class A variable voting shares and Class B voting shares will vote together as a single class, except if the holders of a given class are entitled to vote as a class, as provided in the CBCA. Only Shareholders participating or represented by proxy at a meeting and legally entitled to vote at such meeting can exercise the voting rights attaching to their Voting Shares.

The Board, pursuant to its powers under Transat By-law 2012-2 and the regulations under the CBCA, and in

accordance with the provisions of Transat's Articles and the CT Act, has implemented a series of administrative measures to ensure at all times that the Class B voting shares are owned and controlled by Canadians and the Class A variable voting shares are owned or controlled by non-Canadians (the "**Ownership Restrictions**"). More specifically, these measures are reflected in the form of a declaration of ownership and control. Shareholders wishing to vote at the Meeting either by: (i) completing and delivering a form of proxy or a voting instruction form, or (ii) by directly participating and voting at the Meeting, will be required to complete a declaration of ownership and control so that Transat is able to comply with the Ownership Restrictions. If you do not duly complete the declaration or if Transat or its transfer agent, AST, determines that you indicated (inadvertently or otherwise) that you own or control the wrong class of shares, the automatic conversion provided for in our Articles will be triggered. Where a statement made in a declaration of ownership is inconsistent (inadvertently or otherwise) with the information held by the Corporation, the latter may take any action that it deems appropriate to ensure compliance with the Ownership Restrictions. Furthermore, if a declaration of ownership and control is not completed or if it is determined by the Corporation or its transfer agent, AST, that you made an incorrect declaration (through inadvertence or otherwise), the shares represented by such proxy will be deemed to be owned and controlled by a person that is a non-Canadian authorized to provide air service. This declaration is part of the form of proxy (or voting instruction form provided to you if you are a Non-Registered Shareholder) included with this Circular.

The Corporation also obtained an exemption from the Autorité des marchés financiers and the Ontario Securities Commission so that the outstanding Class A variable voting shares and the outstanding Class B voting shares of the Corporation are considered as a single class of shares for the application of the takeover bid rules and early warning reporting rules under the applicable Securities Laws. A copy of the decision is available under Transat's profile at www.sedar.com.

Q: How many shares carry voting rights and how many votes do I have?

A: As at March 22, 2021, a total of 37,747,090 Voting Shares of the share capital of Transat were issued and outstanding. You are entitled to receive notice of and vote at the Meeting or at any adjournment thereof if you were a holder of Transat's Voting Shares on March 22, 2021, the record date for the Meeting.

Each Class A Variable Voting Share carries one vote per Class A Variable Voting Share, and each Class B Voting Share also carries one vote per Class B Voting Share, except, in both cases, if the adjustment rules set out under the question “**What ownership restrictions affect my Voting Shares?**” apply.

Q: Who are our principal shareholders?

A: To the knowledge of our Directors and officers, and based on publicly available information, as at March 22, 2021, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Voting Shares are:

- Letko Brosseau & Associates Inc., which held 4,790,225 Class B voting shares, representing approximately 12.69% of all issued and outstanding Voting Shares; and
- Fonds de solidarité FTQ, which held 4,360,426 Class B voting shares, representing approximately 11.55% of all issued and outstanding Voting Shares.

Q: How can a Registered Shareholder or proxyholder vote?

A: If you are a Registered Shareholder or a duly appointed proxyholder participating at the Meeting, you can vote at the Meeting by completing a ballot online during the Meeting, when prompted. If you do not plan to participate, interact, ask questions or vote at the Meeting or to appoint a third party proxyholder other than the management nominees to vote at the Meeting on your behalf, you can vote in one of the following five ways:

On AST’s website at: www.astvotemyproxy.com

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6, Attention: Proxy Department.

By completing and signing the enclosed form of proxy and forwarding it by fax at **1 866 781-3111** (toll free in North America) or **1 416 368-2502** (outside North America), Attention: Proxy Department.

By using a touch-tone telephone to call **1 888 489-7352** (toll free in North America) and following the prompts.

By completing and signing the enclosed form of proxy and submitting it by email to proxyvote@astfinancial.com.

If you vote online via the AST website indicated above or by telephone, you will need your Control Number, which you will find on your form of proxy.

The cut-off time for voting is 10:00 a.m. (Montréal time) on April 27, 2021 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or extend the proxy cut-off at his discretion and without notice.

In any of these cases, if you wish to participate, interact, ask questions or vote at the Meeting, you need to follow the steps set out under the questions “How can I participate at the Meeting?” and “How do I appoint a third-party as proxy or representative?”.

If you are a Non-Registered Shareholder, please refer to the instructions below under the question “**How can a Non-Registered Shareholder vote?**”.

Q: How will my proxy be voted?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Voting Shares, or you can let your proxyholder decide for you. If you have not specified on the form of proxy how you want your shares to be voted on a particular matter, your proxyholder can then vote in accordance with his or her best judgment.

Unless otherwise instructed in writing, the shares represented by proxies received by management will be voted:

Election as Directors of each of the nominees listed under the heading “Governance of the Board and Nominees” of this Circular	FOR
Appointment of EY as Transat’s external auditors	FOR
Adoption of the non-binding advisory resolution regarding the Corporation’s approach to executive compensation	FOR

Q: What if there are amendments or if other matters are brought before the meeting?

A: The enclosed form of proxy gives the persons named on it the authority to use their discretion and best judgment in voting on amendments or variations to matters set out in the notice of the Meeting or any other matter duly brought before the Meeting.

At the date of printing this Circular, management is not aware of any amendments to the matters set out in the notice of the Meeting or of any other matter to be presented at the Meeting.

Q: Can I change my mind and revoke my proxy?

A: You can revoke your proxy at any time before it is acted upon. To do so, you must clearly state in writing that you want to revoke your proxy and deliver this written notice to the attention of Bernard Bussi res, Vice-President, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 L o-Pariseau Street, Suite 600, Montr al, Qu bec, H2X 4C2, no later than two (2) business days before the Meeting, namely by April 27, 2021, at 10:00 a.m. (Montr al time), or any adjournment or postponement thereof, or in any other manner permitted by law.

Moreover, if you are a Registered Shareholder and use your Control Number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you are a Non-Registered Shareholder who has appointed yourself or a third party as representative, if you or such third party, as the case may be, obtained a 13-digit representative control number and log in to the Meeting, any vote that you or your representative casts at the Meeting will revoke any voting instruction form that you or your representative, as the case may be, previously submitted. **If you do not wish revoke a previously submitted proxy or voting instruction form, as applicable, you, your proxyholder or your representative, as applicable, should not vote during the Meeting and instead attend the Meeting as a guest. Guests will be able to listen to the virtual Meeting but will not be able to participate, interact, ask questions or vote at the Meeting.**

Q: What is the quorum of the Meeting?

A: The quorum for the Meeting is a minimum of two (2) persons participating at the Meeting in person or by proxy and holding at least 25% of the total number of the issued Voting Shares on March 22, 2021.

Q: Who counts the votes?

A: Proxies and votes are tallied by duly authorized representatives of AST, the Corporation’s transfer agent.

Q: How are proxies solicited?

A: Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Transat has retained Kingsdale Advisors as its strategic shareholder advisor and proxy solicitation agent for assistance in connection with the solicitation of proxies for the Meeting for a fee of approximately \$20,000 plus additional fees related to telephone calls and other services. Agreements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Voting Shares registered in their names and

Transat may reimburse them for the reasonable transaction and administrative fees they incur. Transat will pay for all costs related to this Circular, including printing, postage and delivery costs.

Q: How can a Non-Registered Shareholder vote?

A: You are a “Non-Registered Shareholder” or “beneficial owner” if your Voting Shares are held on your behalf through an Intermediary. Under applicable Securities Laws, a beneficial owner of securities is a “non-objecting beneficial owner” (an “**NOBO**”) if such beneficial owner has or is deemed to have provided instructions to the Intermediary holding the securities on such beneficial owner’s behalf to the effect that it does not object to the Intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an “**objecting beneficial owner**” (an “**OBO**”) if such beneficial owner has or is deemed to have provided instructions objecting to such disclosure.

If you are a Canadian NOBO, the Corporation has sent these materials directly to you, and your name and address and information about your holdings of Voting Shares have been obtained in accordance with applicable Securities Laws from the Intermediary holding securities on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your voting instructions. The voting instruction form that is sent to Canadian NOBOs contains an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to participate, interact, ask questions and vote at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are a non-Canadian NOBO or OBO, you received these materials from your Intermediary or its agent (e.g., Broadridge), and your Intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Voting Shares. The Corporation has agreed to pay for Intermediaries to deliver the proxy-related materials and voting instruction form to non-Canadian NOBOs and OBOs. The voting instruction form that is sent to any non-Canadian NOBO or OBO by the Intermediary or its agent must contain an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to directly participate, interact, ask questions and vote at the Meeting. Please provide your voting instructions to your Intermediary as specified in the enclosed voting instruction form.

In any of these cases, if you wish to participate, interact, ask questions or vote at the Meeting, you need to follow the steps set out under the questions “How can I participate at the Meeting?” and “How do I appoint a third-party as proxy or representative?” above, IN ADDITION to any steps that are specific to your Intermediary.

Non-Registered Shareholders who wish to appoint a person other than the management nominees identified in the voting instruction form (including a Non-Registered Shareholder who wishes to appoint himself or herself, as the case may be, to participate, interact, ask questions or vote at the Meeting) **MUST** carefully follow the instructions in the voting instruction form **and** the instructions under the question “**How do I appoint a third-party as proxy or representative?**” above. These instructions include, among other things, the **second step** of having to register such representative with our transfer agent, AST, after submitting the voting instruction form. **If the representative is not registered with the AST, that person will not receive the 13-digit representative control number, which is required to participate, interact, ask questions and vote at the Meeting, and will only be able to attend the Meeting as a guest. Guests can listen to the virtual Meeting, but are not entitled to participate, interact, ask questions or vote.**

Duly appointed representatives of Non-Registered Shareholders (including Non-Registered Shareholders who appointed themselves or another person as representative) can vote at the Meeting by completing a ballot online during the Meeting when prompted. If, as a Non-Registered Shareholder, you do not plan to participate, interact, ask questions or vote at the Meeting or to appoint a third-party representative other than the management nominees to vote at the Meeting on your behalf, you can vote in one of the following five ways:

On AST’s website at: www.astvotemyproxy.com

By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6, Attention: Proxy Department.

By completing and signing the enclosed form of proxy and forwarding it by fax at **1 866 781-3111** (toll free in North America) or **1 416 368-2502** (outside North America), Attention: Proxy Department.

By using a touch-tone telephone to call **1 888 489-7352** (toll free in North America) and following the prompts.

By completing and signing the enclosed form of proxy and submitting it by email to proxyvote@astfinancial.com.

If you vote online via the AST website indicated above or by telephone, you will need your “control number,” which you will find on your form of proxy.

The cut-off time for voting is 10:00 a.m. (Montréal time) on April 27, 2021 (or 48 hours, excluding Saturdays, Sundays and statutory holidays, before the start of any adjournment or postponement of such Meeting, if applicable). The Chair of the Meeting may waive or extend the proxy cut-off at his discretion and without notice.

If you are a Registered Shareholder, please refer to the instructions set out under the question “**How can a Registered Shareholder or proxyholder vote?**”.

Please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1 888 518-1552 (toll free in North America) or at 1 416 867-2272 (outside North America) or by email at contactus@kingsdaleadvisors.com with any questions you may have with regard to voting. Non-Registered Shareholders may also contact their Intermediary regarding any questions.

Q: Why is this management proxy circular sent to my attention?

A: These securityholder materials are being sent to both Registered and Non-Registered Shareholders of Voting Shares. If you are a Non-Registered Shareholder, and Transat or its agent has sent these materials directly to you, your name and address and information about the Voting Shares you hold have been obtained in accordance with applicable Securities Laws from the Intermediary holding these Voting Shares on your behalf.

By choosing to send these materials to you directly, Transat (and not the Intermediary holding the Voting Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions and elsewhere in this Circular.

Q: Who do I contact if I have questions about the meeting or require assistance with voting?

A: Please contact our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, toll free at 1 888 518-1552 (toll free in North America) or at 1 416 867-2272 (outside North America) or by email at contactus@kingsdaleadvisors.com with any questions you may have with regard to voting. Non-Registered

Shareholders may also contact their Intermediary regarding any questions.

Q: Can I nominate a candidate for a Director position?

A: Only persons nominated in accordance with the procedure set out in the Advance Notice By-Law, as set out in Schedule B to this Circular, are eligible for election as Directors of the Corporation. The By-Law sets a deadline by which shareholders must submit a notice of Director nominations to the Corporation prior to an annual or special meeting of shareholders at which Directors must be elected. It also sets out the information that a shareholder must include in the notice for it to be valid. The By-Law ensures that the Corporation and its shareholders will receive adequate prior notice of Director nominations as well as sufficient information on all the nominees, so that the Corporation and its Shareholders will be able to evaluate the proposed nominees' qualifications and suitability as Directors.



**PLEASE REMEMBER, IF YOU DO NOT WANT TO VOTE IN
PERSON, THE DEADLINE FOR VOTING IN RESPECT OF
THE MEETING IS 10:00 A.M. ON APRIL 27, 2021
(MONTRÉAL TIME).**

Part 1 – MATTERS TO BE BROUGHT BEFORE THE 2021 ANNUAL MEETING OF SHAREHOLDERS

FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended October 31, 2020 and the report of the external auditors thereon, which will be presented to our shareholders at the Meeting, are included in the Corporation's Annual Report that has been mailed to our shareholders. They can also be promptly provided upon written request and are available at www.sedar.com. No vote is required on this matter.

1 NOMINEES FOR ELECTION AS DIRECTORS

Pursuant to the Articles of the Corporation, the Board must consist of a minimum of nine (9) and a maximum of 15 Directors. The Board currently consists of twelve (12) Directors and, in accordance with a resolution adopted by the Board on March 22, 2021, the number of Directors to be elected at the Meeting was fixed at eleven (11). Ms. Lina De Cesare will withdraw as a Director of the Corporation at the close of the Meeting. As such, her biographical information is not included with that of the other nominees who will stand for election as Directors of the Corporation at Meeting. However, since Ms. De Cesare will act as a Director until the close of the Meeting, information relating specifically to Ms. De Cesare appears in the parts of this Circular concerning the Corporation's current Directors.

At the Meeting, eleven (11) Directors will be nominated for election to the Board, of which ten (10) are independent from the Corporation. As you will note in the form of proxy, the shareholders may vote for each Director individually. Moreover, the Corporation has adopted a majority voting policy, which is described under the heading "**Governance of the Board and Nominees.**"

Our management does not anticipate that any of the nominees among the persons named below will be unable or unwilling to act as a Director, but if such should be the case prior to his or her election at the Meeting, the persons named in the enclosed form of proxy will vote in favour of the election as director(s) of any other person(s) whom the management of the Corporation may, upon the advice of the RMC GC, recommend to replace such nominee, unless a shareholder indicates in his form of proxy his intention to abstain from voting at the election of Directors. Each Director will remain in office until the next Meeting or until his or her successor is elected or appointed.

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE NOMINEES, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE ELEVEN (11) NOMINEES DESCRIBED UNDER THE HEADING "GOVERNANCE OF THE BOARD AND NOMINEES".

2 APPOINTMENT OF OUR EXTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board proposes that EY be reappointed as external auditors of the Corporation, to hold office until the next Meeting and that their remuneration be fixed by the Audit Committee.

	Audit Services	Audit-Related Services	Tax Services	Total
2020	\$1,101,000	\$226,000	\$227,000	\$1,554,000
2019	\$883,000	\$99,000	\$82,000	\$1,064,000

During those two years, no amounts were billed as fees for any other service not related to the foregoing. Audit fees include the fees for the professional services provided by the external auditors in connection with the audit of the Corporation's consolidated financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for services rendered with respect to the interpretation of accounting and financial reporting

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE APPOINTMENT OF THE EXTERNAL AUDITORS, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED FOR THE APPOINTMENT OF EY AS EXTERNAL AUDITORS OF THE CORPORATION.

standards. Audit-related fees include fees for assurance and related services that are usually performed by the external auditors. These services include accounting consultations in connection with acquisitions, special audits and due diligence. Tax fees include fees for assistance with tax planning (restructuring and discontinued operations), tax opinions as well as the preparation and review of income and other tax returns.

External Auditors' Independence

In addition to the letter issued by the external auditors regarding their independence, the Corporation and the Audit Committee of the Board have considered whether the services performed by the external auditors were compatible with maintaining the auditors' independence and have concluded that such was the case. In order to better define the limits within which such services are provided to the Corporation, the Board adopted, in addition to the Audit Committee charter, a policy respecting the pre-approval of audit and non-audit services.

3 APPROACH TO EXECUTIVE COMPENSATION

The section entitled “**Executive Compensation Discussion and Analysis**” provides a detailed explanation of the Corporation's executive compensation approach, which is premised on the three-pronged underlying principle that compensation should be rooted in the Corporation's performance, be competitive within the market and be aligned with the shareholders' best interests.

Upon the recommendation of the HRCC, the Board recommends that shareholders vote FOR the following non-binding advisory resolution, the text of which is also reproduced in Schedule A to this Circular:

“BE IT RESOLVED:

THAT, on an advisory basis and without diminishing the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached to this resolution.”

Although this is an advisory vote and the results will not be binding upon the Board, the members of the Board and the HRCC will review and analyze the voting results. In 2020, this resolution received 21,403,731 votes for (95.64%) and 975,362 votes against (4.36%).

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED FOR THE CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION.

General corporate governance practices

As a Canadian reporting issuer with securities listed on the TSX, the Corporation has in place corporate governance practices that are consistent with the requirements of *Policy Statement 58-201 – Corporate Governance Guidelines* and *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*, which were adopted by the Canadian Securities Administrators (“CSA”) and replace the previous TSX corporate governance guidelines.

The Corporation is regularly adjusting its corporate governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its corporate governance practices, if need be.

Risk management and corporate governance initiatives

The RMC GC regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the RMC GC will reassess our corporate governance practices and recommend the implementation of changes, where appropriate. The Corporation’s Corporate Governance Manual has been updated to reflect, among others, new legislative and regulatory developments in governance and securities law. Transat’s corporate governance practices meet or exceed *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* adopted by the Canadian Securities Administrators and ensure transparency and effective governance of the Corporation.

Pursuant to its mandate, the RMC GC reviews on a continuous basis a number of emergency measures and measures related to the Corporation’s operations. As a result of the COVID-19 pandemic, all risks to which the Corporation is exposed have been re-assessed in detail by the Corporation’s officers. As part of this essential process, risks were reprioritized based on their level of occurrence probability and their quantitative and qualitative impact on the Corporation’s business. The process identified a total of 57 risks, rated in order of importance: red for the 16 high-priority risks, orange for the 6 priority risks, yellow for the 15 moderate risks and green for the 20 low risks. These risks include, among others, the Corporation’s ability to continue as a going concern, the transaction with Air Canada, COVID-19, management of information systems, tour operators, airline and aircraft activities, third-party hotels where Transat books rooms for travellers, exchange rate and fuel price hedging, insurance coverage and the financial approval processes. Risk management is shared among the Corporation’s executive officers to eliminate compartmentalized risk management. They are called upon to present these risks to the Directors of the Corporation every year. In 2020, the update of all 57 risks were presented to the RMC GC along with presentations specific to the environmental, reputational, financial and commercial risks facing the Corporation. It is therefore estimated that this approach supports a risk management culture within the Corporation.

Oversight of the risks relating to the Corporation is ensured by the RMC GC, HRCC and the Audit Committee. The RMC GC is responsible for carrying out the risk mapping and monitoring protection measures in accordance with pre-established priorities. The RMC GC then reports back to the Board. The risks and uncertainties that are likely to have a material adverse effect on the Corporation are disclosed quarterly in the financial statements included in the Corporation’s management discussion & analysis of the financial condition and results of operations.

ETHICS

Directors are expected to comply with our Charter of Expectations for Directors in order to promote best practices and ensure ethical business conduct. This Charter sets out the professional and personal competencies and characteristics expected from Transat Directors; these include, among others, high ethical standards, attendance at meetings, diligence, international experience and accountability. In addition, the Corporate Governance Manual clearly states the parameters for the disclosure and management of potential conflicts of interest, guidelines that apply to all Directors.

As well, our Directors, officers and employees are subject to the provisions of our Code of Ethics, which is made available to every employee of the Corporation, is posted on Transat’s website at www.transat.com and is also filed on SEDAR (www.sedar.com). The Code of Ethics provides a framework for Directors, officers and employees on the conduct and ethical decision-making integral to their work; it has been implemented throughout Transat and most of its subsidiaries.

The Board, through its RMC GC, reviews the implementation of, and compliance with, of the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the RMC GC receives from our VP, General Counsel and Corporate Secretary, and from our VP, Internal Audit and Risk Management, on a quarterly basis, a written declaration as to any complaints received during the said quarter pursuant to our Code of Ethics. The Corporation requires its Directors, officers and employees to acknowledge that they have read the Code and agree to comply with it. This Code must be signed by every new employee after hiring and every year by each employee at the time of his or her annual performance evaluation.

No material change report has been filed since the beginning of our most recently completed fiscal year pertaining to the conduct of a Director or executive officer of Transat that constitutes a departure from the Charter of Expectations or the Code of Ethics.

Our Code of Ethics clearly states that Directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a Director or executive officer has a material interest, full disclosure to the Board is required and such Director must abstain from voting on any such matter.

Transat's Code of Ethics, Charter of Expectations for Directors and best governance practices (set out in its Corporate Governance Manual) together with statements set out in the Board and Committee charters encourage and promote an overall culture of ethical business conduct. The Board's ongoing review of and adherence to these measures and principles also fosters an ethical business conduct throughout the Corporation.

In addition, both the annual Board evaluation questionnaire and the Director peer feedback survey contain specific questions pertaining to ethical business conduct.

Indebtedness of directors and executive officers

None of our current or former Directors, executive officers and employees is indebted to us, or has contracted any loan that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement on our part. Pursuant to our Corporate Governance Manual, it is our policy not to grant any loans to our Directors, executive officers, employees or nominees for the position of Director of Transat. This policy also applies to our subsidiaries.

GOVERNANCE AND NOMINATION OF CANDIDATES

The Board, either directly or through Board committees, is responsible for the management and supervision of the business and affairs of the Corporation, the whole in the best interest of the Corporation and with the objective of enhancing the value for shareholders and other stakeholders. The Board's mandate and role consist of, among other things, (i) approving and overseeing the corporate strategy and its implementation; (ii) reviewing and, where appropriate, give effect to the proposals of the President and CEO on the appointment of Transat's executive officers; (iii) setting goals for the President and CEO and reviewing those of executive officers with him, monitoring their performance and implementing corrective measures as appropriate; (iv) informing shareholders of the performance of the Corporation, its Board and Board Committees; and (v) approving and ensuring the performance of the Corporation's legal obligations.

The Board assumes the responsibility of defining the main risks related to the Corporation's operations and the implementation of appropriate systems allowing management of these risks.

The roles and responsibilities of the Board and of each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request and is available on SEDAR at www.sedar.com). These charters are generally reviewed every two years to ensure they reflect best practices and are in compliance with any applicable regulatory requirements. The Audit Committee charter is also available in Schedule A to the Corporation's Annual Information Form.

SELECTION OF CANDIDATES

The selection process for new candidates to the Board is conducted by the RMCGC. RMCGC's responsibilities, powers and activities are described in more detail in the Committee's report enclosed in this Circular as well as in the Committee's charter which is also filed with SEDAR at www.sedar.com.

The RMCGC and, in particular, the nominations committee is responsible for identifying and recommending to the Board suitable nominees for election to the Board. When making its recommendations, the RMCGC shall consider the fact that the members of the Board should have diversified backgrounds, experience and aptitudes. Directors are selected for their integrity and character, fair and independent judgment, breadth of experience, insight and knowledge, and strong business acumen. Directors are expected to bring these personal qualities to their role as a Director of the Corporation, and apply sound business judgment to help the Board make wise decisions and provide thoughtful and informed advice to senior management.

To accomplish this duty, the RMCGC:

- assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience and competencies of the Directors;
- identifies the challenges facing the Corporation;
- identifies the profile of a nominee;
- recommends to the Board a list of nominees for election as Directors; and
- approaches competent nominees.

DIVERSITY

Board

The Corporation considers that decisions regarding the appointment of Directors and executive officers should be based on merit and not on any other personal characteristic, and it continues to be determined to select the best people to perform these roles. However, the Corporation recognizes that diversity is important to ensure that the Director and executive officer profiles provide the range of points of view, experience and expertise necessary for good governance and efficient management. Consequently, the Corporation implemented on September 9, 2015, a written policy on women's representation on the Board and among the executive officers. Although no policy, target or specific proportion on the representation of indigenous persons (First Nations, Inuit and Métis), persons with disabilities and members of visible minorities (the “**Designated Persons**”) on the Board and among the executive officers has been established to date, the representation of Designated Persons is one of the factors considered when identifying and selecting nominees for election or reelection to the Board and when appointing persons to senior positions. In fact, the Corporation considers that diversity is a commercial, social and ethical imperative. The people with whom the Corporation does business expect the Corporation to favour the creation and maintenance of an inclusive workplace. The Corporation will evaluate in due time, if applicable, the possibility of establishing targets for the representation of Designated Persons on the Board and among the executive officers.

The ability to draw from a wide range of perspectives, areas of expertise, competencies and experience is essential to the Corporation's success. Diversity makes it possible to ensure there are enough perspectives to better discern the issues, while increasing the possibilities that the proposed solutions are nuanced and complete. The Corporation considers diversity to be a necessary advantage for an effective Board and executive team. The Corporation also considers that establishing a diversified Board and executive team is a critical step to building an inclusive and diverse work environment for all of the Corporation's employees.

The Corporation believes that diversity on the Board and among executive officers can provide many benefits, including:

- access to a large pool of relevant talent that is eventually likely to contribute to various technical and functional fields and direct them;
- the unique and concrete contribution that can result from different points of view, different experiences and different concerns and perceptions, in product development, marketing, customer relations, mentoring and employee relations in a world of diversified customers and personnel;
- the possibility of having substantive discussions and debates within the Board and management (and at other levels of management), which could eventually lead to greater effectiveness in the decision-making process and in the duties of the Board;
- the fact that the more varied the backgrounds of management teams and boards of directors are, the more chances there are that the points of view and concerns of all stakeholders will be represented in the discussions; and
- the possibility of demonstrating the Corporation's values to the various stakeholders, including personnel at all levels, shareholders, customers, communities, regulatory bodies and other government representatives, and the public.

POLICY ON GENDER DIVERSITY OF THE BOARD AND THE EXECUTIVE OFFICERS

Under the policy on gender diversity of the Board and the executive officers, the RMCGC is responsible for recommending qualified candidates to the Board who have the talent, business and financial experience, expertise, leadership and level of engagement required of a Director to fulfill the responsibilities required by a Board. The Committee has developed a set of

criteria for the selection of Board members, which seeks to obtain a variety of experiences and competencies on the Board. In the process of searching for qualified candidates to serve on the Board, the RMCGC seeks to include a wide range of groups, knowledge and points of view. To accomplish this task, the RMCGC may retain the services of a specialized executive search firm to help it meet the objectives regarding gender diversity of the Board. In the course of its efforts to create and maintain a diverse Board, the RMCGC:

- a) develops recruitment protocols that seek to include varied candidates in any search for Directors. These protocols consider that qualified candidates can be found in a wide range of organizations, including academic institutions, the private sector, non-profit organizations and professional associations, as well as the traditional channels for recruiting senior officers and Board members;
- b) aspires to use the current network of organizations and professional associations that could help it identify diverse candidates;
- c) periodically reviews the Board's recruitment and selection protocols to ensure that diversity remains a component of any search for Directors; and
- d) to support a specific gender-diversity objective, considers the level of representation of women on the Board by identifying and nominating candidates in view of their election and reelection to the Board.

This policy provides that the RMCGC, in its duty to recommend Director nominees to the Board shall:

- a) evaluate the effectiveness and the contribution of each Director of the Board;
- b) evaluate the effectiveness of the designation and/or nomination process in achieving the Corporation's diversity objectives, as described in this policy;
- c) measure the annual and cumulative progress of the gender diversity objectives;
- d) evaluate the tools used in the identification and recruitment of new candidates for nomination to the Board, while taking this policy into account;
- e) review the best practices concerning the methods for achieving and maintaining diversity on the Board and among the executive officers;
- f) review this policy, including the evaluation of this policy's effectiveness, and recommend to the Board any change to this policy;
- g) supervise the implementation of this policy; and
- h) review, supervise, measure and evaluate any other element it considers appropriate in order to encourage diversity, renewal of the Board and compliance with best corporate governance practices.

On December 13, 2017, the Board raised the 25% target for the number of Board seats to be held by women to 30%. At its last annual meeting of shareholders held on March 12, 2020, the Corporation achieved a result of 33%, thus exceeding the target set for seats held by women. Four (4) out of twelve (12) Directors elected were women. Currently, no Designated Person acts as a Director. Following Ms. Lina De Cesare's resignation, if all the proposed nominees for election as director are elected, the Board will be composed of eleven Directors, three of which will be woman (about 27%).



TRANSAT HAS ADOPTED A BOARD GENDER DIVERSITY POLICY. THE TARGET THAT WAS SET REGARDING THE REPRESENTATION OF WOMEN ON THE BOARD WAS EXCEEDED FOR FISCAL 2020.

Executive Officers

The policy on gender diversity of the Board and the executive officers provides that the President and CEO, in collaboration, when applicable, with the HRCC, is responsible for examining candidacies possessing the qualifications, competencies, experience, leadership and level of engagement required to fill senior officer positions. The Corporation has not implemented a policy regarding the representation of women and persons of designated groups among the executive officers. In the performance of part of its oversight role, the HRCC reviewed the Corporation's integrated approach to management of executive officers and employees demonstrating great aptitude and to succession planning, ascertaining it has a reserve of leaders to ensure short-term and long-term performance. The Committee examined the leadership development processes and practices in place and reviewed the depth of succession candidate pools for key management positions throughout the Corporation.

Regarding the nomination of senior officers, the HRCC:

- a) ensures that the diversity objectives are achieved, or are in the process of achievement, and that procedures are in place to comply with and achieve the target; and
- b) considers the level of representation of women among the senior officer positions when it proceeds with their nomination.

The policy provides that the Corporation aims for at least 25% of the executive officer positions to be held by women. As at October 31, 2020, two (2) of the twelve (12) executive officers of the Corporation were women, which represents 17% of the executive officer positions, representing the same ratio as on October 31, 2019. It should be noted that in the broader management team, which includes executive officers, five (5) of the fifteen (15) positions are currently held by women, which represents 33% of the positions. There is currently no executive officer position occupied by a Designated Person.

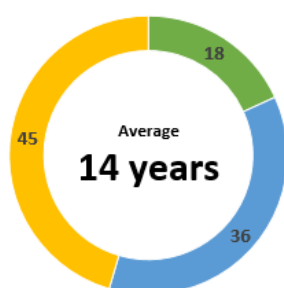
PROPOSED NOMINEES

The following tables present each of the Directors who will be nominated for a Board seat during the Meeting. Information in the tables is based on the statements made by the persons concerned and updated on a yearly basis. The term of the solicited mandates is one (1) year, which will end at the next meeting.

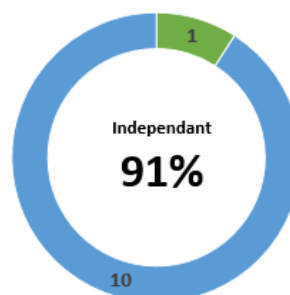
Retirement of Directors

The Board has adopted a mandatory retirement policy for Directors, which requires Directors to resign from the Board upon attaining age 75, said resignation taking effect the following annual meeting of shareholders. We are of the opinion that this policy ensures the natural evolution of the Board. Notwithstanding the foregoing, the Board maintains its full discretion in the application of the criteria regarding the retirement age, which will take into account, in particular, the years of service of the members of the Board and the expertise required from the Board at that time.

DIRECTORS



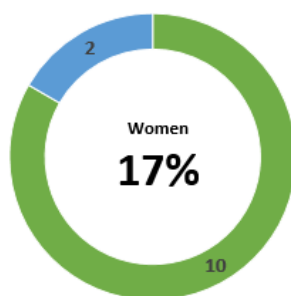
■ 0 to 4 years ■ 5 to 9 years ■ 10+ years



■ Not independent ■ Independent

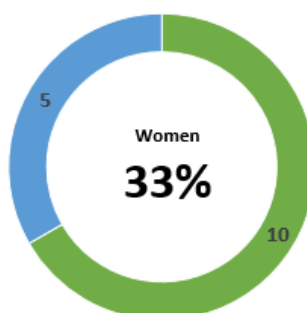
GENDER DIVERSITY

AMONG EXECUTIVE
OFFICERS



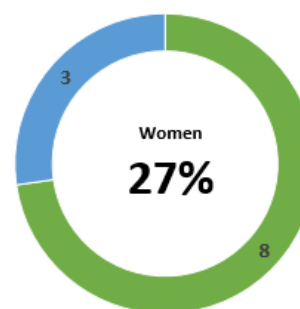
■ Men ■ Women

ON THE EXECUTIVE
COMMITTEE



■ Men ■ Women

ON THE
BOARD



■ Men ■ Women



RAYMOND BACHAND

Strategic Advisor, Norton Rose Fulbright
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Bachand received his law degree from the Université de Montréal in 1969 and became a member of the Québec Bar the following year. He obtained a Master's of Business Administration (MBA) from Harvard University in 1972, and then a Doctorate of Business Administration (DBA) in 1981. He taught at the École des hautes études commerciales de Montréal between 1972 and 1977, held the position of Chief of Staff to the Québec Minister of Labour and Manpower between 1977 and 1979, and served as Special Secretary in the Office of the Premier of Québec between 1979 and 1981. In the business world, he was Vice President of Métro-Richelieu between 1981 and 1989 and Culinar between 1990 and 1993. He joined the Fonds de solidarité des travailleurs du Québec (FTQ) in 1994 as First Vice President and Chief Investment Officer, and was appointed President and Chief Executive Officer from 1997 to 2001. He was also President and Chief Executive Officer of Secor Conseil from 2002 to 2005.

He was a director of SSQ - Life from 1995 to 2002, a director of Gaz Métropolitain from 1987 to 1990, a director of the Fonds de solidarité FTQ from 1983 to 2001, and a member of the executive committee (1987-2001), chair of the audit committee (1988-1994) as well as a member of the Board of Directors and member of the Audit Committee of the Canadian Public Accountability Board from 2003 to 2005.

Mr. Bachand was elected to the Québec National Assembly for Outremont on December 12, 2005. He was Minister of Economic Development, Innovation and Export Trade from February 2006 to June 2009, Minister of Tourism from April 2007 to December 2008, Minister responsible for the Montreal region from April 2007 to September 2012, Minister of Finance from April 2009 to September 2012 and Minister of Revenue from August 2010 to September 2013. He retired from political life on September 13, 2013.

On January 20, 2014, Mr. Bachand joined the firm Norton Rose Fulbright as a strategic advisor. He is also the founder and President of the Institut du Québec since February 2014 and is the Executive Chairman of the Board since September 2020. He was a member of the Board of Directors as well as the Risk Management Committee and Conduct Review and Corporate Governance Committee at National Bank of Canada from October 2014 to April 2021. Mr. Bachand is President of the Conférence économique de l'industrie touristique québécoise since September 2020 and he was Chairman of the Board of Tourisme Montréal from June 2014 to June 2018.

Areas of Expertise:

- Financial services
- Tourism
- Professional services
- Consumer goods and retail
- Academic community
- Community involvement
- Risk management
- Corporate governance
- Corporate management
- Finance and accounting
- Operations
- Strategic planning
- Board service for other public companies
- Marketing and sales
- International
- Business development and mergers-acquisition

Director since: March 2014

Lead Director since: September 2018

Age: 73

Mandatory retirement: 2022

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	24 out of 24	100%	▪ National Bank of Canada
Executive Committee ⁽⁴⁾	2 out of 2	100%	
Audit Committee	5 out of 6	83.33%	
Special Committee ⁽⁸⁾	27 out of 27	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares And DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$375,000 5 year objective) ⁽³⁾
As at October 31, 2020	0	45,148	45,148	\$328,666	In progress (87.2%)

2020 Annual Meeting of Shareholders Voting Results				
Votes For	% of vote for	Vote Withheld	% of votes withheld	
21,142,917	94.48%	1,236,301	5.52%	



LOUIS-MARIE BEAULIEU

President and Chief Executive Officer, Groupe Desgagnés
Québec, Québec, Canada

Independent ⁽¹⁾

Mr. Louis-Marie Beaulieu is Chairman of the Board and CEO as well as majority shareholder of Groupe Desgagnés Inc., a private company specialized in marine transportation of general cargo and passengers. A Bachelor of Business Administration, Accounting, of the Université du Québec à Rimouski and a Fellow of the Ordre des comptables professionnels agréés du Québec since 2001, Mr. Beaulieu also holds a diploma from McMaster University's corporate governance program, granting him the designation of Chartered Director. Before acquiring Desgagnés in 1987, he held the position of Director of Finance and Administration in the company from 1981 to 1987, after having worked as an auditor at Mallette, Benoit, Boulanger, Rondeau in Québec City.

Areas of Expertise:

- Transportation
- Professional services
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Finance and accounting
- Operations
- Strategic planning
- Human resources

Over the course of his career, Mr. Beaulieu has served on many boards of directors and audit committees, including those of the St-Lawrence Economic Development Council (SODES), the Société de l'assurance automobile du Québec (SAAQ) from 1989 to 1996, the Canadian Shipowners Association from 1990 to 2016, the Société Immobilière du Québec from 1997 to 2003, the Canadian Commercial Corporation (CCC) from 2001 to 2004 and the Conseil du patronat du Québec from May 2011 to April 2017, where he was also Chairman of the Board from April 2014 to April 2017. He also served as Chairman of a number of audit committees, including those of SAAQ, CCC and Standard Compensation Act Liability Association Ltd. (SCALA). In addition, Mr. Beaulieu was a member of various organizations, such as the Commission des études de UQAR, the National Marine and Industrial Coalition as well as the president of the Great Lakes/St-Lawrence Maritime and Industrial Coalition, co-president of the Marine Industry Forum with the Québec Minister of Transport, and co-president, with the Deputy Minister of Transport of Canada, of the Marine Advisory Council.

He is currently a member of several boards of directors, including those of Chamber of Marine Commerce since 1997, where he is also Chair of the Finance Committee since March 2017. As well, since his acquisition of Groupe Desgagnés, he serves as Chairman of the Board of Directors of the company's subsidiaries. He is also a member of various organizations and associations, including the Canadian Marine Advisory Council, the Cercle des présidents, the QG-100 Network and the Business Council of Canada.

He received various awards, including the Joseph-Hodé Keyser award from the Association québécoise des Transports et des Routes in 2001, he was inducted into the Cercle des Grands Bâtisseurs Maritimes by the Groupe Maritime Québec in 2010, received the Alumni Award from the Université du Québec à Rimouski (UQAR) in 2011 and was inducted into the Académie des Grands Québécois in 2014.

Director since: March 2013

Age: 66

Mandatory retirement: 2029

Meeting Attendance ⁽⁷⁾		Number	%	Other directorships of public companies during the last five (5) years	
Board of Directors		24 out of 24	100%	▪ None	
Audit Committee		6 out of 6	100%		
HRCC		11 out of 11	100%		
Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	20,000	29,601	49,601	\$369,296	Yes (147.7%)
2020 Annual Meeting of Shareholders Voting Results					
Votes for		% of votes for		Votes Withheld	% of votes withheld
21,483,338		96.00%		895,880	4.00%



LUCIE CHABOT

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Lucie Chabot is Chair of the Board, Chair of the Audit Committee and Chair of the Information Technology Committee and a member of the Human Resources Committee of CDMV Inc., a Canada-wide distributor of products and services dedicated to veterinarians, since 2017. Since May 2019, she is also a director and a member of the Audit Committee of Albecour Inc., a company in the aluminum smelter industry and a subsidiary of Investissement Québec. Also since May 2019, she is a director and a member of the Audit and Governance Committee of Tourisme Montréal, a Montréal-based organization engaged in the promotion of tourism for the City of Montréal. Since April 2020, she has been a director and a member of the Audit Committee of Richelieu Hardware Ltd, an importer, distributor and manufacturer of specialty hardware and complementary products.

Areas of Expertise:

- Financial services
- Technology
- Marketing, communications and advertising
- Consumer goods and retail
- Corporate management
- Risk management
- Human resources
- Finance and accounting
- Business development and mergers-acquisitions
- Strategic planning

Ms. Chabot was Vice President and Chief Financial Officer of SAIL Outdoors Inc., a major Canadian retailer of sporting goods and outdoor equipment, from 2014 to 2018, and as such was responsible for the firm's accounting and financial services, human resources and information technology. She previously served as President of Distribution Vinearius Inc., a wine accessories distributor she founded. She also worked at Intertrade Systems Inc. from 2004 to 2007 as General Manager, Operations and Managed Services, after having served as the company's Vice President, Finance and Human Resources. For more than a decade, she was a co-shareholder of Strator Consulting Group Inc., a consulting firm in the retail, distribution and services field, whose main client was Caisse de dépôt et placement du Québec. In this capacity, she was involved in several accounts, such as Motovan, The Hockey Company, Chapters and Rona, which gave her a better understanding of the objectives of financial institutions, their risk analysis, the returns sought and how to structure major transactions. From 1986 to 1994, she worked as Director and Vice President, Finance, of Sports Experts Inc., the Canadian leader in sporting goods and sportswear retailing.

She began her career at Clarkson Gordon (EY) as an auditor in 1981 and joined the Provigo Group in 1984. Ms. Chabot is a graduate of Université Laval and a member of the Ordre des comptables agréés du Québec. She was named to the National Honour Roll of the Canadian Institute of Chartered Accountants, ranking 11th in Canada in 1982.

Director since: October 2015

Age: 61

Mandatory retirement: 2034

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	22 out of 24	91.66%	▪ Richelieu Hardware Ltd.
Audit Committee	6 out of 6	100%	
RMCGC	4 out of 4	100%	

Securities Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	6,290	18,158	24,448	\$211,548	In progress (84.6%)

2020 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
21,482,396	95.99%	896,822	4.01%



W. BRIAN EDWARDS

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. W. Brian Edwards is a corporate director and the founder of BCE Emergis Inc., serving as its Chief Executive Officer from 1988 to 2002.

From 2004 to 2012, Mr. Edwards was the Chairman of the Board of Directors of Miranda Technologies Inc., a public company listed on the TSX, until its acquisition in August 2012. He was the Chairman of the Board of Directors of AtmanCo from 2012 to 2016. He was also a member of the Board of Directors of Pethealth Inc., a public company listed on the TSX, from 2010 to 2014, and a member of its Human Resources Committee and Corporate Governance Committee. From 2014 to 2018, he was a member of the Board of Directors of Atrium Innovations Inc. From 2004 to 2018, he was the Chairman of the Compensation Committee of Camso. He also sat on the Board of Directors of Aimia Inc. from 2017 to 2018, and chaired the Special Committee.

Mr. Edwards was also a member of the Board of Governors of Concordia University from 2000 to 2012, as well as its Vice-Chair from 2005 to 2012. He was also Vice President of the Concordia University Foundation and holds a Bachelor of Commerce from Concordia University as well.

In 2013, Mr. Edwards received the Humberto Santos Alumni Award of Merit from Concordia University.

Areas of Expertise:

- Technology
- Marketing
- Communications and advertising
- Professional services
- Community involvement
- Risk management
- Human resources
- Operations
- Strategic planning
- Business development
- Marketing and sales

Director since: June 2010

Age: 71

Mandatory retirement: 2024

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	24 out of 24	100%	▪ Aimia Inc.
Executive Committee ⁽⁴⁾	2 out of 2	100%	
HRCC (Chair)	11 out of 11	100%	
RMCGC	4 out of 4	100%	
Special Committee ⁽⁸⁾	27 out of 27	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	18,790	48,287	67,077	\$348,549	Yes (139.4%)

2020 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of votes withheld	
20,872,208	93.27%	1,507,010	6.73%	



JEAN-MARC EUSTACHE - founding member

Chairman of the Board, President and Chief Executive Officer and Chair of the Executive Committee of the Corporation
Montréal, Québec, Canada

Non-independent ⁽⁶⁾ - Executive Officer

Mr. Jean-Marc Eustache was the principal architect of the 1987 creation of Transat A.T. Inc. His forward-thinking business vision - focused on vertical integration - combined with outstanding leadership skills have helped elevate Transat A.T. Inc. to the rank of Canada's tourism industry leader. With its subsidiaries and affiliates, the Corporation has also become international in scope and one of the world tourism industry's largest players.

Mr. Eustache holds a Bachelor of Science degree in Economics (1974) from the Université du Québec à Montréal (UQÀM). He began his career in the youth and student tourism industry in 1977 at Tourbec, before founding Traffic Voyages - the foundation for the creation of Transat A.T. Inc. - in 1982.

Mr. Eustache is actively involved in his community. He served on the board of Théâtre Espace Go from 1994 to 2019 and on the board of the Canadian Tourism Commission from 1998 to 2011. He is also Chairman of the Board of the Fondation de l'Université du Québec à Montréal. In 2011, Mr. Eustache was named Officer of the Ordre national du Québec in recognition of his exceptional career as an entrepreneur and his efforts in promoting Québec and Canada as destinations for tourism. In the same year, he also received the first award for excellence for the France-Québec entrepreneur of the year from the Club des dirigeants d'entreprises franco-québécois (CDEFQ).

In 2018, Mr. Eustache received an honorary Doctorate degree from UQÀM, a distinction attributed in acknowledgement of his professional accomplishments, his social commitment and his contribution to the growth of the tourism industry. That same year, he was inducted into the Canadian Travel Hall of Fame. Prior thereto, he has received various awards and recognitions for his contribution to the development of the tourism industry, including the induction to the Canadian Tourism Hall of Fame (2008), the Grand Ulysse award in 2006 from Tourism Montreal, the Ernst & Young Entrepreneur of the Year award for Québec (2005), La Presse's CEO of the Year (2004), the Prix Performance 2000 award from the management network of the Université du Québec à Montréal, the Cubanacan Award of excellence (2000), the Global Award from the World Travel Market in London (1996), Transport Canada's 1992 Award of Excellence; and, also in 1992, the industry distinction award from ACTA-Québec.

Areas of Expertise:

- Tourism
- Transportation and air transportation
- Consumer goods and retail
- Community involvement
- Corporate management
- Risk management
- Operations
- Board service for other public companies
- Business development and mergers-acquisitions
- International
- Corporate governance

Director since: February 1987

Age: 73

Mandatory retirement: 2023

Meeting Attendance ⁽⁷⁾		Number	%	Other directorships of public companies during the last five (5) years	
Board of Directors		24 out of 24	100%	▪ None	
Executive Committee (Chair) ⁽⁴⁾		2 out of 2	100%		
Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (3 X annual base salary, being \$2,766,390 5 year objective) ⁽⁵⁾
As at October 31, 2020	427,202	10,331	437,533	\$4,356,025	Yes (157.5%)
2020 Annual Meeting of Shareholders Voting Results					
Votes For		% of votes for		Votes Withheld	% of votes withheld
21,083,201		94.21%		1,296,017	5.79%



SUSAN KUDZMAN

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Susan Kudzman is an actuary and retired from her position of Executive Vice President and Chief Risk Officer and Corporate Affairs of the Laurentian Bank of Canada. Previously, she was Executive Vice President and Chief Risk Officer at Caisse de dépôt et placement du Québec.

Ms. Kudzman is currently chair of the Board of directors of Yellow Pages, and has served on the Board since November 2014. Ms. Kudzman was appointed to the Board of Directors of PSP Investments, a Canadian Crown corporation that invests funds for the pension plans of the federal public service. She is also a member of the Board of directors of Medavie, a health sector organization, a member of the Board of Directors of Nomad Royalty Company Ltd, a gold and silver royalty company, and serves on the Board of Directors of FinancelT, a digital consumer loan platform in the home renovation sector.

In addition, she was a member of various organizations and associations, including the Grands Ballets canadiens de Montréal (from 2000 to 2015) and Quartier international de Montréal (from 2006 to 2013). She was Vice-Chair of the Board of Directors of the Montréal Heart Institute Foundation from 2012 to 2020. Ms. Kudzman is currently a member of the Board of Directors of the Festival du nouveau cinema as well as the Board of the ICD (Institute of Corporate Directors).

Ms. Kudzman holds a Bachelor's degree in Actuarial Sciences from Université Laval (1984) and the titles of Fellow, member of the Canadian Institute of Actuaries (FCIA) (1987), Fellow of the Society of Actuaries (FSA) (1987) and Certified Enterprise Risk Analyst (CERA) (2009).

Areas of Expertise:

- Financial services
- Professional services
- Community involvement
- Corporate governance
- Finance and accounting
- Board service for other public companies
- Risk management
- Human resources

Director since: March 2014

Age: 58

Mandatory retirement: 2037

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5)
Board	24 out of 24	100%	▪ Yellow Pages
HRCC	11 out of 11	100%	▪ Nomad Royalty Company Ltd.
RMCGC	3 out of 4	75%	

Security Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	0	45,240	45,240	\$336,046	Yes (134.4%)

2020 Annual Meeting of Shareholders Voting Results			
Votes For	% of votes for	Votes Withheld	% of votes withheld
21,442,647	95.81%	936,571	4.19%



JEAN-YVES LEBLANC

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Leblanc holds a Bachelor of Mechanical Engineering degree from Université Laval, a Master of Industrial Engineering from the University of Toronto and a Master of Business Administration (MBA) from the University of Western Ontario.

He was President and Chief Operating Officer of Bombardier Transportation from 1986 to 2001 and served as Chairman of its Board from 2001 to 2004. From 1982 to 1985, he worked as an executive officer for Marine Industries where he served as Vice President, Hydro-Electric Division, and Executive Vice President and Chief Operating Officer of the company. Prior to that, from 1973 to 1981, he was Vice President, then President, of Sométal Atlantic Ltée.

Mr. Leblanc is currently Lead Director, Chair of the Audit and Risk Management Committee, a member of the Acquisition Committee and a member of the Innovation Committee of Premier Tech Ltd., as well as Chairman of the Board and Chair of the Audit Committee and the Human Resources and Corporate Governance Committee of Emballage St-Jean Ltée. He is also a member of the Board of Directors of the Advisory Board of the National Bank SME Growth Fund LP.

Prior to this, Mr. Leblanc was a director as well as Chair of the Compensation and Human Resources Committee of Pomerleau Inc. from 2004 to 2009. He was the Chair of the Audit and Ethics Committee, the Compensation and Human Resources Committee, and the Risk Management and Safety Committee of Groupe Kéolis S.A.S. (France) from 2007 to 2018. From 2010 to 2014, he was also Chairman of the Board of the Conseil du Patronat du Québec. From 2004 to 2013, he was Chairman of the Audit Committee of Desjardins Securities. From 2006 to 2010, he was Chair of the Human Resources and Corporate Governance Committee of IPL Inc. From 2004 to 2009, he was Chair of the Human Resources and Corporate Governance Committee and a member of the Audit and Risk Management Committee of ADS Inc., and a member of the Board of Directors of Univalor from 2002 to 2008.

He has also been a member of various organizations and associations, including the Montréal Archaeology and History Complex, Pointe à Callière (from 2001 to 2009), the Théâtre du Nouveau Monde (from 2001 to 2010), the Montréal Heart Institute Foundation (from 2003 to 2009) and the Montréal Heart Institute (from 2001 to 2011).

Areas of Expertise:

- Transportation and air transportation
- Academic community
- Engagement
- Corporate governance
- Risk management
- Marketing and sales
- Corporate management
- Finance and accounting
- Business development and mergers-acquisitions
- Board service for other public companies
- Operations
- International
- Strategic planning
- Human resources
- Community involvement

Director since: December 2008

Age: 74

Mandatory retirement: 2021

Meeting Attendance ⁽⁷⁾		Number	%	Other directorships of public companies during the last five (5)	
Board of Directors		24 out of 24	100%	▪ None	
Executive Committee ⁽⁴⁾		2 out of 2	100%		
HRCC (Chair)		11 out of 11	100%		
Audit Committee		6 out of 6	100%		
Special Committee ⁽⁸⁾		27 out of 27	100%		
Security Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	13,000	29,493	42,493	\$389,856	Yes (155.9%)
2020 Annual Meeting of Shareholders Voting Results					
Votes For		% of votes for		Votes Withheld	% of votes withheld
20,886,303		93.33%		1,492,915	6.67%



IAN RAE

Founder and Chief Executive Officer of CloudOps
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Rae holds a Bachelor of Sciences (Honours) in biology, with a major in Evolutionary Genetics from McGill University and is the founder and Chief Executive Officer of CloudOps Inc., a company offering cloud computing services, solutions and products since 2005. Mr. Rae is also the founder of cloud.ca, a Canadian cloud infrastructure platform. Prior to CloudOps, Mr. Rae was chief engineering at Coradiant and, prior thereto, manager of IT systems at Canderel, a real estate developer.

Mr. Rae has been a member of the Board of Directors of Genome Canada since 2017. He is also involved in the startup community as an advisor and angel investor and is also a member of the Board of Directors of the Council of Canadian Innovators, the Entrepreneur's Organization and the Government of Canada's Economic Strategy – Digital Industries Table.

Areas of Expertise:

- Technology
- Professional services
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Marketing and sales
- Operations
- Business development and mergers-acquisitions
- Strategic planning

Director since: October 2018

Age: 49

Mandatory retirement: 2047

Meeting Attendance ⁽⁷⁾		Number	%	Other directorships of public companies during the last five (5) years	
Board of Directors		24 out of 24	100%	▪ None	
RMC GC		4 out of 4	100%		
Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs (2)	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	0	3,949	3,949	\$22,867	In progress (9.1%)
2020 Annual Meeting of Shareholders Voting Results					
Votes For		% of votes For		Votes Withheld	% of votes withheld
21,551,270		96.30%		827,948	3.70%



JACQUES SIMONEAU

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Dr. Simoneau has a Bachelor of Applied Science degree and a Master of Science degree from Université Laval and a Ph.D. from Queen's University. He has completed the Directors Education Program at McGill University and is certified ICD.D by the Institute of Corporate Directors. He also participated in several intensive executive training courses in finance, accounting, marketing and leadership. From 1982 to 1989, he taught at Royal Military College of Canada and then joined Alcan (now Rio Tinto Alcan) where he held research and management positions. In 1994, he was appointed as Director, Business Development at Advanced Scientific Computing (now part of ANSYS Inc.).

In 1995, Dr. Simoneau focused his career in investments. In 1995, he was appointed as President and Chief Executive Officer and a Director of Société Innovatech du sud du Québec, a venture-capital fund. In 1999, he joined the Fonds de solidarité FTQ as Group Vice President for Technology Investment, and was then promoted to Senior Vice President, Industries and Service in 2000. In 2004, he became President and Chief Executive Officer and a director of Hydro-Québec Capitech, the corporate venture capital subsidiary of Hydro-Québec and a member of its Board of Directors. In 2006, Dr. Simoneau joined the Business Development Bank of Canada (BDC) as Executive Vice President, Investment, where he was responsible for the venture capital and subordinate financing portfolios until 2010. He also served on BDC's Executive Committee, Asset and Liability Committee and Pension Fund Investment Committee. Dr. Simoneau has then served as President and Chief Executive Officer and a director of Gestion Univalor, L.P. until 2019.

He is currently a Director of Azimut Exploration Inc., Genome Canada, Edilex Inc. and Fer 3 Capital Inc. He also serves as Chair or a member of the Audit, Governance, Investment and Compensation Committees of these organizations.

Areas of Expertise:

- Financial services
- Technology
- Transportation and air transportation
- Marketing
- Communications and advertising
- Academic community
- Corporate governance
- Finance and accounting
- Risk management
- Strategic planning
- Operations
- Human resources
- Business development and mergers-acquisitions
- Corporate management
- Board service for other public companies

Director since: November 2000

Age: 63

Mandatory retirement: 2032

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	24 out of 24	100%	▪ Exploration Azimut Inc.
Executive Committee ⁽⁴⁾	2 out of 2	100%	
Audit Committee	6 out of 6	100%	
RMCGC (Chair)	4 out of 4	100%	
Special Committee ⁽⁸⁾	27 out of 27	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2020	18,280	21,658	39,938	\$332,554	Yes (133.0%)

2020 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of votes withheld	
20,779,975	92.85%	1,599,243	7.15%	



LOUISE ST-PIERRE

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Louise St-Pierre was President and Chief Executive Officer of Cogeco Connexion (Cable Canada) from 2013 to 2016. She also held several positions there as Vice-President, including Senior Vice-President, Residential Services from 2009 to 2013, Vice-President, Customer Services and Operations from 2007 to 2009, and Vice-President, Chief Information Technology Officer from 1999 to 2007.

From 1988 to 1999 she worked at DMR where she was Vice-President and Managing Director of DMR and Director of Major Projects (Quebec City, Fredericton and Calgary). From 1978 to 1988 she worked at IBM where she was a System Engineer and Director of Sales and Projects (Montreal and Quebec City).

As of March 2021, Ms. St-Pierre is Chair of the Board of Directors of Montréal's Place Des Arts, and up to May 2020, Ms. St-Pierre was Chair of the Board of Domaine Forget in Charlevoix, and a director thereof from 2012 to 2020.

Since 2018, she serves on the Board of Directors of Arterra Wines Canada, owned by the Ontario Teachers' Pension Plan (OTPP). She also serves on the company's Human Resources and Remuneration Committee.

Ms. St-Pierre holds a Bachelor's degree in Commerce, Finance and Marketing from McGill University and an honorary doctorate degree (*Honoris Causa*) from the Loyalist College, in Ontario.

She has also received various recognitions, including the Women's Executive Network award in 2015 and 2016 as one of Canada's 100 Most Powerful Women, the Mercure Leadership Germaine-Gibara award from the Fédération des chambres de commerce and the Leadership Excellence Award from the Canadian Women in Communications.

Areas of Expertise:

- Technology
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Marketing and sales
- Professional services
- Operations
- Business development
- Strategic planning
- Consumer and retail
- Academia
- Human resources

Director since: October 2017

Age: 65

Mandatory retirement: 2030

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	24 out of 24	100%	▪ None
HRCC	11 out of 11	100%	▪

Security Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 (5 year objective) ⁽³⁾)
As at October 31, 2020	0	7,523	7,523	\$50,000	In progress (20.0%)

2020 Annual Meeting of Shareholders Voting Results			
Votes For	% of votes for	Votes Withheld	% of votes withheld
21,533,271	96.22%	845,947	3.78%



PHILIPPE SUREAU - founding member

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Philippe Sureau is one of the three founding members of Transat along with Mr. Jean-Marc Eustache and Ms. Lina De Cesare. Until November 2009, he was President, Distribution, of the Corporation and Advisor to the President from 2009 to 2014. He served as president and CEO of Air Transat A.T. Inc. (from 1997 to 2000) and directed Transat's first Internet venture. Until November 2009, he was heading the distribution side of Transat, overseeing its activities on both online and traditional channels in Canada and France. Mr. Sureau has been part of the founding and development of a series of business initiatives (Nortour, Trafic Voyages, Trafic Tour France), which led to the inception of Transat in 1987, and has been a member of its Board of Directors since its inception.

Among other accomplishments, he was Chairman of the Québec Travel Agency Association (ACTA-Québec) in 1986-87; Chairman of the Board of the Air Transport Association of Canada (ATAC) in 1995-96, and from 1999 to 2005, was a member of the Board of Directors of Manoir Richelieu. From April 2005 to June 2011, Mr. Sureau was appointed by the Québec government as a member of the Comité consultatif des agents de voyages (consulting committee of travel agents). He was also Chairman of the Board of Directors of the Corporation du Théâtre Outremont, Chairman of the Board of Directors of La Vitrine culturelle de Montréal and Chairman of the Executive Committee of UQAM's Transat Chair in Tourism. Since 2018, he is Chairman of the Board of Tourisme Montréal and is a member of its Board of Directors since 2017.

Areas of Expertise:

- Technology
- Tourism
- Transportation and air transportation
- Communications and advertising
- Consumer goods and retail
- Corporate management
- Risk management
- Corporate governance
- Mergers-acquisitions
- Strategic planning
- Public relations
- Operations
- International
- Marketing and sales
- Hotel industry
- Community involvement

Director since: February 1987

Age: 71

Mandatory retirement: 2024

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	24 out of 24	100%	▪ None
Special Committee ⁽⁸⁾	27 out of 27	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 (5 year objective)) ⁽³⁾
As at October 31, 2020	323,209	25,548	348,757	\$1,621,720	Yes (648.7%)

2020 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of votes withheld	
20,936,097	93.55%	1,443,121	6.45%	

- 1) "Independent" refers to the standards of independence established under section 1.2 of Canadian Securities Administrators' *National Instrument 58-101*.
- 2) Means (i) the cost of acquiring the shares and DSUs for the Director or (ii) the market value of the voting shares and DSUs held by the Director on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, multiplied by the number of voting shares and DSUs held on such date, whichever is the greater of the two.
- 3) Under the guidelines adopted by Transat, and amended in 2018, each director who is not an employee must hold a number of shares or DSUs having a value equal to at least five times the annual Board retainer paid in cash to which they are entitled after having served five years as Director. It should be noted that no DSUs have been credited after January 31, 2019, given the trading blackout period then in effect for insiders. Consequently, the amounts usually payable in the form of DSUs have been paid in cash. Were it not for the blackout period in effect, Mr. Bachand would have had until September 1, 2021 to reach the target set for the Lead Director, namely \$375,000. This deadline will be revised following the lifting of the blackout period. The deadline for meeting the minimum holding requirement will also be revised for Lucie Chabot, Ian Rae and Louise St-Pierre.
- 4) The Executive Committee meets on an ad hoc basis when a situation requiring particular attention arises. This committee is made up of the Chairman of the Board, President and CEO, the Lead Director and the Chair of the other Board committees.
- 5) The guidelines adopted by the Corporation provide that the President and CEO must hold a number of voting shares or DSUs having a value equal to three (3) times his or her annual base salary.
- 6) Mr. Eustache is considered to have a material relationship with the Corporation due to the position he holds as an executive officer of the Corporation and his role as founder.

- 7) Attendance at the meetings indicated above is determined for the November 1, 2019, to October 31, 2020 period, inclusively, namely the fiscal year of the Corporation.
- 8) On December 17, 2018, the Board of Directors of the Corporation formed a Special Committee to ensure the implementation of an independent and rigorous process for the review of the proposal contemplating the Arrangement between the Corporation and Air Canada. This committee is composed of Messrs. Bachand, Edwards, Simoneau and Sureau, as well as Mr. Leblanc who also acts as Chair.

To the knowledge of Transat, none of the proposed nominees for election as Directors (i) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while the nominee was acting in that capacity, or within a year of that nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; and (ii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

MAJORITY VOTING POLICY

Our Board adopted a policy providing that, in an uncontested election of the Directors, any nominee for whom the number of “abstentions” from voting exceeds the number of votes “for” his election must tender his resignation to the Board immediately after the Meeting. The RMC GC shall recommend whether the Board should accept or reject it. The Board shall make a final decision in this regard and announce it by press release within 90 days of the Meeting. The Board shall accept the resignation absent exceptional circumstances. If the resignation is not accepted, the press release should fully state the reasons for not accepting the resignation. A Director who tenders his resignation in accordance with this policy does not attend any of the meetings of the Board or of the RMC GC.

BOARD INTERLOCKS

No member of our Board serves with another member of our Board on the board of directors of another operating public corporation. However, Messrs. Rae and Simoneau serve on the Board of Genome Canada, a not-for-profit organization devoted to funding research projects capacity in genomics.

SHAREHOLDERS GUIDELINES FOR DIRECTORS

In order to align the interests of the Directors with those of the shareholders, the Board has adopted a minimum equity ownership requirement for Directors. In 2018, the shareholding guidelines and the compensation of Directors were modified to narrow the Directors’ compensation gap to the median of the reference market. From now on, after having served five years as Director, each Director must hold a number of Class B voting shares or DSUs representing at least five times the annual cash retainer to which he or she is entitled. For the purposes of determining whether the minimum equity ownership requirement for Directors has been met, we use the greater of (i) the acquisition cost of the shares for the Director; and (ii) the market value of shares held as at October 31 of each year.

DIRECTOR OVERBOARDING

The Board believes that, in order to make a full contribution to the Board, Directors must have sufficient time available to properly prepare for and attend Board meetings. The Committee’s general policy is to examine each nominee for the position of Director on a case-by-case basis, and this even if it may deviate from this policy. The Committee’s main goal is to propose a nominee to the Board who sits on the following maximum number of boards of directors: three (3) boards of public corporations, including the Board; or only the Board, if the nominee is a full-time employee of the Corporation.

DIRECTOR QUALIFICATIONS

The inventory below is reviewed, as needed, to detect deficiencies in the desired range of abilities, competencies, skills and qualities required to deliver the overall strategy and the Corporation's vision, and those that are adequately represented on the Board, while accounting for future retirements. The RMCGC uses this evaluation as a basis for determining the competencies, experience, qualifications, diversity and personal qualities desired in eventual new Board members.

Name	Industry Sector										Experience										
	Financial services	Technology	Tourism	Transportation and air transportation	Hotel industry	Marketing, communications and advertising	Professional services	Consumer goods and retail	Academic community	Community involvement	Corporate management	Risk management	Governance	Finance and accounting	Experience on other public companies	Human resources	Marketing and sales	Operations	International	Business development and mergers acquisition	Strategic planning
Raymond Bachand	√		√				√	√	√	√	√	√	√	√	√		√	√	√	√	√
Louis-Marie Beaulieu				√			√			√	√	√	√	√		√		√	√	√	√
Lucie Chabot	√	√				√		√			√	√		√		√	√			√	√
W. Brian Edwards		√				√	√			√	√	√	√		√	√	√	√		√	√
Jean-Marc Eustache			√	√				√		√	√	√	√		√			√	√	√	
Susan Kudzman	√						√			√		√	√	√	√	√				√	√
Jean-Yves Leblanc				√					√	√	√	√	√	√	√	√	√	√	√	√	√
Ian Rae		√					√			√	√	√	√				√	√		√	√
Jacques Simoneau	√	√		√		√			√		√	√	√	√	√	√	√	√	√	√	√
Louise St-Pierre		√				√	√	√	√	√	√	√	√			√	√	√		√	√
Philippe Sureau		√	√	√		√		√			√	√	√					√	√	√	√

PERFORMANCE ASSESSMENT

During the months of January and February, the RMC GC, with the assistance of PCI, conducts an annual formal evaluation of the Board and its committees' effectiveness and will compare the findings with the previous year's evaluation in order to target and implement suggested improvements. Furthermore, during the same period, the chair of the RMC GC asks each Director to fill out an annual evaluation. This evaluation takes on the form of a director peer review and feedback survey with the purpose of assessing the performance of each Director and providing candid feedback to individual Directors, thus improving the Board's performance. Such feedback is intended to promote an exchange of ideas, encourage continuing education and enable Directors to enhance their individual contribution to the Board and to committee work. Feedback is collected through the survey and allows for both quantitative ratings and written comments. The feedback is then submitted on a confidential basis to PCI who prepares a report for each Director on his or her performance.

The RMC GC relies on the evaluation process to determine whether a Director should withdraw from the Board.

The Directors are evaluated on an annual basis.

The following table indicates what is involved in the evaluation process:

Evaluator					
	Board Chair	Lead Director	Chair of the RMC GC	Each Director	HRCC
Performance of the Board	√	√	√	√	
Performance of the Committees				Committee members	
Performance of the Board Chair ⁽¹⁾				√	
Performance of the President and Chief Executive Officer ⁽¹⁾					√
Performance of the Committee Chairs				Committee members	
Performance of each Director	√	√	√	√	
Performance of the Lead Director				√	

(1) Mr. Jean-Marc Eustache holds the positions of Chairman of the Board as well as President and CEO.

In addition to providing invaluable information on the efforts the Board must deploy to improve its performance, the evaluation process established by the Corporation encourages discussion on governance and continuing education initiatives.

INDEPENDENCE OF DIRECTORS

As set forth in the Directors' biographies, as at October 31, 2020, all Directors, with the exception of Mr. Eustache (the latter being an executive officer and founding member of the Corporation), were independent within the meaning of section 1.2 of *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* and the independence standards approved by the Board. The Board, directly or through one of its committees, adopts structures and procedures to ensure the independence of the Board from the Corporation's management.

Directors, at their sole discretion, may hold in camera sessions, in the absence of non-independent Directors or executive officers of the Corporation, at every regularly scheduled Board meeting and also when the need arises. This item is systematically included on the agenda of each Board meeting. For the 12-month period ended on October 31, 2020, a total of 74 in camera meetings of the Board and the committees were held. An in-camera session was held at each meeting of the Board and the committees, without exception. Since September 1, 2018, Mr. Raymond Bachand is acting as Lead

Director. As such, he has the power, which he exercises, to call a meeting of the Board on his own. Mr. Bachand is an independent Director of the Corporation since March 2014. He is regularly in contact with the other Directors.

Each year, members of the HRCC assess, in camera, the performance of the Chairman and of the President and CEO without him being present. The members of the HRCC subsequently review the results with him and the Board. A report is then made, in camera, at the Board level and further discussed among Board members. Every year, each Director also assesses the Lead Director's performance. A report is subsequently made, in camera, at the Board level and further discussed among Board members.

The Board has developed written position descriptions for the Chairman of the Board, the Lead Director, each Committee Chair and the President and CEO. These are included in the Corporate Governance Manual. Please consult the manual on Transat's website at www.transat.com for a detailed description of the positions of Board Chair, Lead Director as well as President and CEO.

ORIENTATION AND CONTINUING EDUCATION

The members of the RMCGC approved an orientation and continuing education program for new Directors that allows them to individually meet certain executive officers for initiation and information sessions on the corporate activities of the Corporation and its principal subsidiaries. In this context, the new Directors have the opportunity to meet the Chief Operating Officer of the Corporation and the presidents of the subsidiaries and receive directly from each of them a presentation on the activities of their respective business units. Each new Director is also asked to review the Corporate Governance Manual, the Charter of the Board, the Charter of each committee and the position descriptions of the Chairman of the Board, the President and CEO, the Lead Director and the Chair of each committee in order to fully grasp the role he or she is expected to play as a Director and a committee member. Extensive documentation on the Corporation is also provided to the Directors in order to enable them to better understand the Corporation and its role and responsibilities. As part of its mandate, the RMCGC is also responsible for providing a continuous education program for members of the Board. This program provides Directors with opportunities to develop skills that are essential to the directorship at Transat and to ensure that they are up-to-date in their awareness of corporate and industry issues and their duties and responsibilities as Directors. Training sessions facilitated by internal legal and financial advisors and recognized representatives of external organizations on specialized and complex topics related to the Corporation's activities are also provided to Directors to ensure that their knowledge and understanding of the Corporation's business remains current. Occasionally, a presentation on recent trends in corporate governance is delivered to the members of the Board. The Corporation provides Directors with regular reports on its operations and finances. Management periodically briefs the Board with up-to-date industry studies and benchmarking information.

The members of the RMCGC approved an orientation and training program for new Directors, allowing them to meet certain executive officers individually for initiation and training sessions on the corporate activities of the Corporation and its main subsidiaries. In this context, the new Directors have the opportunity to meet the Chief Operating Officer of the Corporation and the presidents of the subsidiaries and receive a presentation from each of them on the activities of their respective business units.

The Corporation was a member of the Institute of Corporate Directors ("ICD") from 2014 to 2020, which allowed directors to attend all ICD events and discuss matters of current interest. The ICD is a not-for-profit professional association representing Canadian member directors and boards operating in the for-profit, not-for-profit and government sectors and promoting directors' professionalism and efficiency by making professional development tools available to them, particularly formal education programs, continuing education activities, certification processes, including the process leading to the ICD.D. designation, information and resources, and networking opportunities. The ICD offers a wide range of tools, resources and services to its members, which allow them to become better directors and contribute to the creation of high-calibre boards. Many of the Corporation's directors are members of the ICD.

The following table presents some of the training activities for Directors that took place in 2020:

Continuing Education for Directors in 2020		
Topic	Presented by	Directors attending
Presentation – Information technology risk management	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Review of environmental risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation – Governance trends	Norton Rose Fulbright	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on computer and cybersecurity risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on accounting practices regarding IFRS-16 guidelines	Transat A.T. Inc.	Members of the Audit Committee and all Directors via the report from the chairperson and the minutes
Presentation on yield management	Transat A.T. Inc.	All Directors
Review of legal risks	Transat A.T. Inc.	Members of the Special Committee and all Directors via the report from the chairperson and the minutes
Review of financial risks	Transat A.T. Inc.	Members of the Special Committee and all Directors via the report from the chairperson and the minutes
Transactional fraud	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Breakfast seminars (on different subjects)	Institute of Corporate Directors (ICD)	All Directors.

Part 2 - DIRECTOR COMPENSATION

During the year ended October 31, 2020, annual retainers and attendance fees were paid to the members of the Board who are not employees or executive officers of the Corporation (the “**External Directors**”). Considering the pandemic and unprecedented crisis that has affected Transat as well as the airline industry, the external directors voluntarily accepted to temporarily reduce their compensation and attendance fees by 20% as of April 1, 2020. For the 2020 fiscal year, the following terms applied:

Annual Retainer of External Directors	From November 1, 2019 to March 31, 2020 (Last revision: August 2018)	As of April 1, 2020
External Director’s base annual retainer	\$50,000 in cash \$35,000 \$ in DSUs, at \$8,750 per quarter	\$40,000 in cash \$28,000 \$ in DSUs, at \$7,000 per quarter
Additional retainer - Chair of the Audit Committee	\$20,000 in cash	\$16,000 in cash
Additional retainer - Other committee chairpersons	\$13,500 in cash	\$10,800 in cash
Additional retainer - Committee members	\$5,000 in cash	\$4,000 in cash
Additional retainer - Lead Director	\$25,000 in cash	\$20,000 in cash
Attendance fees:		
Board or committee meeting		
– in person	\$1,500 in cash	\$1,200 in cash
– by conference call	\$1,000 in cash	\$800 in cash

An External Director can choose to have between 0% and 100% of the annual and additional cash retainers and fees paid in DSUs pursuant to the DSU Plan for External Directors to better link their compensation to the creation of added value for shareholders and other stakeholders. Each DSU will be valued on the basis of the market price of a Voting Share of the Corporation on the date that such DSU is credited. When External Directors cease serving on the Board, all DSUs credited to their name are redeemed in cash by Transat based on the market price of the issued and outstanding shares of the Corporation at that time.

No DSUs were credited after January 31, 2019, given the trading blackout period then in effect for insiders. The amounts normally payable in DSUs have thus been paid in cash.

In addition, a special committee in charge of assessing the different strategic options available to the Corporation was established on December 17, 2018. Members of this special committee received a special compensation on the following terms during the fiscal year 2020:

Compensation of special committee	From November 1, 2019 to March 31, 2020	As of April 1, 2020
Compensation – Chair of the special committee	\$15,000 in cash per month	\$12,000 in cash per month
Compensation – Members of the special committee	\$10,000 in cash per <u>quarter</u>	\$8,000 in cash per <u>quarter</u>
Attendance fees for all special committee members including the Chair	\$1,500 in cash per meeting	\$1,200 in cash per <u>meeting</u>

External Directors are reimbursed by the Corporation for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. In addition, travel privileges are granted to our Directors under the same policy as that which applies to all of the Corporation’s employees. The Corporation regularly performs market comparisons of its Directors’ compensation.

TOTAL COMPENSATION OF EXTERNAL DIRECTORS

The following table sets forth the compensation paid to External Directors during the year ended October 31, 2020.

Name	Paid in dollars (\$)		Paid in DSUs (\$)		All other compensation ⁽³⁾ (\$)	Total compensation (\$)
	Base annual retainer ⁽¹⁾	Attendance fees	Optional conversion ⁽²⁾	Basic awards		
Raymond Bachand ⁽⁴⁾	141,333	71,700	-	-	756	213,789
Louis-Marie Beaulieu	83,917	42,600	-	-	-	126,517
Lucie Chabot	83,917	33,200	-	-	378	117,495
Lina De Cesare ⁽⁵⁾	79,500	27,100	-	-	378	106,978
W. Brian Edwards ⁽⁴⁾	131,175	75,100	-	-	-	206,275
Susan Kudzman	83,917	38,200	-	-	719	122,836
Jean-Yves Leblanc ⁽⁴⁾	260,583	77,200	-	-	756	338,539
Ian Rae	77,694	25,600	-	-	-	103,294
Jacques Simoneau ⁽⁴⁾	131,175	71,300	-	-	378	202,853
Louise St-Pierre	79,500	35,900	-	-	-	115,400
Philippe Sureau ⁽⁴⁾	110,417	59,600	-	-	-	170,017

(1) Includes the base annual retainer, the additional retainer as a committee member, paid in cash, and the value of DSUs paid in cash during fiscal 2020, given the trading blackout period.

(2) Represents the value of the base annual retainer that the Director chose to convert into DSUs upon payment. No DSUs were credited during fiscal 2020, given the trading blackout period for insiders in effect at the time. Amounts payable in DSUs were paid in cash after that date.

(3) Value of the travel privileges.

(4) Includes the additional compensation for participating in the special committee established on December 17, 2018, which met 27 times in 2020.

(5) Ms. Lina De Cesare will not stand for re-election to the Board of Directors.

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each External Director, the number and value of Voting Share-based awards outstanding at the end of fiscal year 2020 (at a price of \$4.65 per share).

Name	DSUs outstanding as at October 31, 2019	DSUs granted in 2020	DSUs outstanding as at October 31, 2020	Value as at October 31, 2020 (\$)
Raymond Bachand ⁽¹⁾	45,148	0	45,148	209,938
Louis-Marie Beaulieu	29,601	0	29,601	137,645
Lucie Chabot	18,158	0	18,158	84,435
Lina De Cesare ⁽²⁾	19,476	0	19,476	90,563
W. Brian Edwards	48,287	0	48,287	224,535
Susan Kudzman	45,240	0	45,240	210,366
Jean-Yves Leblanc	29,493	0	29,493	137,142
Ian Rae ⁽³⁾	3,949	0	3,949	18,363
Jacques Simoneau	21,658	0	21,658	100,710
Louise St-Pierre	7,523	0	7,523	34,982
Philippe Sureau	25,548	0	25,548	118,798

(1) 880 DSUs were credited to Mr. Bachand's account at the beginning of 2019 for services rendered in fiscal 2017-2018.

(2) Ms. Lina De Cesare will not stand for re-election to the Board of Directors.

(3) 279 DSUs were credited to Mr. Rae's account at the beginning of 2019 for services rendered in fiscal 2017-2018.

Part 3 – BOARD COMMITTEE REPORTS

Special Committee Report



J-Y Leblanc
(Chair)



R. Bachand



W. B. Edwards



J. Simoneau



P. Sureau

On December 17, 2018, the Board formed a special committee composed only of Independent Directors of the Corporation, namely Jean-Yves Leblanc (Chair), Raymond Bachand, W. Brian Edwards, Jacques Simoneau and Philippe Sureau, to generally oversee the process relating to the evaluation of the Arrangement.

For additional details on the committee and its functions, as well as a summary of its actions, please refer to the section entitled “The Arrangement” in the circular dated November 12, 2020, filed with the Canadian Securities Administrators and available on SEDAR (www.sedar.com).

Since the second Arrangement with Air Canada was approved by the shareholders at the special meeting held on December 15, 2020, they continue to perform their duties and play a prominent role in the implementation of the Arrangement. This includes overseeing the Arrangement review process by the regulatory authorities in Canada and in Europe for the purpose of obtaining the approvals required to complete the Arrangement, as well as following-up on commitments contained in the documents relating to the Arrangement.

As of today and since the establishment of the special committee in December 2018, its members have held 68 meetings.

2020 HIGHLIGHTS

Within the performance of its duties, the special committee regularly acts jointly with Transat’s management. The committee’s main duties and responsibilities over the last year relating, among other things, to the process having led to the approval of the second Arrangement with Air Canada, are described below:

- Review of several scenarios developed in collaboration with its and the Corporation’s legal and financial advisors in order to preserve the original Arrangement with Air Canada, while considering the risks related to its completion and protecting the Corporation’s activities as a stand-alone entity.
- Make recommendations to the Board with regard to any strategic transaction, including the implementation of the short term financing with National Bank of Canada and Export Development Canada, the second Arrangement with Air Canada or any other alternative proposal, and supervise any process that it deems appropriate for the purpose of making such recommendations; and
- Review the terms, conditions and other details of a going-private transaction in conjunction with the Arrangement, based on the advice of the Corporation’s legal and financial advisors;
- Oversee the implementation of the Arrangement, including overseeing the due diligence process, the negotiation of the terms and conditions, the granting of the required regulatory approvals and other details related to the Arrangement.

Audit Committee Report



J-Y Leblanc
(Chair)



R. Bachand



L-M Beaulieu



L. Chabot



J. Simoneau

The Audit Committee helps the Board discharge its oversight responsibilities towards shareholders, employees, and all interested parties. Such oversight responsibilities pertain to the financial statements of the Corporation, internal control systems, identification of risks (in collaboration with the RMCGC), the statutory audit of the annual financial statements and compliance with the laws, regulations and codes as established by management and the Board.

For more information on the Audit Committee (including its charter) as well as its powers and mandate, please refer to our 2020 Annual Information Form available at www.transat.com.

The five members of the committee are Independent Directors and financially literate within the meaning of the law. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.

In 2020, the Audit Committee held six meetings, with an attendance rate of 97%.

2020 HIGHLIGHTS

Within the performance of its duties, the Audit Committee regularly acts jointly with Transat's management and the external auditors. The committee's main duties and responsibilities over the last year are described below:

- Recommendation to the Board regarding the selection of external auditors and the determination of their compensation for the fiscal year 2020.
- Review of the unaudited quarterly financial statements.
- Supervision and monitoring of internal financial control developments and assessment of the internal control measures implemented by management.
- Review of current and potential litigation.

Risk Management and Corporate Governance Committee Report



J. Simoneau
(Chair)



L. Chabot



L. De Cesare



W. B. Edwards



S. Kudzman



I. Rae

The RMC GC closely monitors evolving corporate governance guidelines and best practices. It also evaluates the Board's overall performance annually. The Corporation believes that good corporate governance is an important asset that promotes and enhances performance and preserves the value of shareholder equity.

The RMC GC's Charter can be promptly provided upon written request and is available on SEDAR at www.sedar.com.

The six committee members are currently Independent Directors. Ms. Lina De Cesare will not stand for re-election to the Board of Directors and will therefore no longer serve on the RMC GC. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.

In 2020, the RMC GC held four meetings, with an attendance rate of 97%.

2020 HIGHLIGHTS

The committee's main duties and responsibilities over the last year are described below:

- Comprehensive review of all risks and reprioritization of risks, as a result of the COVID-19 pandemic.
- Review of risks related to the Corporation's ability to continue as a going concern, environmental risks, reputational risks, financial risks, commercial risks and, more specifically, risks related to the Arrangement.
- Monitoring of Directors' liability in the event of a run-off acquisition.
- Review of corporate, aviation and directors' insurance plans.
- Board Evaluation.
- Review of governance trends.

Human Resources and Compensation Committee Report



W. B. Edwards
(Chair)



L-M Beaulieu



S. Kudzman



J-Y Leblanc



L. St-Pierre

The HRCC is responsible for establishing the policies regarding the compensation of executive officers and the development and training of their successors, as well as for continuously supervising the implementation of compensation policies with non-unionized employees.

The HRCC Charter can be quickly provided on written request and is available on SEDAR at www.sedar.com.

The five members of the HRCC are Independent Directors. No executive officer of the Corporation serves as a Director or a member of the compensation committee of another issuer, one of whose executive officers also serves as a member of the Board or the HRCC. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the HRCC upon invitation only and withdraws from the meeting upon request or if matters relating to him are discussed.

In 2020, the HRCC held eleven meetings, with an attendance rate of 100%.

2020 HIGHLIGHTS

- Approval of a voluntary salary reduction program for Board members, executive management members as well as the majority of employees in key positions.
- Approval of Transat's registration for the Canada Emergency Wage Subsidy program (CEWS). The majority of the employees laid off due to the pandemic have chosen to benefit from the CEWS, thereby allowing them to maintain their employment connection.
- Updated the compensation policy intended to replace the Voting Share-based grants and Option-based grants by cash bonuses, to encourage employee retention, especially key employees, and to reward the efforts of employees who participated in the transaction. More information concerning this policy can be found under "**Employee Retention Policy.**"
- Suspension of the formal severance policy, applicable in the event of a change of control, specifically for terminations of employment due to the pandemic and difficulties arising therefrom.
- Pursuit of plans for the succession of Mr. Jean-Marc Eustache.
- Examination of the philosophy, policies and compensation mechanisms of the executive officers.
- Appointment of executive officers and correlative changes to their compensation to ensure that they are appropriate in relation to both internal and external benchmarks.
- Examination, with the President and CEO, of the major changes proposed to the organization or human resources.

- Definition of the objectives of the executive officers for the next year.
- Examination of the performance of the President and CEO, and recommendation of the terms of his compensation to the Independent Directors of the Board for approval.
- Examination, with the President and CEO, of the performance of the other executive officers and proposals regarding the amounts to be paid to executive officers under the short-term incentive plan.
- Talent management, including follow up on Transat's succession plan and report thereon to the Board.
- Examination of the proposed amendments to the total compensation policy or certain specific programs, and renewal of the annual compensation policy that applies to all employees.
- Recommendation to the Board of the structure of total compensation programs for officers, including the conditions relating to their retirement and dismissal.
- Review employee pension fund yields annually as well as develop and submit recommendations to the Board for approval.
- Analysis of the potential risks associated with compensation plans.
- Examination of the budget proposals for salary reviews and salary scale increases for all employees.
- Follow-up on the results of the advisory vote on compensation obtained at the annual general meeting of shareholders and the comments relating thereto received from the shareholders.
- Examination of the requirements regarding shareholding value, compliance with those requirements by the executive officers and Directors, and follow-up on the provisional measures if the requirements were not met.
- Approval and preparation of the content of disclosure regarding the compensation paid to the most senior executive officers and the members of the Board via the Management Proxy Circular.
- Evaluation of the services rendered by the consultant retained regarding senior executive compensation and review of his independence.
- Update of the status of labour relations and collective bargaining.
- Annual evaluation of its performance together with the RMC GC, including an examination of the adequacy of its charter.
- Presentation of a report to the Board on its activities at each regularly scheduled meeting of the Board.

Please read the section on “**Executive Compensation Discussion and Analysis**” for a detailed discussion of our compensation philosophy as well as the NEO compensation programs and policies. All members of the HRCC fully understand the principles and policies underlying the compensation decisions made by an organization of the Corporation's size acquired through direct experience relevant to their responsibilities in executive compensation, and they possess the skills and experience needed to make informed decisions on the suitability of the Corporation's policies and practices. More specifically, each Committee member has held a number of executive management roles, in most cases as Chief Executive Officer of companies where the human resources department was reporting to them. For a detailed description of the positions held by the committee members, please refer to the Director profiles in the section entitled “Proposed Nominees” in this Circular.

Part 4 - EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION APPROACH AND OBJECTIVES

In this Circular, the term “**executive officers**” refers to the officers holding Level 1 to 6 positions in Transat’s salary classification. For information purposes, there were 12 executive officers as at October 31, 2020, namely: Joseph Adamo, Michèle Barre, Bernard Bussi res, Grant Elder, Jean-Marc Eustache, Daniel Godbout, Annick Gu rard, Christophe Hennebelle, Bruno Leclaire, Jean-Fran ois Lemay, Denis P trin and Jordi Sol . On October 31, 2020, Mr. Elder was still employed by Transat. However, due to the pandemic and the Corporation’s significant decrease in operations, he became an inactive employee as of March 22, 2020.

The term “**Named Executive Officers**” or “**NEOs**” refers to the President and CEO, the VP, Finance and Administration and Chief Financial Officer and the three (3) other most highly compensated executive officers of the Corporation and its subsidiaries. The Named Executive Officers are Jean-Marc Eustache, Denis P trin, Annick Gu rard, Jean-Fran ois Lemay and Jordi Sol .

The purpose of the Corporation’s executive compensation policy is to provide competitive overall compensation commensurate with the Corporation’s performance. It seeks to attract the most competent people and keep them motivated and committed, in the interest of all the Corporation’s shareholders and other stakeholders. Thus, the aim is to position the fixed compensation at the median of its reference market. The variable compensation elements are designed so that their value varies according to the organization’s performance in order to control the costs when the Corporation does not meet its goals and to reward the executive officers commensurate with the organizational goals achieved and the Corporation’s financial performance to align with the interests of shareholders.

The guiding principles for executive officer compensation are the following:

Performance-based	Competitive Compensation	Alignment with the Shareholders’ Interest
<p>Most of the compensation programs are designed so that the compensation granted or paid is based on:</p> <ul style="list-style-type: none"> the overall performance of the Corporation; and/or if applicable, the performance of the subsidiary in which the executive officer works. <p>Indeed, it is the Corporation’s strategy to maximize the relationships and the cooperation between certain subsidiaries. Therefore, it is deemed important that the compensation programs incorporate this principle.</p>	<p>It is crucial for the Corporation to offer its executive officers competitive compensation to attract the best talents and maintain their loyalty.</p> <p>In the competitive context in which the Corporation conducts its operations and in preparing the succession of key executive officers, this guiding principle is essential.</p> <p>The Corporation, in collaboration with independent external advisors, periodically reviews the nature of the compensation programs and their potential value.</p> <p>The Corporation ensures that, on the whole, the value of overall compensation remains competitive in comparison with the practices of comparable companies and the practices of public companies in general.</p>	<p>Several component programs of the overall compensation seek to establish a direct correspondence between the interests of the shareholders and the interests of the executive officers, namely:</p> <ul style="list-style-type: none"> the Voting Share-based awards; and the long-term programs linked to the value created for all shareholders. <p>Equity-based compensation as a proportion of overall annual compensation increases with the level of the position, thus strengthening the alignment of the executive officers’ interests with those of the shareholders.</p>

The year 2020 was particularly challenging for Transat. The Corporation is experiencing an unprecedented crisis since the beginning of the pandemic. This crisis has lead to the execution of a second arrangement agreement with Air Canada on October 9, 2020, which replaced the one signed on June 27, 2019. The consequences for employees involved in this major project are significant, especially given that they are no longer able to trade the Corporation’s securities as a result of the trading blackout period that was gradually imposed beginning February 1, 2019, based on their involvement. This blackout period has continued to be in effect through the fiscal year 2020. In this context, there were no Voting Share-based awards or Option-based awards made in January 2019 nor in January 2020. Cash bonuses, with no performance criteria, were

granted in place of the awards in 2019 and 2020. The 2019 bonus is payable three years after being awarded or on the closing of the Arrangement (change of control), whereas the 2020 bonus is payable three years after being awarded without the possibility of being paid out at the closing of the Arrangement. Participation in the permanent stock ownership incentive plan was suspended. The employer's contribution was replaced with cash payments, a practice that was maintained throughout the fiscal year 2020. Lastly, the employee retention policy that was implemented in the fiscal year 2019 was extended to include a larger number of employees in the fiscal year 2020 as a result of the time required to obtain regulatory approvals for the Arrangement as well as the pandemic itself.

RISKS RELATING TO COMPENSATION AND HUMAN RESOURCES

The HRCC reviews and approves the Corporation's compensation policies and practices, taking into consideration any risks associated therewith, as well as each compensation component.

As part of this review, it was determined that the risks related to human resources and compensation were low given the mitigation measures that were implemented: salary surveys, specific analysis of the salary positioning of employees and executives in terms of succession or critical positions, annual review of the short-term and long-term incentives, analysis of the issues related to attracting and hiring employees, and exit interviews to determine whether they are a result of compensation. Normally, all of these measures facilitate recruiting, reduce the risk that key employees will leave the Corporation, and ensure that the succession risk regarding executive officers and the organization's key positions as well as the risk specific to compensation (the inability to recruit or retain executives due to compensation, paying above-market compensation or having compensation not in line with the shareholders' interests) are neutralized to the greatest extent possible. In the specific context of the Arrangement, adequate measures have been implemented in order to reduce employee retention risks in connection with the Arrangement, especially while the Corporation awaits the regulatory authorizations required to conclude the Arrangement. Retention policies based on compensation, among other things, have been implemented in order to retain talent. So far, these measures have proven to be effective, despite the precarious circumstances in which the Corporation finds itself as a result of the pandemic. For more information on this policy, please refer to the section entitled "**Employee Retention Policy**". On the other hand, the delays in obtaining regulatory approvals along with the possibility of the transaction being terminated and the circumstances created by the pandemic, which led to the layoff of a majority of our personnel, are identified as potential risks. In the event that the transaction were to be terminated, the effect such a termination, would need to be mitigated by defining a compensation policy that will apply following any such termination, in order to allow the Corporation to retain key employees. Moreover, if the transaction is terminated, the conditions for securing long-term financing to ensure the continuation of operations could constrain the salary limits and forms of compensation of NEOs.

The Corporation's insider trading guidelines include a provision prohibiting the participation in a hedging transaction that could reduce or limit the economic risk associated with Transat shares or other securities held by an insider or the rights held by an insider in the shares, including, without limitation, options, DSUs, RSUs, PSUs, or other Transat securities. The prohibited transactions include the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, call options, put options and other derivatives designed to hedge or offset a decrease in the market value of Transat's equity securities.



THE MITIGATION MEASURES IN PLACE MITIGATE THE RISKS RELATING TO COMPENSATION OR HUMAN RESOURCES LIKELY TO HAVE A MATERIALLY ADVERSE EFFECT ON THE BUSINESS OF THE CORPORATION.

EMPLOYEE RETENTION POLICY

In the context of the Arrangement, the HRCC recommended and the Corporation approved the adoption of the retention policy for the benefit of executive officers and other key employees of the Corporation.

The purpose of the employee retention policy is to retain, encourage and reward executive officers and other key employees to (i) protect Transat's brand by pursuing business as usual until the completion of the Arrangement and to ensure the continuity of the Corporation if the transaction is terminated; (ii) actively contribute to the completion of the Arrangement under the best conditions possible and in a timely manner; and (iii) replace long-term incentive grants which would otherwise have been made to Executive Officers and Senior Management of the Corporation in the normal course of business.

The employee retention policy was therefore based on the following measures and principles (present value means the last known value, after subtracting amounts paid and bonuses awarded to employees who have left the company and who will therefore not be paid).

Principles of the usual compensation:

- The value of the long-term incentive awards already granted was taken into consideration and considered as the core of the retention plan for employees who had been granted such incentives.
- The 2019 and 2020 long-term incentives (RSUs, PSUs and Options), which could not be granted because of the trading blackout period in effect, were replaced with replacement bonuses for a present total value of \$4,700,000 in 2019 and \$5,500,000 in 2020 (subject to currency variations in some limited cases). These bonuses are not subject to any performance criteria. The 2019 bonuses are payable three years from the date they are awarded or on the closing of the Arrangement (depending on which occurs first), whereas the 2020 bonuses are payable three years after the date they are awarded without acceleration at the closing of the Arrangement. The amount of this bonus, established at the time of grant, is equal to the target value of the grant that would have been made, were it not for the trading blackout.
- Special bonuses were awarded to employees whose RSUs were to be cancelled in January 2020 and January 2021, in order to maintain the retention effect of those instruments. In January 2020, bonuses with a present total value of \$4,080,000 were awarded. The major portion of this amount, namely \$3,400,000, will be paid upon completion of the Arrangement, while the remaining amount will be paid six months later. The bonuses awarded in January 2021, with a present total value of \$733,000, will be entirely paid upon completion of the Arrangement. In both cases, the Special bonuses would be cancelled should the transaction not be completed.

Principles of the supplemental measures to ensure retention in connection with the transaction:

- Cash bonuses, with a present total value of \$4,500,000 were awarded to employees participating in the Arrangement and/or deemed key to the continuation of operations. In the latter case, the bonus amount is factored in the sum of the existing long-term incentives and replacement bonus, if any. Out of that amount, bonuses granted to NEOs represented \$375,000, \$125,000 of which were paid on October 31, 2019.
- A severance policy, valid until 18 months after the closing of the Arrangement, was approved for all employees, with amounts in line with previous practices of the Corporation. The policy provides improved amounts for certain levels and short-tenured employees in the event of loss of employment in certain circumstances, so as to facilitate their retention. The amount was also increased for certain key employees, depending on outstanding long-term incentives. The Corporation suspended the application of this severance policy as of June 28, 2020 with respect to layoffs attributable to the impact of the COVID-19 pandemic on Transat. However, the severance benefits contractually guaranteed to key employees remain in effect.

The residual amounts owed under the employee retention policy will be paid-out to eligible officers and key employees who are at the Corporation's employ on the effective date of the Arrangement. Certain payments, that exclusively concern cash bonuses for employees participating in the Arrangement, were made on October 31, 2019.

Should the transaction not be completed, a portion of the Arrangement retention and bonus plan may be payable by the Corporation on the cancellation date. However, the long term incentive replacement bonuses would only be payable on the third anniversary of the award date to employees who remained with the Corporation until such date.

COMPARISON GROUP

The comparison group is used to establish a total target compensation for executive officers that is positioned at the median of the group.

The comparison group was revised in December 2017 for the year 2018 to reflect the Corporation's current situation. The following criteria are used to select companies to be part of this comparison group:

- size in terms of revenues (from 0.25 to 4.0 times Transat's revenues);
- sector of activity that is similar or has similarities, namely consumer discretionary in general, air transportation or other types of transportation, distribution and retail sectors; and
- head office in the province of Québec.

The following table shows the comparison group (in effect since 2018), which comprises 19 corporations. No longer a public company, WestJet Airlines Ltd. was removed from the comparison group during the last fiscal year.

Company	Comparable size	Sector of activity			Head office in Québec
		Consumer Discretionary	Air transportation	Distribution and retail	
Air Canada Inc.			X		X
Aimia Inc.		X			X
AutoCanada Inc.	X	X		X	
BMTC Goup. Inc.	X	X		X	X
BRP Inc.		X			X
Cascades Inc.	X				X
Chorus Aviation Inc.	X		X		
Cineplex Inc.	X	X			
Cogeco Communications Inc.	X	X			X
Corus Entertainment Inc.	X	X			
Dollarama Inc.	X			X	X
Great Canadian Gaming Corp.	X	X			
Metro Inc.				X	X
Québecor Inc.	X	X			X
Richelieu Hardware Ltd.	X	X		X	X
TC Transcontinental Inc.	X				X
TFI International Inc.	X				X
The North West Company Inc.	X			X	
Uni-Sélect Inc.	X			X	X

The following table sets forth, for information purposes, some of Transat's financial data compared with the median of the comparison group. Given the pandemic and the ensuing unprecedented crisis, last year's data is not representative of performance, which makes it difficult to compare it against the comparison group.

In millions of \$	Revenues	IBITDA	Market Capital	Employees
Transat – as at October 31, 2020	1,302	(122)	176	1,785 ⁽¹⁾
Transat – as at October 31, 2019	2,937	38	580	5,180
Comparison Group ⁽²⁾	2,384	482	1,453	8,000

(1) Number of active employees as at October 31, 2020. The average number of active employees for fiscal 2020 was about 3,175.

(2) Data collected in 2020.

The HRCC reviews the composition of our comparison group as needed and updates the total compensation data from this group. It reviews the positioning of the compensation of the Corporation's executive officers within the comparison group as needed to ensure that it remains coherent with the objective of reaching the median, particularly in view of the evolution of the group's compensation practices and the market in general, and the Corporation's relative financial results.

The HRCC also reviews general compensation surveys to compare the Corporation's compensation policies with the generally accepted practices for public companies.

EXTERNAL ADVISORS

Since 2006, the HRCC has retained the services of PCI to advise it on corporate governance and executive compensation. PCI reports to the HRCC. Although the advisors from this firm contribute to the Committee's discussions by their expertise and knowledge of compensation and of Transat, the decisions are made by the HRCC, which remains accountable and may consider factors other than those raised by PCI.

Occasionally, this firm is solicited by other committees of the Board and by executives to perform work other than what was mandated by the HRCC. PCI performs such work only with the pre-approval and concurrence of the HRCC.

During fiscal year 2020, PCI performed work concerning executive officer compensation, including with respect to the employee retention policy. PCI also assisted the Corporation in its assessment of the risks relating to its compensation policies and programs.

PCI's services were also solicited by the RMCGC for the purpose of the Board's assessment process, as described in the section titled "**Performance Assessment**".

The total fees paid to PCI for the services rendered in 2019 and 2020 are as follows:

	HRCC	RMCGC	Management	Total
2020	\$31,620	\$8,053	-	\$39,673
2019	\$199,461	\$6,638	-	\$206,099

TOTAL COMPENSATION COMPONENTS

The following table summarizes the components of the global compensation policy of the executive officers for 2020.

It is common to use many variable compensation plans in publicly traded companies that are similar in size to Transat. The variety of plans allows for a better balance of the plans whose vesting occurs over time (encouraging the retention of eligible employees and share price increase) and those whose vesting is subject to performance targets (encouraging operating performance in addition to share performance, and its effects on retention). The STIP and the PSUs are based on performance, whereas the Options and the Transaction program are based on the passage of time as well as share price.

It is also important to link compensation to different time horizons in order to promote a sustained performance over the short-, mid- and long-term. The STIP encourages short-term performance, whereas the PSUs and the Transaction program are based more on mid-term performance, and Options are oriented over a longer term.

Compensation component		Objectives	Compensation period	Criteria
FIXED	Base Salary	<ul style="list-style-type: none"> Recognize the level of responsibility, competencies and contribution to the Corporation's results 	Ongoing	Level of the position, competencies, individual contribution and reference market
	Benefits (group insurance)	<ul style="list-style-type: none"> Cover the executive and his family adequately (illness, dental, disability, death) 	Ongoing	According to the competitive market data; some directly related to the salary
	Perquisites	<ul style="list-style-type: none"> Facilitate access to certain services to favour prioritization of the Corporation's business 	Ongoing	Level of the position
	Retirement Plans: <ul style="list-style-type: none"> Defined Contribution Plan (DC) Executives defined benefit pension plan (DB) Individual retirement account (IRA) and 401(k) (in the United States)⁽¹⁾ 	<ul style="list-style-type: none"> Encourage long-term commitment of the executive by contributing to retirement income 	Ongoing	Level of the position
VARIABLE	Short-term incentive opportunity <ul style="list-style-type: none"> Short term incentive plan (« STIP ») Hotel division bonus plan 	<ul style="list-style-type: none"> Achieve and exceed annual corporate financial and strategic goals 	1 year	Transat ANI Strategic cost control and reduction objectives related to the business plan
	Special Bonus for Executive Officers	<ul style="list-style-type: none"> Achieve and sustain exceptional performance 	Payment spread over 3 years	Transat ANI
	Mid to long-term incentive opportunity <ul style="list-style-type: none"> Permanent stock ownership incentive plan (Transaction program) 	<ul style="list-style-type: none"> Support the achievement of shareholding guidelines 	3 years	Individual level of investment
	PSUs ⁽²⁾	<ul style="list-style-type: none"> Increase share price Encourage share ownership Achieve the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI Total shareholder return
	RSUs ^{(2) (3)}	<ul style="list-style-type: none"> Increase share price Achieve the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI
	Options ⁽²⁾	<ul style="list-style-type: none"> Encourage share ownership Increase share price Promote retention through vesting conditions (3 years) 	7 years	Transat share price

⁽¹⁾ The 401(k) was introduced in January 2019. Prior to that, an individual retirement account was in place.

⁽²⁾ The 2019 and 2020 PSU and Option grants were replaced by a cash bonus payable three (3) years after being granted or upon the closing of the Arrangement if the closing occurs before the end of the three-year period. This bonus is not subject to any performance criteria.

⁽³⁾ The last RSU grant to executive officers was made on January 2016 and expired in January 2019.

Details on each NEO compensation component are provided on the following pages. Exceptionally, as a result of the trading blackout period in effect since the end of 2018, or the beginning of 2019 for insiders, NEOs did not receive any PSU or Option grants in 2019 and 2020. These grants were replaced by a cash bonus with no performance criteria, payable three (3) years after the grant or for the 2019 grant and the three (3) years after the grant for the 2020 bonus, upon the closing of the Arrangement (change of control) if such closing occurs before the end of the three-year period. In addition, the Transaction program was progressively suspended for insiders beginning February 1, 2019. The employer's contribution was replaced by a cash payment.

Base Salary

For the purposes of internal equity, our senior management positions are first evaluated and classified into different salary grades based on responsibilities, qualification requirements and other conditions specific to each position. The senior management positions are then compared to other similar senior management positions in corporations making up our comparison group, and the salary data gathered are then analyzed to establish the median salaries in the market. Salary scales with minimums and maximums are then developed based on the average of the market medians. Finally, the individual incumbents' salaries are positioned in the scales according to their competencies and experience in the position.

The scales are reviewed annually according to the market movements. Individual salaries are adjusted annually, depending on the evaluation of the contribution to the Corporation's results and the evolution of the incumbent's competencies, as well as his positioning in the salary scale. The executive officers' base salaries are reviewed and recommended by the Committee, usually in the first quarter of each fiscal year.

The following table presents the revisions made to the base salaries of the NEOs during 2020, and those that have been approved since that fiscal year-end.

	Salary	Revision as at January 1, 2020		Revision as at January 1, 2021 ⁽³⁾	
	(Nov. 1, 2019)	(%)	Revised Salary ⁽²⁾	(%)	Revised Salary
Jean-Marc Eustache	\$922,130	0%	\$922,130	0%	\$922,130
Denis Pétrin	\$432,480	+ 2.4%	\$442,860	0%	\$442,860
Annick Guérard	\$540,600	+ 2.4%	\$553,574	0%	\$553,574
Jean-François Lemay	\$432,480	+ 2.4%	\$442,860	0%	\$442,860
Jordi Solé ⁽¹⁾	US\$250,000 (US\$321,333)	+ 3.0%	US\$257,500 (US\$331,350)	0%	US\$257,500 (US\$346,971) / (\$441,694)

- (1) Mr. Solé's base salary is expressed in US dollars and in net value after tax, in accordance with his employment agreement. The amounts in brackets represent the approximate value of Mr. Solé's gross salary before tax. Although Mr. Solé's salary was not increased as of January 1, 2021, the gross pre-tax value increased over the previous year due to fiscal changes. The amount in US dollars was converted into Canadian dollars using the rate of exchange on January 1, 2021, which was US\$1 = \$1.2730.
- (2) Effective March 22, 2020, in response to the pandemic and the unprecedented crisis in the travel industry, Mr. Eustache voluntarily agreed to reduce his base salary by 20%, while that of the other NEOs was voluntarily reduced by 15%.
- (3) No NEOs received a salary increase on January 1, 2021.

Employee Benefits Program

The Canadian group insurance plan includes life insurance, medical insurance, dental insurance and disability insurance. This plan is designed to provide adequate protection to executive officers and their families in the event of death, disability, illness, etc. The design of the group insurance plan is based on four (4) guiding principles: financial security, flexibility of choice, simplicity and control of the increase in costs. No change was made to Transat's group insurance plan in 2020.

Mr. Solé has a plan offering similar protections in the United States.

Perquisites Program

The perquisites program provides for the allocation of a dollar value expressed as a percentage of the base salary (which varies between 8% and 10%, according to the position held), in order to cover certain business expenses. This amount is granted instead of any other allowance that could be paid or any reimbursement that could be made, such as an automobile allowance, reimbursement of club membership fees, reimbursement of financial services fees, etc. Transat's total compensation policy provides that the dollar value of perquisites should be close to the comparative market median. No change was made to the Corporation's perquisites program during fiscal year 2020.

Mr. Solé is not entitled to participate in this perquisites program. However, he is eligible for a housing and car allowance equal to a total of US\$50,000 annually. This amount represents the net value received by Mr. Solé. Transat assumes taxes and payroll taxes.

Retirement Plans

Defined Benefit Plan (for NEOs residing in Canada)	The executive officers of the Corporation are eligible to participate in a defined benefit pension plan under individual retirement agreements entitling them to receive, starting at 65 years of age, a monthly retirement pension representing 1.5% of the final average salary over five (5) years per year of credited service. The eligible officers who began participating in the plan prior to 2015, including the NEOs, have a staggered pension determination scale ranging from 1.5% to 2.0%. For more details, see the section entitled " Benefits Under a Retirement Plan ".
Defined Contribution Plan (for NEOs residing in Canada)	<p>To qualify for the Defined Contribution Plan, the executive officers must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior executive positions, each contribution is equal to 2%, up to the maximum contributions permitted by the <i>Income Tax Act</i> (Canada).</p> <p>Please refer to the section entitled "Benefits Under a Retirement Plan" for more details on the retirement plan provisions.</p>
401(k) Plan (in effect in the United States)	Mr. Solé received an amount equal to 10% of his base salary as a contribution from Transat to his retirement plan. The contributions were made to his individual retirement account (IRA) until December 31, 2018, and subsequently to a 401(k), from January 1, 2019, until income tax limits were reached. The excess was paid in cash.

Short-Term Incentive Plan ("STIP") and Hotel Division Bonus Plan

2020 STIP highlights:

- Negative ANI, which compares to a trigger threshold of 0.70% and a target of 1.40%
- The trigger threshold was not met. Therefore, no bonus was paid under the STIP to eligible employees, including the NEOs.

2020 Hotel Division Bonus Plan highlights:

- Mr. Solé's objectives related to the hotel division were for the most part (92.25%) achieved.

The objectives of the STIP are to:

- motivate the employees and executives of the Corporation and its subsidiaries to support the growth of profit margins;
- strengthen the connection between compensation and corporate profitability; and
- offer competitive compensation aligned with Transat's compensation philosophy, namely to encourage and reward success through collective work.

Basic principles:

- The STIP is contingent on two (2) performance criteria: financial objectives and strategic objectives;
- The financial objectives account for 75% of the STIP and depend on the adjusted net income (ANI) of Transat A.T. Inc., defined so as to exclude unusual items and expressed as a percentage of the revenue. The trigger threshold must be met in order for this component of the STIP to be paid;
- The strategic objectives account for 25% of the STIP and, for 2020, depend on the achievement of cost-reduction goals;
- The total STIP payment amount may not be higher than 50% of the available ANI; and
- Mr. Solé is not eligible to participate in the STIP, but is eligible to participate in the hotel division bonus plan. This bonus, in addition to having financial objectives, includes divisional objectives. The financial and divisional objectives account respectively for 50% of the total maximum bonus. The financial objectives are the same as the financial objectives of the STIP, namely ANI and revenue.

For all the NEOs, the bonus calculation formula is as follows:

$$\text{Base Salary} \times \text{Target Bonus} \times \text{Sum of weighted results} = \text{Bonus paid}^{(1)}$$

(1) The total bonus payments cannot be higher than 50% of the available ANI, except for Mr. Solé, for whom only the portion based on financial results is subject to this rule.

The targets to be achieved in terms of all financial and strategic objectives were recommended by the HRCC and approved by the Board at the beginning of the fiscal year 2020. At the end of the fiscal year, the HRCC reviewed the results achieved in relation to the targets established at the beginning of the year and recommended for approval by the Board that no STIP bonus be paid out for the fiscal year 2020.

Financial objectives:

For fiscal year 2020, the target was an ANI equal to 1.40% of the revenue, namely \$43,427,230 for a revenue of \$3,101,945,000.

The following table illustrates the scale of achieved financial goals linked to achieving the ANI as a percentage of the revenues for 2020.

	Under the threshold	Threshold	Target	Maximum	Results	
					Actual 2020	Weighted (75%)
ANI as a % of revenue	< 0.70%	0.70%	1.40%	2.50%	-27.29%	-
Financial results	0%	25%	100%	200%	0%	0%

Achieving an ANI between the levels indicated above results in a bonus being paid, prorated linearly.

A penalty is applied to the multiplier based on the financial results according to the revenue results compared to the objective.

If real revenue > 95% of objectives	No penalty
If real revenue between 90% and 95% of objectives	5% penalty
If real revenue < 90% of objectives	10% penalty

Strategic objectives:

Four (4) indicators of cost control and reduction were defined in relation to the business plan. For each of them, a target and a maximum were established. The scale relating to the achievement of the strategic objectives is presented in the following table:

Strategic target results	Number of indicators reaching at least the target level				If all the indicators reach the target, number of indicators reaching the maximum				Actual results 2020	Weighted results (25%)
	1	2	3	4	1	2	3	4	No target reached	
	25%	50%	75%	100%	125%	150%	175%	200%	0%	0%

Since the total STIP payment amount may not be higher than 50% of the available ANI, which is negative this year, no bonus was paid under the STIP for 2020.

Divisional objectives for Jordi Solé (hotels):

	Objective 1	Objective 2	Objective 3	Objective 4	Actual results 2020	Weighted results (50%)
Weighting	20%	40%	10%	30%		
Results	20%	40%	10%	27.25%	97.25%	48.625%

For the fiscal year 2021, the targets for the STIP have not yet been established, given the specific situation created by the transaction and the pandemic, which makes forecasting very difficult for the coming year.

The following table presents the minimum, at target and maximum bonuses for each of the NEOs expressed as a percentage of base salary.

	Minimum	Target	Maximum
% of target bonus paid	0%	100%	200%
J.-M. Eustache	0%	100%	200%
D. Pétrin	0%	50%	100%
A. Guérard	0%	50%	100%
J.-F. Lemay	0%	50%	100%
J. Solé	0%	50%	

Special Bonus for Executive Officers:

A special bonus plan for executive officers has been in force since 2010. This plan is in continuity with the STIP, because it depends on the same financial target and improves the STIP opportunity. The purpose of this special plan is to motivate the executive officers to ensure that Transat achieves an exceptional profit margin and, above all, that it maintains this margin year after year, for a 3-year cycle.

Under the terms of this plan, a bonus is earned and a reserve is constituted when Transat A.T. Inc. realizes an ANI of 3% or more. Half of the reserve is paid to the members at the end of each year of the cycle. If, during the cycle, the Corporation does not reach a performance threshold (ANI) of 2%, the reserve is reduced by half. When the 3% target for the ANI is achieved, the value of the bonus earned for a year corresponds to 50% of the salary of each of the eligible executive officers. In case of achievement of the ANI of 3.5% or more, the bonus earned corresponds to 100% of the salary of each of the executive officers contemplated. The bonus earned under this special bonus plan is added to the bonus earned under the STIP. No bonus was paid under this plan in 2020.

Long-Term Incentive Program

2020 LTIP highlights:

- 2017 and 2018 Options: Acquisition resulting from the passage of time of 33⅓% of the September 2017 grant and of 33⅓% of the January 2018 grant.
- PSUs granted in 2018 (for the 2017-2020 cycle): Given the trading blackout period in effect at the time when vesting would have occurred, the rules and provisions provided in the plan were applied. Therefore, such PSUs are extended until the closing of the Arrangement or the day following the end of the trading blackout period (whichever is earlier).
- RSUs granted in 2018 (for the 2017-2020 cycle): Cancellation of 100% of the units granted in the 2017-2020 cycle. However, the HRCC has decided to replace the value of this grant with a cash bonus equivalent to \$5 per unit payable upon closing of the Arrangement (cancelled if the transaction is terminated). No executive officers, and especially no NEOs, hold such RSUs.
- As in 2019 and given the trading blackout period in effect, no RSUs, PSUs and Options were granted in January 2020. The grants were replaced by a fixed value cash bonus, with no performance criteria, payable three (3) years after the grant or, in the case of the 2019 grant, at the closing of the Arrangement (whichever is earlier). The value of the bonus represents the LTIP target compensation value normally granted.
- Beginning on February 1, 2019, and depending on the date on which an employee became an insider in the proposed Arrangement, the Transaction and Transcapital programs were gradually suspended. The plans were finally suspended for all non-insider employees on June 27, 2019, the date on which the first arrangement agreement relating to the Arrangement was executed. The employer's contribution was replaced by a cash payment.

The long-term incentive plans established by the Corporation are designed to motivate executives to achieve long-term goals and thus contribute to the increase in the value of the capital invested in the Corporation by the shareholders. Their objective is also to ensure a target compensation value that serves to position the total compensation at the median of our comparison group when all targeted results are achieved, with the potential to exceed the median of the comparison group if results are exceptional.

Plan	Objectives	Vesting/Performance rule
Permanent stock ownership incentive plan ("Transaction program")	<ul style="list-style-type: none"> ▪ Support the achievement of shareholding guidelines. 	<ul style="list-style-type: none"> ▪ ⅓ of the shares vest on January 10 of the 1st, 2nd and 3rd years following the award year ▪ On condition of participation in the share purchase plan
PSUs	<ul style="list-style-type: none"> ▪ Increase share price ▪ Encourage share ownership ▪ Motivate achievement of the Corporation's medium term financial goals. ▪ Promote retention through vesting conditions. 	<ul style="list-style-type: none"> ▪ PSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle
RSUs ⁽¹⁾	<ul style="list-style-type: none"> ▪ Maintain achievement of the Corporation's financial objectives over a 3-year cycle ▪ Promote retention through vesting conditions. 	<ul style="list-style-type: none"> ▪ RSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle
Stock options	<ul style="list-style-type: none"> ▪ Increase share price ▪ Promote retention through vesting conditions. 	<ul style="list-style-type: none"> ▪ ⅓ of the Options vest after 1 year, ⅓ after 2 years, ⅓ after 3 years ▪ Expected lifetime of 7 years

(1) The RSUs are no longer part of the formula for the long-term annual incentive awards to executive officers as of the 2017 grants.

The following table sets forth, for each NEO, the target value of each component of the long-term incentive program in effect during fiscal year 2020. Given the trading blackout period in effect, no grants were made in 2020. The grants were replaced by a fixed value cash bonus, with no performance criteria, payable three (3) years after the grant. The value of the bonus represents the LTIP target value normally granted. The Transaction program was gradually suspended beginning February 1, 2019. The employer's contribution was replaced by a cash payment.

Name	Annual long-term incentive opportunity ⁽¹⁾		
	Option grants	PSU awards	Share awards ^{(3) (4)}
	Notional par value = [# of Options x price per share on date of grant ⁽²⁾] / salary	Par value = [# of PSUs x price per share on date of grant ⁽²⁾] / salary	Par value = [# of shares x price per share on date of grant] / salary
Jean-Marc Eustache	75.0%	85.0%	10.0% ⁽⁵⁾
Denis Pétrin	37.5%	45.0%	10.0%
Annick Guérard	60.0%	65.0%	10.0%
Jean-François Lemay	37.5%	45.0%	10.0%
Jordi Solé ⁽⁶⁾	0.0%	0.0%	10.0%

- (1) The annual grants and awards under the long-term incentive program are determined according to the par value contemplated for the level of the position.
- (2) The price for the Options granted and for the PSUs awarded is determined according to the weighted average trading price of Transat Voting Shares on the TSX for the five (5) trading days preceding the date of grant or award. In the case of Options, however, the price used for calculation purposes cannot be less than \$12. If the share price is below that figure, the actual par value is therefore lower than the theoretical par value.
- (3) The value of the shares awarded under the Permanent Stock Ownership Incentive Plan depends on the value invested by the member in the Share Purchase Plan for the Benefit of All Employees, subject to a maximum for the level of the position, expressed as a percentage of the salary. The price upon the award is equal to the purchase price of the shares on the secondary market.
- (4) Although all NEOs have the same opportunity, namely 10% of their salary, the actual percentage may be lower due to individual participation decisions. For example, Mr. Eustache, who has met his shareholding obligation, has decided not to participate in the program.
- (5) Even though he is eligible, Mr. Eustache does not participate in the permanent stock ownership incentive plan (Transaction program).
- (6) Mr. Solé is not eligible to participate in the Option and PSU plans.

Each of the long-term incentive programs in place at Transat is described below, with the exception of those already described above.

Permanent Stock Ownership Incentive Plan (the "Transaction program")

The Transaction program is part of the long-term variable compensation of the Corporation's executive officers. With this plan, Transat seeks to incite executive officers to become and remain shareholders of the Corporation, to stimulate their interest in increasing the price of the Corporation's shares and to promote their retention. The objective of the Permanent Stock Ownership Incentive Plan is also to encourage the members to meet or exceed the shareholding guidelines adopted by the Corporation by awarding each eligible executive officer shares for which the total cost of purchase is equal to the percentage of salary invested by the said executive in the Share Purchase Plan.

The Transaction program is directly tied to the Transcapital program and to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transaction program gives participating executive officers the possibility to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat's treasury. The Corporation contributes an amount equal to the officer's contribution, and this by means of a purchase made on the secondary market at the market price.

The following table presents the principal terms of the Transaction program:

Maximum number of issuable shares	The maximum number of issuable shares under the Share Purchase Plan is 691,780; the maximum number of issuable shares was increased following Shareholder approval at the 2018 annual meeting of shareholders.
Eligible Members	Designated executive officers of the Corporation.
Participation Level	<ul style="list-style-type: none"> NEOs can subscribe for a number of shares the total subscription price of which may represent up to 10% of their base salary. The other executives may subscribe for a number of shares the total subscription price of which varies between 5% and 10% of their base salary.
Subscription Price	The subscription price under the Transaction program is equal to the weighted average of the shares' closing price on the TSX for the five (5) trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the officers' contribution.
Contribution of the Corporation	The Corporation contributes an amount equal to the officer's contribution, and this by means of a purchase made on the secondary market at the market price.
Market Price	The market price corresponds to the closing price of the shares on the TSX on the date the shares to be allocated by the Corporation are purchased.
Vesting Terms	<p>One third of the allocated shares vest on January 10 of each of the three (3) years following the year in which they are awarded.</p> <p>The shares subscribed for in the context of the Share Purchase Plan are released (become unrestricted) on the third (3rd) January 1 following the end of the calendar year in which they were subscribed.</p>
Payment Terms	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat's treasury, and the Corporation's contribution is made with shares purchased on the secondary market.

For the period from November 1, 2019, to October 31, 2020, no shares were awarded to executive officers under the Transaction program, this plan having been suspended as of February 1, 2019 due to the blackout period.

All NEOs, with the exception of the President and CEO, participated in the plan at a rate of 10% of their base salary until February 1, 2019. Since then, the employer's contribution was replaced by a cash payment.

The Board bears full responsibility for the Transaction program and the Share Purchase Plan. It has the power to adopt, amend, suspend or terminate them, as it may deem necessary and desirable and in compliance with the rules established by the regulatory authorities.

However, the following amendments require the approval of a majority of the shareholders present at a meeting:

- Increase in the maximum number of shares issuable under the Share Purchase Plan other than for standard anti-dilution purposes;
- Increase in the discount percentage offered under the Share Purchase Plan; or
- Increase in the Corporation's contribution.

Stock Ownership and Capital Accumulation Incentive Plan for the Non-Unionized Employees (the “Transcapital program”)

The Transcapital program is part of the compensation package offered to the Corporation’s employees. By this Plan, Transat seeks to encourage its employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation’s shares.

The Transcapital program is directly tied to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat and to the Transaction program as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transcapital program enables participating employees to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat’s treasury. The Corporation’s contribution is made from shares it purchases on the secondary market.

The following table presents the principal terms of the Transcapital program:

Maximum Number of Issuable Shares	The maximum number of issuable shares is 691,780 under the Transcapital program. The maximum number of issuable shares was increased with the shareholders’ approval at the 2018 annual and special meeting of shareholders.
Eligible Members	The eligible employees must have completed six (6) months of continuous service and must not participate in the Transaction program.
Participation Level	Eligible employees can subscribe monthly for a number of shares representing between one and five percent (1% to 5%) of their base salary and receive a contribution from the Corporation. In addition, employees can subscribe monthly for additional shares up to a total of 10% of their annual base salary, without, however, receiving a contribution from the Corporation for any shares subscribed for in excess of five percent (5%) of their base salary.
Subscription Price	The subscription price under the Transcapital program is equal to the weighted average closing price of the shares on the TSX for the five (5) trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the employees’ contribution.
Contribution of the Corporation	The Corporation contributes an amount equal to 30% or 60% of the employee’s contribution (up to five percent (5%) of the base salary), and this by means of a purchase on the secondary market at the market price.
Market Price	The market price corresponds to the closing price of the shares on the TSX on the date the shares to be allocated by the Corporation are purchased.
Vesting Terms	All shares subscribed for and granted in respect of a calendar year become unrestricted on July 1 following the end of the calendar year in which they were subscribed for or granted.
Payment Terms	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat’s treasury, and the Corporation’s contribution is made with shares purchased on the secondary market.

During the fiscal year ended October 31, 2020, the Corporation has not recorded any compensation expenses in respect of its Transcapital program.

For the period from November 1, 2019, to October 31, 2020, no shares were awarded to eligible employees under the Transcapital program.

Beginning on February 1, 2019, and based on the date on which an employee became an insider in the proposed Arrangement, the plan was suspended. The plan was finally suspended for all non-insider employees on June 27, 2019, the date on which the arrangement agreement related to the Arrangement was executed. Since then, the Employer’s contribution has been replaced by a cash payment.

The Board bears full and complete responsibility with regard to the Transcapital program. It has the power and authority to adopt, amend, suspend or terminate the program, as it deems necessary or desirable and in compliance with the rules established by the regulatory authorities.

However, approval by a majority of the shareholders present at a meeting is required for amendments that would increase the maximum number of Shares issuable other than for standard anti-dilution purposes.

Employee Share Purchase Plan

The Employee Share Purchase Plan is a compensation plan designed to encourage employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation's shares.

The Share Purchase Plan for the Benefit of All Employees or Executives of Transat is directly tied to the Transaction program and to the Transcapital program as regards the total number of shares that may be subscribed for or that are issuable to a single person (five percent (5%) of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Employee Share Purchase Plan enables participating employees to subscribe, on a monthly basis and by means of payroll deductions, for Voting Shares issued from Transat's treasury at the then current market price, namely the weighted average of the closing prices on the TSX over the five (5) trading days preceding the subscription of shares, less a 10% discount. No member may sell all or part of the Voting Shares subscribed for under this Plan prior to July 1 of the year following that in which the shares were subscribed, date on which the subscribed shares become unrestricted.

During the fiscal year ended October 31, 2020, no Voting Shares have been issued. As at October 31, 2020, the remainder of shares that we were authorized to issue under the said plan amounted to 691,780 Voting Shares (namely 1.83% of the issued shares).

Beginning on February 1, 2019, and based on the date on which an employee became an insider in the Arrangement, the plan was suspended. The plan was finally suspended for all non-insider employees on June 27, 2019.

The Board bears full responsibility for the Share Purchase Plan and the Transaction program. Please see the description of the Transaction program for explanations on the Board's responsibility.

PSU Plan

The purpose of the PSU Plan (the "PSU Plan") is to attract, engage and retain competent individuals for the positions of executives of the Corporation and its subsidiaries and to promote the alignment of the interests of executives with those of the shareholders of the Corporation.

PSUs consist of the granting of a number of units that correspond to a percentage of the participant's base salary, divided by the grant price, which PSUs, once vested, represent the participant's right to receive, at the vesting date (three years (3) after the grant date) and subject to the provisions of the plan, a number of shares equivalent to the number of PSUs vested in accordance with the provisions of the PSU plan or, in the sole and absolute discretion of the HRCC, in accordance with the provisions of the plan, a lump sum payment in cash, for each PSU vested and repurchased, equal to the release price.

Mr. Solé is not eligible to participate in this plan.

Eligible Participants	The executives and other eligible employees of the Corporation. From time to time, the HRCC will designate eligible individuals to whom it grants PSUs and the number of PSUs granted.
Grant Price	The grant price under the PSU Plan is equal to the weighted average trading price of the shares of the Corporation for the five (5) trading days preceding the grant date.
Release Price	The release price under the PSU Plan corresponds to the closing price of the shares on the TSX on the last trading day prior to the vesting date of a PSU.
Vesting Terms	All of the PSUs granted have vested at the end of a 3-year financial cycle.
Performance Criteria	The vesting is conditional on the achievement of ANI targets as a % of revenues (75% of grant) and on total shareholder return (TSR) (25% of grant) for the three fiscal years. A maximum of 100% of the value of the PSUs may be paid if the performance criteria are achieved. In other words, there is no performance multiplier that applies beyond the target.
Payment Terms	The PSUs are generally settled in shares of the Corporation or, at the discretion of the HRCC, only in cash by multiplying the number of PSUs vested at the end of the cycle by the purchase price. The PSU plan has no diluting effect, seeing as the shares purchased at the time of settlement are bought on the secondary market. The PSU Plan does not use currently unissued shares of the Corporation and no currently unissued share of the Corporation is reserved for this Plan.

Why use Transat's ANI?

- Alignment with Transat's principal strategic objective, namely increasing its profitability over the short and medium term
- Promotion of a sustained performance by using an average 3-year ANI
- Increased profitability will help push up the share's price, thus creating value for shareholders

Why use the TSR?

- Promotion of sustained increase in the Corporation's share price, thus aligning the interests of management with those of shareholders

The PSU plan is administered by the HRCC. The HRCC determines the number of PSUs that will be awarded and may amend, suspend or cancel the PSU Plan or the terms and conditions of any PSUs granted under this plan. However, no amendment, suspension or cancellation may: (a) be made, where appropriate, without obtaining the required approvals from regulatory authorities; (b) in the case of PSUs, modify or harm the rights of a participant as regards the PSUs already granted without obtaining the consent of the participant. If the plan is terminated, the HRCC may, as its option, choose to accelerate the vesting schedule and the vesting date stipulated in a PSU grant agreement to the conditions it establishes at that time. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the PSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting PSUs or the vesting of all or part thereof, if applicable, and other special conditions applicable to a grant of PSUs under the PSU Plan. Moreover, the Board may amend the PSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that it does not reduce the number of PSUs already credited to a participant's individual registry before the amendment.

To avoid influencing management's decision regarding the form a distribution to the shareholders could take, the number of shares used in the calculation of the adjusted net income per share for the purposes of vesting of the PSUs will be adjusted in the event of a large payment of cash dividends, if any.

Vesting of PSUs during Fiscal Year 2020

No PSUs from the 2017-2020 cycle vested in the fiscal year 2020 given the trading blackout period in effect. The PSU Plan provides for the extension of the PSUs' term until the closing of the Arrangement or the day following the end of the trading blackout period (whichever is earlier).

PSU Grants during Fiscal Year 2020

In January 2020, given the trading blackout period in effect, no PSU grant was made to the NEOs. The PSU grant was replaced by a cash bonus, with no performance criteria, payable three (3) years after the grant. The amount of this bonus, established at the time of grant, is equivalent to the target value of the PSU grant that would have been made if no trading blackout was in effect.

The following table sets forth the amounts granted and targets for each NEO.

	Target (in % of base salary)	Amount awarded
Jean-Marc Eustache	85%	\$783,811
Denis Pétrin	45%	\$199,287
Annick Guérard	65%	\$359,823
Jean-François Lemay	45%	\$199,287
Jordi Solé	n/a	\$0

RSU Plan

The objective of the RSU plan (the “**RSU Plan**”) is to attract and retain talented individuals to hold positions as officers and executives of the Corporation and its subsidiaries, and to promote a greater alignment of interests between such officers and executives and the shareholders of the Corporation.

This plan no longer applies to executive officers, but still applies to other eligible employees. The last RSUs granted to NEOs expired in January 2019.

Eligible Participants	The executives and other eligible employees of the Corporation.
Fair Market Value	The fair market value under the RSU Plan corresponds to the weighted average trading price of the shares of the Corporation for the five (5) trading days preceding the grant.
Vesting Terms	All RSUs granted vest at the end of a 3-year financial cycle.
Performance criterion	Vesting is conditional on the achievement of the ANI target as a % of average revenues for the three (3) fiscal years.
Payment Terms	The RSUs are settled only in cash by multiplying the number of RSUs vested at the end of the cycle by the weighted average price of the Corporation’s shares for the five (5) trading days preceding the end of the cycle.

The RSU Plan is administered by the HRCC. The HRCC determines the number of RSUs that will be granted and may amend, suspend or cancel the RSU Plan or the terms and conditions of any RSU granted under this Plan. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the RSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting RSUs or the vesting of all or part thereof, as the case may be, and other special conditions applicable to a grant of RSUs under the RSU Plan. Management of the Corporation may at any time and from time to time after the grant of RSUs to a participant, with the consent of the participant and the Board, amend the terms and conditions of the RSUs. Moreover, the Board may amend the RSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that they do not reduce the number of RSUs already credited to a participant’s individual registry before the amendment.

Vesting of RSUs during Fiscal Year 2020

The last RSU grant to executive officers was made in January 2016 and expired in January 2019. As such, no vesting of RSUs to NEOs for the 2017-2020 cycle was set to expire on October 31, 2020.

RSU Grants during Fiscal Year 2020

RSUs are no longer part of the Corporation’s current executive compensation policy, but are used in the compensation programs for other positions. Therefore, no RSUs were granted to NEOs in 2020. Eligible executives did not receive RSU grants in January 2020 given the trading blackout period then in effect. The RSU grant was replaced by a cash bonus, with no performance criteria, payable three (3) years after the grant. The amount of such bonus, established at the time of grant, is equivalent to the target value of the RSU grant that would have been made if no trading blackout was in effect.



RSUs ARE NO LONGER PART OF THE CORPORATION’S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USED IN THE COMPENSATION PROGRAMS FOR OTHER POSITIONS. THEREFORE, SINCE THE END OF THE 2018 FISCAL YEAR, EXECUTIVE OFFICERS NO LONGER HOLD RSUs.

2016 Option Plan

In January 2016, the Board approved the adoption of a new Option plan (the “2016 Option Plan”), replacing the Option plans approved in 2009 and 1995. For clarity, all Options granted under the 2009 Plan and the 1995 Plan remain subject to the respective terms and conditions of these plans. Differences with the 2016 Option Plan are identified in the section entitled “2009 and 1995 Option Plans”. The plan allows a member to purchase a share of the Corporation at a fixed price at the time of granting.

On December 13, 2017, the Board approved by way of resolution an amendment to the definition of the change of control clause of the 2016 Option Plan. This definition now extends, among other things, to an event where a majority of the voting securities for the election of the Directors of Air Transat A.T. Inc. and Transat Tours Canada Inc., collectively, are sold or assigned. This amendment does not require shareholder approval, seeing as the 2016 Option Plan provides that such amendments may be made at the Board’s discretion.

Mr. Solé is the only NEO not eligible to participate in the Option Plan.

The following table presents the principal terms of the 2016 Option Plan:

Maximum Number of Securities Issuable	1,122,337 (2.97% of the issued and outstanding Voting Shares).
Reserve	Expired or cancelled Options are put back into the reserve for future grants only if they do not represent more than five percent (5%) of the outstanding Voting Shares of the Corporation. Options in excess of 5% will be cancelled. Options that have not yet been granted under the 2009 and 1995 plans have been transferred to this reserve.
Eligible Members	Executives and other eligible employees of the Corporation and its subsidiaries.(1) The options granted under the 2016 Option Plan are non-transferrable.
Exercise Price	Weighted average trading price of the shares of the Corporation on the TSX for the five (5) trading days preceding the grant.
Vesting Terms	One third of the initial grant per year on each of the first three (3) anniversary dates of the grant. In the event of change of control, any Option granted and not vested may be exercised, and the Board may force the exercise of any Option granted, whether vested or not, according to the terms and conditions prescribed by the Board.
Performance Criterion	Vesting of the Options is not subject to the achievement of any performance rule.
Payment Terms	When the Options are exercised, the member acquires the shares of the Corporation.
Term	Generally, the Options have a lifespan of seven (7) years. The plan gives the Board the latitude to grant Options with a term of up to ten years. If the expiry date of an Option falls within a blackout period (or within ten days after the end of a blackout period), the expiry date will be postponed to the 10 th day after the end of the trading blackout period.
Participation	The number of Voting Shares which may be subscribed for by a single person (including any insider and associate of such person within the meaning of the <i>Securities Act</i> (Québec), within a one-year period, under this Plan and any other option plan or voting share purchase plan of the Corporation, shall not represent more than five percent (5%) of the Corporation’s shares that are issued and outstanding. The number of Options which may be granted within any one-year period under the Plan must not exceed, in the aggregate, two percent (2%) of the number of issued and outstanding Voting Shares of the Corporation.
Termination	Please refer to the section “ Benefits Provided by the Text of the Plans ”.

(1) Since March 15, 2006, the Board has decided, by resolution, to suspend the grant of Options to Directors who are not employees or senior executives of the Corporation.

Under the 2016 Option Plan, the Board may, without the shareholder's approval, make certain amendments of the following nature: (i) minor or technical amendments to any provision of the Plan; (ii) corrections to any provision of the Plan containing an ambiguity, defect, error or omission; or (iii) changes to the Option termination provisions that do not entail an extension beyond the original Option expiry date.

However, the following amendments require the approval of a majority of the shareholders present at a meeting:

- any increase to the maximum number of Class B voting shares issuable under the 2016 Option Plan;
- the reduction of the exercise price of an Option held by an insider (other than for standard anti-dilution purposes);
- the extension of the term of an Option held by an insider (other than the automatic extension set forth in the Plan);
- any amendment allowing the transfer or assignment of the Options other than by will or according to the legal provisions governing intestate successions;
- the extension of the blackout expiration term;
- any amendment allowing the grant of Options to Directors who are not also executives or employees of the Corporation; and
- any amendment to the paragraph relating to amendments to the 2016 Option Plan.

The number of shares issuable to insiders, at any time, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed 10% of the number of issued and outstanding shares of Transat, and the number of shares that are issued to insiders, within any one-year period, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed 10% of the number of issued and outstanding Voting Shares.

Option Grant Process

The number of Options granted is established according to the position and base salary of each member and the exercise price. The number of Options granted to each executive officer in question is equal to a percentage of the base salary divided by the weighted average trading price (or by the value of \$12 if the price calculated as described above is lower than this limit) of the Corporation's Voting Shares on the TSX for the five (5) trading days preceding the date of grant.

In extraordinary cases, Options may be granted upon new hires or in exceptional situations within the context of succession management for the positions eligible for grants of options. The list of beneficiaries of annual grants proposed is presented for discussion to the HRCC, which then makes its recommendation at the next Board meeting for final approval.

Options Vested due to Performance in Fiscal Year 2020

Options granted to NEOs up until January 2015 vest at a rate of one third per year only if a performance condition is met, namely an ANI of 0.75% of revenues or more. If this threshold is not met, the member will have a second chance to have the Options vest by achieving the performance criterion three (3) years later. During fiscal year 2019, two (2) tranches of Options were to be subject to this second chance to vest, namely the third tranche of the 2014 grant and the second tranche of the 2015 grant. Because of the Arrangement, achievement of the performance criteria was not validated, and the Options will remain unvested until completion of the Arrangement, in which case they would vest, or until the transaction is terminated, in which case the test would be effectively applied.

Since 2016, the Options granted to the NEOs are no longer subject to performance conditions. They vest at one third of the initial grant per year for each of the first three (3) anniversary dates of the grant. 33⅓% of the Options granted in 2017 and 2018 vested during the fiscal year 2020.

Option Grants During Fiscal Year 2020

In January 2020, given the trading blackout period in effect, no Option grants were made to NEOs. Option grants were replaced by a cash bonus, with no performance criteria, payable three (3) years after the grant. The amount of such bonus, established at the time of grant, is equivalent to the Black-Scholes value of the grant that would have been made if no trading blackout was in effect. The following table sets forth the target and the amount effectively granted to each NEO.

	Target (as a % of base salary)	Amount awarded ⁽¹⁾
Jean-Marc Eustache	75%	\$290,886
Denis Pétrin	37.5%	\$69,850
Annick Guérard	60%	\$139,700
Jean-François Lemay	37.5%	\$69,850
Jordi Solé	n/a	\$0

- (1) The amount awarded was determined based on the fair value of the Options normally granted, i.e. taking into account the share price on January 7, 2020, the date on which the Option grant would have normally been made if no trading blackout was in effect, and the value determined based on the Black-Scholes model, namely 42.06%.

Status of Outstanding Options

	Total as at October 31, 2020	Total as at October 31, 2019	Total as at October 31, 2018
Total number of Options granted during fiscal year, Including Options granted to NEOs	0 0	0 0	157,735 118,388
Options granted during the fiscal year as a % of the outstanding Voting Shares	0.00%	0.00%	0.42%
Total number of outstanding Options ⁽¹⁾	1,738,570	1,748,570	1,786,588
Outstanding Options as a % of the total outstanding Voting Shares	4.61%	4.63%	4.76%
Balance available for future grants ⁽²⁾	829,196	829,196	829,196
Balance available for future grants as a % of the total outstanding Voting Shares	2.20%	2.20%	2.21%

- (1) The weighted average number of securities outstanding for the applicable fiscal year is 37,747,090 in 2019 and 2020, and 37,545,335 in 2018.

- (2) According to the Corporation's internal guidelines, the expired or cancelled Options do not return in the reserve of Options available for future grants, as long as the sum of Options outstanding and Options available for future grants represent more than 5% of Transat's issued and outstanding Voting Shares.

Clawback

Each senior executive signed a clawback clause concerning the amounts disbursed under the variable compensation plans. Under this clause, the Corporation may claw back the amounts disbursed, within a 3-year period:

- if it is proven that the factual or financial data on the basis of which such additional compensation was granted came from information which was falsified or erroneous at the source due to the executive's intentional fault or direct or contributory negligence; and
- if the Corporation had to review and reissue amended financial statements (other than a review resulting from a change in the applicable accounting rules or interpretations) and the calculation of the additional compensation paid to the executive according to these amended financial statements would have resulted in an amount lower than the amount granted to the executive.

MINIMUM SHAREHOLDING REQUIREMENT FOR THE NEOS

The shareholding guidelines adopted by the Corporation provide that executive officers must hold, no later than at the end of the 5-year period following their appointment, the number of voting shares or DSUs with a value corresponding to a specific multiple of their annual base salary. These guidelines were suspended in 2019 as executive officers were then restricted from buying or selling securities of the Corporation during the blackout period in effect.

The table below indicates the minimum shareholding multiple applicable to each position held. In the event that an executive officer is promoted, the guidelines provide that he then benefits from an additional 3-year period effective from the date of his promotion to reach the new minimum shareholding multiple which will then be applicable to him.

The amount used to determine compliance with the executive officers' minimum shareholding requirement will be (i) the cost of acquiring the shares for the executive officer; or (ii) the market value of the shares held on October 31 of each year, whichever is the higher. The shares taken into consideration include the shares vested under the Transaction program, including when they have not yet vested or become unrestricted.

Position	Minimum shareholding multiple
President and CEO	3.0 times the annual salary
Chief Operating Officer Chief Financial Officer President General Manager, Air Transat	1.5 times the annual salary
Other NEOs	1.0 times the annual salary

If the executive officer has not reached the pro rata holding he should have reached (20% after one (1) year, 40% after two (2) years, 60% after three (3) years, 80% after four (4) years, 100% after five (5) years), he must keep 100% of the shares vested under the Stock Option Plan/Transaction program and 50% of the shares vested (after taxes) under the PSU Plan, up to the required pro rata holding.

If the executive officers commit a deliberate act that prevents them from complying with their holding rules, such as selling shares they hold, they shall keep shares representing 100% of the net profit derived from the exercise of Options and the vesting of PSUs, and future awards under the long-term incentive plans will be reduced or eliminated, unless the HRCC decides otherwise.

The status of the NEOs as regards the achievement of their shareholding requirements can be found in the section entitled **"Named Executive Officers"** in their individual profiles.



**THE SHAREHOLDING REQUIREMENT FOR EXECUTIVE OFFICERS OF
THE CORPORATION HELPS REINFORCE THE CONNECTION
BETWEEN THE INTERESTS OF THE EXECUTIVES AND THE
SHAREHOLDERS.**

NAMED EXECUTIVE OFFICERS



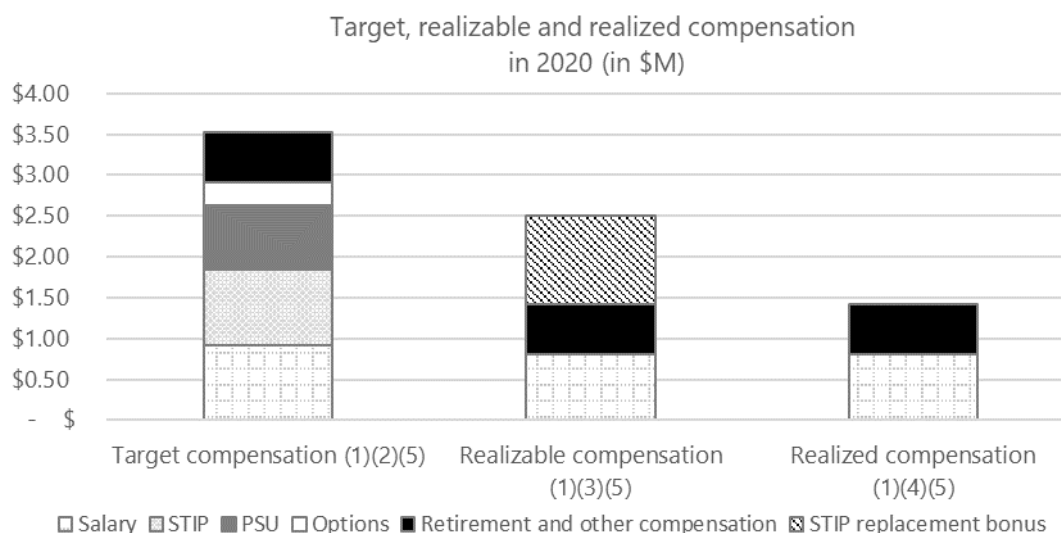
JEAN-MARC EUSTACHE

Chairman of the Board, President and CEO, Transat A.T. Inc.

Jean-Marc Eustache is one of the three founding members of Transat and has been the Chief Executive Officer of the Corporation since its creation in 1987. As the CEO, he controls and oversees the business of the Corporation. He also chairs all of the shareholder meetings and Board meetings.

- No bonus was awarded to Mr. Eustache for fiscal year 2020 since the threshold was not met.
- Normally, 68% of Mr. Eustache's total direct compensation target is variable and linked to the performance of the business. In 2020, only the replacement bonus representing 37% of the total direct compensation granted is not linked to such performance.

Allocation of targeted total direct compensation for 2020



- (1) The target base salary represents the full base salary while the attributed and realized base salary represents the base salary that Mr. Eustache voluntarily agreed to reduce as of March 22, 2020 in response to the pandemic and the unprecedented crisis affecting the travel industry.
- (2) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2020 bonus at the target.
- (3) No Options or PSUs were granted in 2020 as a result of the trading blackout period. A replacement bonus was granted instead. No bonus was paid in 2020 under the STIP.
- (4) No PSU vested in 2020. No Option was exercised in 2020. No bonus was paid in 2020 under the STIP.
- (5) Retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required
427,202	10,331	\$4,356,025	\$2,766,390

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65 per unit.



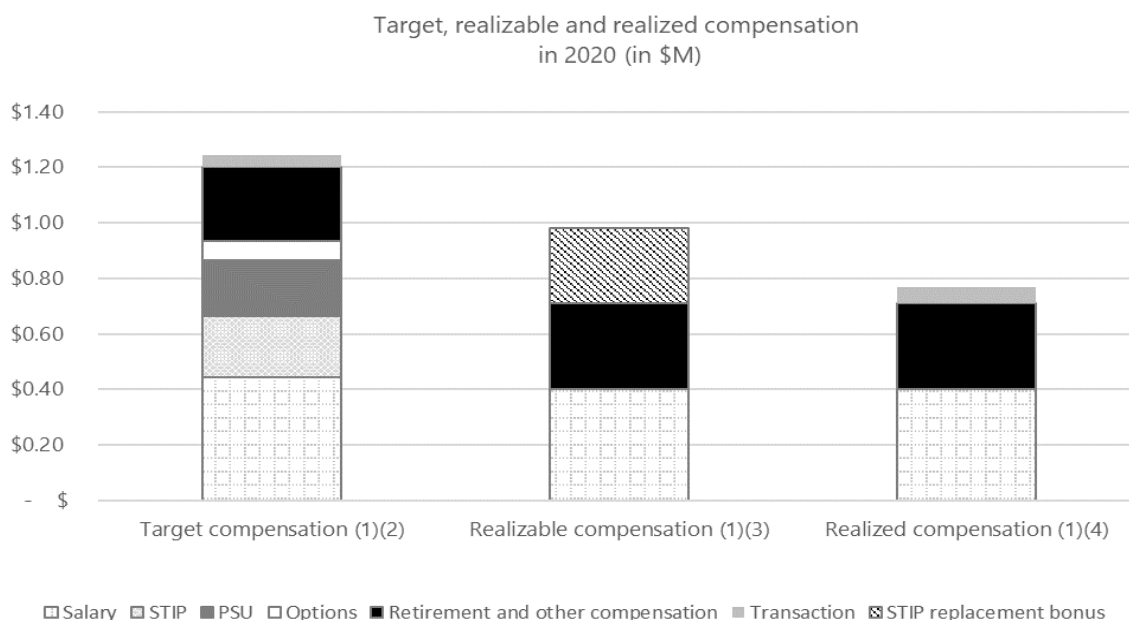
DENIS PÉTRIN

VP, Finance and Administration, and Chief Financial Officer, Transat A.T. Inc.

Denis Pétrin has been contributing to the strategic and financial development of the Corporation since 2009. He oversees and supervises accounting, treasury and management of the Corporation's funds. He also ensures sound financial management over the short, medium and long term. Mr. Pétrin is also responsible for investor relations.

- No bonus was awarded to Mr. Pétrin for fiscal year 2020 since the threshold was not met.
- Normally, 55% of Mr. Pétrin's total direct compensation target is variable and linked to the performance of the business. In 2020, only the replacement bonus representing 28% of the total direct compensation is not linked to performance.

Allocation of targeted total direct compensation for 2020



- (1) The target base salary represents the full base salary while the attributed and realized base salary represents the base salary that Mr. Pétrin has voluntarily agreed to reduce as of March 22, 2020 in response to the pandemic and the unprecedented crisis affecting the travel industry.
- (2) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2020 bonus at the target.
- (3) No Options or PSUs were granted in 2020 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.
- (4) No PSU vested in 2020. No Option was exercised in 2020. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.

Shareholding Guidelines for Directors (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required
94,930	—	\$738,547	\$664,290

- (1) This is the higher of (i) the cost of acquiring the shares and (ii) the market value of the shares held on October 30, 2020 (the TSX being closing on October 31, 2020), namely \$4.65, including the Corporation's non-acquired contribution under the terms of the Transaction program.



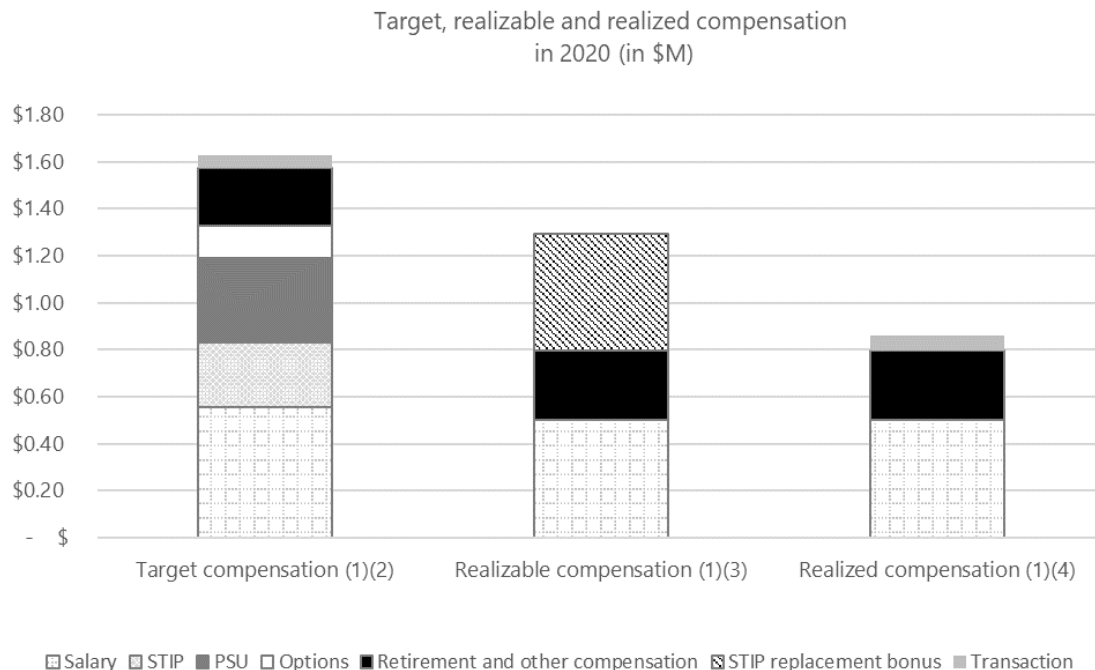
ANNICK GUÉRARD

Chief Operating Officer, Transat A.T. Inc.

Since November 1, 2017, Annick Guérard has been leading all of the Corporation's operations (other than those of the new hotel subsidiary), including the operations of the airline Air Transat. Her deep knowledge of the business, the industry and consumers combined with her vision, leadership and efficiency allow her to play a key role in the Corporation's development and success.

- No bonus was awarded to Ms. Guérard for fiscal year 2020 since the threshold was not met.

Allocation of targeted total direct compensation for 2020



- The target base salary represents the full base salary while the attributed and realized base salary represents the base salary that Ms. Guérard has voluntarily agreed to reduce as of March 22, 2020 in response to the pandemic and the unprecedented crisis affecting the travel industry.
- Includes the estimated value of the Options and of the PSUs at the target, as well as the 2020 bonus at the target.
- No Options or PSUs were granted in 2020 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.
- No PSU vested in 2020. No Option was exercised in 2020. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.

Shareholding Guidelines for Directors (2017) (in progress)			
Shares	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
70,115	—	\$539,534	\$830,361

- This is the higher of (i) the cost of acquiring the shares and (ii) the market value of the shares held on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, including the Corporation's non-acquired contribution under the terms of the Transaction program.
- Following her appointment as Chief Operating Officer on November 1, 2017, Mrs. Guérard's shareholding requirement increased from 1 to 1.5 times the base salary. Following her promotion, she had an additional period of three years, until October 31, 2020, to reach the new applicable minimum shareholding multiple. However, given the blackout period in effect since the beginning of 2019, she will have an additional 22 months following the lifting of the blackout period to meet the shareholding requirement.



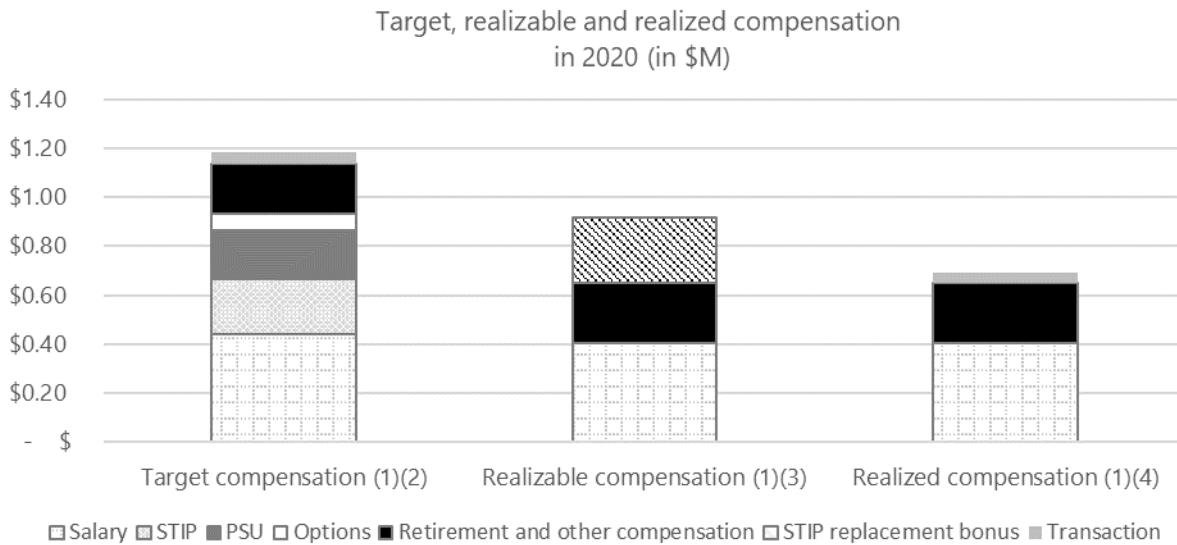
JEAN-FRANÇOIS LEMAY

President and General Manager, Air Transat A.T. Inc.

As President and General Manager of Air Transat A.T. Inc., Jean-François Lemay oversees the operational management of the carrier and supervises the implementation of the corporation's main orientations. He ensures the safety and security of the operations, the punctuality of flights, as well as the comfort and satisfaction of customers.

- No bonus was awarded to Mr. Lemay for fiscal year 2020 since the threshold was not met.

Allocation of targeted total direct compensation for 2020



- (1) The target base salary represents the full base salary while the attributed and realized base salary represents the base salary that Mr. Lemay has voluntarily agreed to reduce as of March 22, 2020 in response to the pandemic and the unprecedented crisis affecting the travel industry.
- (2) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2020 bonus at the target.
- (3) No Options or PSUs were granted in 2020 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.
- (4) No PSU vested in 2020. No Option was exercised in 2020. No bonus was paid in 2020 under the STIP. Other compensation includes the employer's contribution to the Transaction program paid in cash following the suspension of the plan.

Shareholding Guidelines for Directors (in progress)

Shares	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
63,785	—	\$445,180	\$664,290

- (1) This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares held on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, including the Corporation's non-acquired contribution under the terms of the Transaction program.
- (2) Following his appointment as President and General Manager of Air Transat on November 1, 2016, the shareholding requirement for Mr. Lemay increased from 1 to 1.5 times his base salary. Following his promotion, he had an additional period of three years, until October 31, 2019, to reach the new applicable minimum holding multiple. However, given the blackout period in effect since the beginning of 2019, he will have an additional 10 months following the lifting of the blackout period to meet the shareholding requirement.



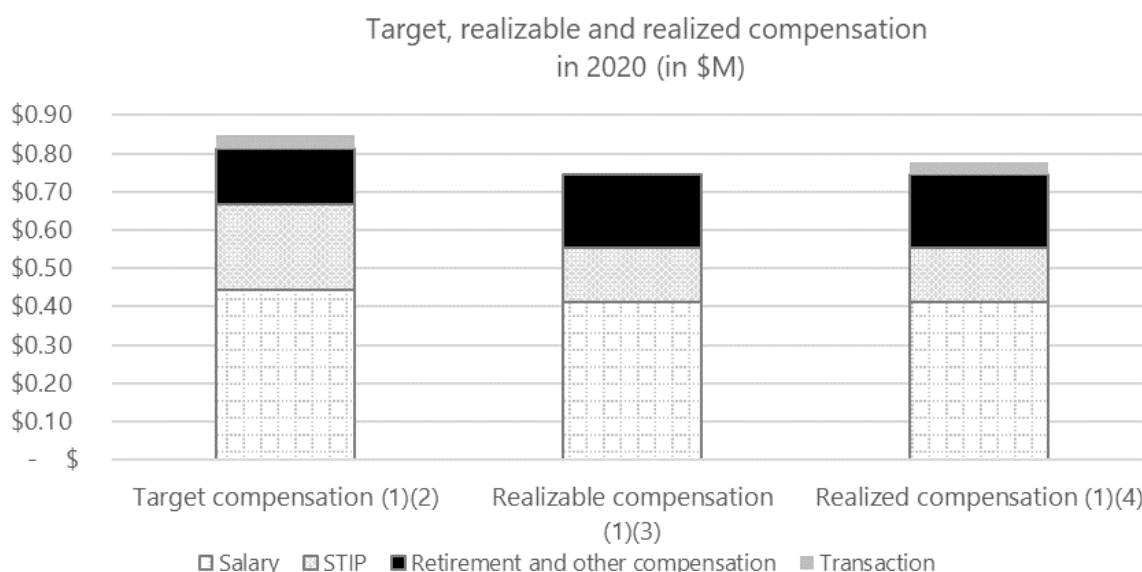
JORDI SOLÉ

President, Hotel Division, Transat A.T. Inc.

Jordi Solé was appointed President of Transat's hotel division in 2018. He is responsible for the implementation of the entire division, of the hiring of teams as well as of the acquisition of land and/or hotels, the construction of hotels on the acquired land and the creation of eventual partnerships.

- The bonus awarded to Mr. Solé under the hotel division bonus for fiscal year 2020 was granted as to half as a result of Transat's financial results (which did not generate a payment) and as to the other half, for meeting the strategic targets for the hotel division. The bonus paid totals \$142,442, equal to 48.625% of the target.

Allocation of targeted total direct compensation for 2020 (in Canadian dollars)



- (1) The target base salary represents the full base salary while the attributed and realized base salary represents the base salary that Mr. Lemay has voluntarily agreed to reduce as of March 22, 2020 in response to the pandemic and the unprecedented crisis affecting the travel industry.
- (2) Includes the value of the target bonus. Other compensation includes the value of the car and housing allowance as well as Transat's contribution to his retirement capital accumulation plan.
- (3) Includes the bonus paid in 2020. Other compensation includes the value of the car and housing allowance, Transat's contribution to his retirement capital accumulation plan as well as the employer's contribution to the Transaction program paid in cash following the suspension of the plan.
- (4) Includes the bonus paid in 2020. Other compensation includes the value of the car and housing allowance, Transat's contribution to his retirement capital accumulation plan as well as the employer's contributions to the Transaction program paid in cash following the suspension of said program.

Shareholding Guidelines for Directors (in progress)			
Shares	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
13,194	—	\$95,167	\$619,591

- (1) This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, including the Corporation's non-acquired contribution under the terms of the Transaction program.
- (2) Mr. Solé has until 2023 to reach the required value, namely five (5) years after hiring. However, given the blackout period in effect since the beginning of 2019, he could have an additional period following the lifting of the blackout period to meet the shareholding requirement, if necessary.

Part 5 - SUMMARY COMPENSATION TABLE

The following table sets forth the information regarding the total compensation paid during each of the last three (3) fiscal years to the President and CEO, the VP, Finance and Administration and Chief Financial Officer and the three (3) other mostly highly compensated executive officers of the Corporation and its subsidiaries (collectively, the “NEOs”). To obtain the value vested or realized upon vesting for the Share-Based Plans and the Stock Option Plans, please refer to the “Incentive Plans” section.

Name and principal position	FY	Salary ⁽²⁾ (\$)	Share-based awards		Option-based awards ⁽⁵⁾ (\$)	Short-term incentive plan compensation ⁽⁶⁾ (\$)	Retirement plan value ⁽⁷⁾ (\$)	All other compensation ⁽⁸⁾ (\$)	Total compensation (\$)
			PSUs ⁽³⁾ (\$)	Transaction Program ⁽⁴⁾ (\$)					
Jean-Marc Eustache Chairman of the Board, President and CEO, Transat A.T. Inc.	2020	812,184	0	0	0	0	537,000	74,054	1,423,238
	2019	920,608	0	0	0	0	398,185	73,649	1,392,442
	2018	904,812	776,051	0	204,856	0	679,250	72,385	2,637,354
Denis Pétrin Vice President, Finance and Administration, and Chief Financial Officer, Transat A.T. Inc.	2020	401,967	0	0	0	0	226,156	83,795	711,918
	2019	431,067	0	15,168	0	0	176,943	128,524	751,702
	2018	421,333	190,805	67,200	47,568	0	184,406	37,920	949,231
Annick Guérard Chief Operating Officer, Transat A.T. Inc.	2020	502,459	0	0	0	0	192,446	104,743	799,648
	2019	538,833	0	18,960	0	0	179,178	121,072	858,043
	2018	530,000	344,501	75,981	95,135	0	174,404	47,700	1,267,721
Jean-François Lemay President and General Manager, Air Transat A.T. Inc.	2020	401,967	0	0	0	0	161,156	83,795	646,918
	2019	431,067	0	15,168	0	0	141,943	107,835	696,013
	2018	416,667	190,805	41,385	47,568	0	169,277	37,500	903,201
Jordi Solé⁽¹⁾ President, Hotel Division, Transat A.T. Inc.	2020	413,061	0	0	0	142,442	0	189,211	744,713
	2019	420,405	0	13,817	0	138,300	0	175,676	748,198
	2018	345,566	0	35,945	0	88,017	0	147,755	617,283

(1) Mr. Solé joined Transat on February 20, 2018. He worked in Canada until July 27, 2018, then moved to the United States where he now performs his duties.

(2) Mr. Solé’s base salary is expressed as its net value and established in American dollars. Transat assumes the income and payroll taxes in order for Mr. Solé to receive a net amount established as a base salary. This net amount was equal to US\$250,000 from when he was hired until December 31, 2019, and US\$257,500 since January 1, 2020. The amounts in American dollars were converted to Canadian dollars according to the following average exchange rates:

2020 US\$1 = \$1.3458

2019 US\$1 = \$1.3288

2018 US\$1 = \$1.2973

(3) The value of the PSUs awarded under the PSU Plan is equal to a percentage of the member’s base salary, divided by the weighted average trading price of the Voting Shares on the TSX for the five (5) trading days preceding the award, namely \$10.94 in 2018. No PSUs were granted in 2019 and 2020 due to the trading blackout period in effect. These grants were replaced with the awarding of a replacement bonus as detailed above. Mr. Solé is not eligible to participate in these plans.

(4) This amount represents Transat’s contribution to the share purchase plan (Transaction program). This contribution equals 10% of the director’s base salary. After the blackout period was lifted on September 11, 2017, executives who wanted to make catch-up contributions to their Share Purchase Plan obtained an identical amount from the Corporation under the Transaction program. These catch-up contributions were made between September 2017 and April 2018. Participation in the program was again suspended as of February 1, 2019, for the NEOs due to the trading blackout period in effect. The employer’s contribution was replaced by a cash payment. The value of these payments is presented in the “All other compensation” column. Transat’s contributions to Mr. Solé’s account are based on his gross base salary.

The amounts in American dollars were converted to Canadian dollars using the following average exchange rates:

2020 US\$1 = \$1.3458

2019 US\$1 = \$1.3029

2018 US\$1 = \$1.2972

Mr. Eustache does not participate in the Transaction program.

- (5) The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the *Black-Scholes and Merton* model. This value is the same as the fair book value stated in the Corporation's financial statements and established in accordance with generally accepted accounting principles. No Options were granted in 2019 and 2020 as a result of the trading blackout period in effect. These grants were replaced with the awarding of a replacement bonus as detailed above. The previous grants and the calculation of the value of the replacement bonus take into account the following assumptions:

	2020 (no grant of Options in 2020)	2019 (no grant of Option in 2019)	2018
Exercise price	\$16.13	\$5.93	\$10.94
Risk-free rate	1.69%	1.80%	1.80%
Dividends	—	—	—
Volatility (60 months)	52.50%	39.00%	39.00%
Expected lifetime	4 years	4 years	4 years
Fair value per Option	\$6.78	\$1.95	\$3.59

Mr. Solé is not eligible to participate in the Option Plan.

- (6) The NEOs are eligible to participate in the STIP, except Mr. Solé who is eligible for the hotel division bonus plan. For Mr. Solé, the Corporation assumes the taxes and payroll taxes related to the amounts received under the bonus plan.

The amounts in American dollars were converted to Canadian dollars using the following exchange rates in effect on the last day of the fiscal year:

2020 US\$1 = \$1.3336

2019 US\$1 = \$1.3160

2018 US\$1 = \$1.3142

- (7) The value of the retirement plan represents, for each fiscal year, the sum of the "change attributable to compensatory items" of the defined benefit pension plan and the "compensatory amount" of the defined contribution plan, as presented for fiscal year 2020, in the tables under the section entitled "**Benefits under a Retirement Plan**" of this Circular. For each fiscal year, the amount of the "change attributable to compensatory items" was established using the same actuarial assumptions as those that served to establish the accrued benefit obligation presented in Transat's financial statements for the years ended October 31, 2018, 2019 and 2020, respectively, in accordance with generally accepted accounting principles. The value of the contributions to Mr. Solé's IRA and 401(k) is included in the "All other compensation" column.
- (8) For Mr. Eustache, Mr. Pétrin, Mr. Lemay and Ms. Guérard:
- For 2018, this amount only includes the value of the perquisites paid under the perquisites program (allowance).
 - For 2019, it includes the value of the perquisites paid under the perquisites program (allowance): Mr. Eustache: \$73,649; Mr. Pétrin: \$38,796; Mrs. Guérard: \$48,495; Mr. Lemay: \$43,107; as well as the value of the cash payments following the suspension of the Transaction program: Mr. Pétrin: \$31,395; Mrs. Guérard: \$39,244; Mr. Lemay: \$31,395. Finally, this amount also includes the value of an exceptional bonus intended to recognize the increase in responsibilities and well as the additional workload taken on during an extended period of time as a result of the Arrangement: Mr. Pétrin: \$58,333; Mrs. Guérard: \$33,333; Mr. Lemay: \$33,333.
 - For 2020, it includes the value of the perquisites paid under the perquisites program (allowance): Mr. Eustache: \$74,054; Mr. Pétrin: \$39,856; Mrs. Guérard: \$49,820; Mr. Lemay: \$39,856, and the value of the cash payments made following the suspension of the transaction program: Mr. Pétrin: \$43,939; Mrs. Guérard: \$54,923; Mr. Lemay: \$43,939.

For Mr. Solé:

- This amount includes the value of Transat's contributions to the retirement capital accumulation plan (IRA and 401(k) and supplemental cash component), namely \$44,742 for 2020 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.3458), \$45,537 for 2019 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.3288) and \$36,278 for 2018 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.2973).
- This amount also includes his housing and car allowance equal to \$100,369 in 2020 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.3458), \$99,858 in 2019 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.3288) and \$76,036 in 2018 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.2978).
- An amount of \$35,442 is included in 2018 for Mr. Solé's relocation expenses from Canada to the United States (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.2821).
- This amount also includes, the increase reflects the value of the cash payments made following the suspension of the Transaction program, namely \$44,100 for 2020 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.3458) and \$30,281 for 2019 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.3288).

Part 6 - INCENTIVE PLANS

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each NEO, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2020.

Name of the officer	Option Based Awards					Share Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money Options ⁽¹⁾		Number of shares or share units that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based award (not paid out or distributed) ⁽⁴⁾ (\$)
				Vested (\$)	Not vested (\$)			
Jean-Marc Eustache	118,538	11.22	May 6, 2019 ⁽⁵⁾	0		152,798	710,511	48,039
	110,743	12.25	May 5, 2020 ⁽⁵⁾	0				
	49,844	19.24	January 12, 2021 ⁽⁵⁾	0				
	192,313	7.48	January 11, 2022	0				
	147,137	6.01	January 9, 2023	0				
	116,612	12.49	January 8, 2021 ⁽⁶⁾	0	0			
	72,574	8.73	January 14, 2022 ⁽⁶⁾	0	0			
	53,992	8.97	Sept. 18, 2024	0				
	57,063	10.94	January 11, 2025	0	0			
Annick Guérard	4,000	11.22	May 6, 2019 ⁽⁵⁾	16,600		54,144	251,770	0
	6,699	12.25	May 5, 2020 ⁽⁵⁾	20,901				
	2,500	19.24	January 12, 2021 ⁽⁵⁾	0				
	16,871	7.48	January 11, 2022	133,112				
	14,362	6.01	January 9, 2023	134,428				
	18,330	12.49	January 8, 2021 ⁽⁶⁾	35,194	0			
	10,726	8.73	January 14, 2022 ⁽⁶⁾	47,483	0			
	11,875	8.97	Sept. 18, 2024	50,669				
	26,500	10.94	January 11, 2025	39,135	0			
Denis Pétrin	14,880	11.22	May 6, 2019 ⁽⁵⁾	61,752		40,959	190,459	0
	29,230	12.25	May 5, 2020 ⁽⁵⁾	91,198				
	7,537	19.24	January 12, 2021 ⁽⁵⁾	0				
	37,433	7.48	January 11, 2022	295,346				
	23,898	12.49	January 8, 2021 ⁽⁶⁾	45,884	0			
	16,118	8.73	January 14, 2022 ⁽⁶⁾	71,347	0			
	12,750	8.97	Sept. 18, 2024	54,400				
	13,250	10.94	January 11, 2025	19,567	0			
Jean-François Lemay	26,471	7.48	January 11, 2022	208,856		38,843	180,622	0
	18,330	12.49	January 8, 2021 ⁽⁶⁾	35,194	0			
	10,831	8.73	January 14, 2022 ⁽⁶⁾	47,947	0			
	11,875	8.97	Sept. 18 2024	50,669				
	13,250	10.94	January 11, 2025	19,567	0			
Jordi Solé ⁽⁷⁾	-	-	-	-	-	2,416	11,235	-

- (1) The monetary value was calculated using the difference between the trading price of Transat's Voting Shares on the TSX on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, and the Option exercise price.
- (2) Vesting of shares under the Transaction program depends only on time, while vesting of PSUs and RSUs depend on the extent to which the Corporation achieves the targets in the course of the 3-year cycle. Please refer to the "Long Term Incentive Plan" section.
- (3) Includes the PSUs, RSUs and share awards under the Transaction program. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65.
- (4) Represents the DSUs. The monetary value was calculated using the trading price of Transat's Voting Shares on the TSX on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65.
- (5) In accordance with the provisions of the Option Plan, the Options that were set to expire on May 6, 2019, May 5, 2020 and January 12, 2021 did not expire as a result of the trading blackout period in effect.
- (6) The unvested Options that expire on January 8, 2021 and January 14, 2022 are temporarily exempted from the performance criteria evaluation as a result of the trading blackout period in effect.
- (7) Mr. Solé is not eligible to participate in the Option, RSU or DSU Plans.

TABLE OF THE VALUE VESTED OR PAID DURING THE FISCAL YEAR

The following table sets forth, for each NEO, the value vested or paid during the fiscal year under the various compensation plans.

Name of the officer	Option based awards: Value vested during the fiscal year ⁽¹⁾	Share-based awards: value vested during the fiscal year ⁽²⁾	Non-equity incentive plans: value paid during the fiscal year ⁽³⁾
Jean-Marc Eustache	\$98,909	\$0	\$0
Denis Pétrin	\$22,968	\$56,648	\$0
Annick Guérard	\$45,932	\$64,303	\$0
Jean-François Lemay	\$22,968	\$39,778	\$0
Jordi Solé	\$0	\$33,770	\$142,442

- (1) The value is determined by assuming that the Stock Options vested during the fiscal year would have been exercised on the vesting date of each relevant grant. The value corresponds to the difference between the closing price of the Voting Shares on the TSX on the vesting date and the exercise price on the vesting date.
- (2) For the Transaction program, the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date. As a result of the trading blackout period in effect, no PSU vested in 2020. The PSUs will become fully vested on the date of the change of control.
- (3) No payment was made for the fiscal year 2019-2020 under the Short-Term Incentive Plan (STIP). For Mr. Solé, the value shown represents the amount paid for the fiscal year 2019-2020 under the hotel division bonus plan.

Part 7 – BENEFITS UNDER A RETIREMENT PLAN

Retirement plans constitute an integral part of the overall compensation of executive officers. In considering the value of the retirement benefits provided to the executive officers (in Canada), the HRCC takes into account the annual service cost, the accrued retirement benefit obligation, as well as the annual benefit that would be available to the executive officer upon retirement.

Under the terms of the retirement benefit plan, the participant is eligible, starting at the age of 65 and for the remainder of his or her life, to a monthly retirement benefit. The amount of this benefit is established based on a percentage of 1.5% per year of credited service, multiplied by the “final average salary over 5 years”, namely the average of the five (5) years of service credited to the participant during which the participant’s base salary was the highest. Any new participant in the plan will be subject to these conditions. However, the participants who enrolled before 2015, which includes all NEOs, benefit from a grandfather clause pursuant to which (1) their “final average salary over 5 years” also includes the target bonus under the STIP, and (2) the percentage of the pension cumulated per year of employment varies between 1.5% and 2% according to their total years of credited service.

The amount of the retirement benefit payable by the Corporation is reduced by the sum of the following benefits:

- The retirement benefit payable upon turning 65 under the Transat’s retirement plan for non-unionized employees, which is the actuarial equivalent value of the amount accrued by the participant on the date of his or her retirement under such plan.
- The maximum annual retirement benefit payable upon turning 65 under the Québec Pension Plan, as determined on the participant’s retirement date, multiplied by the number of eligible years of service and divided by 35.

The retirement benefit plan also contains the following terms and conditions:

- The participant may elect early retirement between the ages of 55 and 65 years.
 - In the event that early retirement is taken between the ages of 55 and 60, the retirement benefit is reduced by 5/12% for every full month that the retirement was taken before the participant’s 60th birthday.
 - Where early retirement is taken between the ages of 60 and 65, no reduction applies to the retirement benefit.
 - Furthermore, for participants with over 20 eligible years of credited service, if early retirement is taken upon the date where the sum of age attained plus eligible years of credited service equals 85 (provided the participant is at least 55 years of age), no reduction applies to the retirement benefit.
- if the participant ceases to be employed by Transat before the date of his or her retirement, Transat will issue a certificate or promise of payment of the retirement benefit calculated as of his date of termination of employment, but payable only when the participant turns 65, except in the case of dismissal for cause or if the participant ceases his or her participation to the retirement plan, which results in the automatic cancellation of the participant’s right to any retirement benefit pursuant to the standard retirement agreement.

The following table indicates, for each of the NEOs (except Mr. Solé who is eligible for the 401(k) plan), the annualized eligible earnings, years of credited service and estimated annual retirement benefits payable at age 65 accrued as at October 31, 2020, and which will accrue if the participant remains employed by the Corporation until age 65. The table also sets forth the changes in the accrued retirement benefit obligation from November 1, 2019, to October 31, 2020, including the annual cost attributable to compensatory items for fiscal year 2019. These amounts were calculated using the same actuarial assumptions used for determining the accrued benefit obligation at year-end presented in our financial statements for the year ended October 31, 2020, in accordance with generally accepted accounting principles.

Table of Benefits under a Retirement Plan

Name of the officer	Number of years credited service ⁽¹⁾	Annual benefits payable ⁽²⁾		Accrued benefit obligation as at November 1, 2019 ⁽³⁾	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2020 ⁽³⁾
		As at October 31, 2020	At age 65		Change attributable to compensatory items ⁽⁴⁾	Change attributable to non-compensatory items ⁽⁵⁾	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jean-Marc Eustache	41.78	1,474,126	n/a	17,628,000	537,000	356,000	18,521,000
Denis Pétrin	11.00	139,341	249,578	1,977,000	217,000	107,000	2,301,000
Annick Guérard	7.91	82,989	534,962	1,554,000	181,000	178,000	1,913,000
Jean-François Lemay	9.00	80,804	150,211	1,182,000	152,000	93,000	1,427,000

(1) Number of years credited service in a position eligible to the senior executives' retirement plan on or prior to October 31, 2020, or before that date following termination of employment or retirement in 2020.

(2) Represents the benefits payable at age 65 based on the average final salary and the participation at the forecasted date and without subtracting the benefits coming from the Canada Pension Plan or the Québec Pension Plan. There is no data for Mr. Eustache because he is over 65 years of age.

(3) Represents the value of the projected pension benefits earned for years credited service up to October 31, 2019 or October 31, 2020, accounting for the benefits of the Canada Pension Plan and the Québec Pension Plan, established in accordance with the assumptions described in Transat's respective financial statements.

(4) Corresponds to the cost of the services rendered during the fiscal year plus the value of the amendments to the agreement, if any, and the value corresponds to the variation of the compensation that differs from the actuarial assumptions.

(5) Represents the impact of all the other changes, including the interest related to the obligation for the previous year plus the change in the discount rate used to measure the obligation, the changes in other assumptions and the gains or losses realized other than those related to the compensation.

Obligations stemming from payable defined retirement benefits are guaranteed by an irrevocable letter of credit held by a third-party trustee. This letter of credit provides for immediate payment of the accrued value of the benefits under the plan, without acceleration, upon the occurrence of the following events:

- the acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert (20% for the plan members prior to 2016);
- the loss of majority by the Directors in office; and
- the sale of 50% of the assets or the majority of the securities of Air Transat and TTC (or the sale of 50% of the assets or a majority of the securities of Air Transat or TTC for the member in the plan prior to 2016).

DEFINED CONTRIBUTION PLAN TABLE

To qualify for the Defined Contribution Plan offered to the officers of Transat in Canada, they must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior management positions, the contributions are both two percent (2%), up to the maximum contributions allowed under the Income Tax Act (Canada).

Mr. Eustache's participation in the Defined Contribution Plan ceased on December 31, 2019 as he had reached the maximum age for RRSP/DPSP contributions. Although he no longer contributes to his RRSP, the value of the benefit payable and the Corporation's accrued benefit obligations are calculated as if Mr. Eustache were making a 2% contribution to his RRSP. The Corporation has also discontinued its contributions to the DPSP, which has the effect of increasing its obligations for the defined benefit portion of the pension plan.

Mr. Solé is eligible for a capital accumulation plan equal to 10% of his base salary. For the period that he worked in Canada, the contributions were paid to him as salary. Then, following his relocation to the United States, and until December 31, 2018, the contributions were paid in an individual retirement account (IRA). From January 2019, a 401(k) plan was created. The fraction eventually exceeding the maximum allowable contributions is paid as salary.

The following table sets out the changes in the sums accumulated in the defined contribution plan between November 1, 2019 and October 31, 2020, including the Corporation's contributions for fiscal year 2020.

Name of officer	Accumulated value as at November 1, 2019 (\$)	Compensatory amount ⁽¹⁾ (\$)	Accumulated value at the end of FY 2020 (\$)
Jean-Marc Eustache	842,399	0	0
Denis Pétrin ⁽²⁾	616,232	9,156	643,903
Annick Guérard ⁽²⁾	368,123	11,446	392,027
Jean-François Lemay	121,145	9,156	142,300
Jordi Solé ⁽³⁾	51,482	40,362	95,323

(1) Represents the employer contributions (equivalent to the employee contributions), namely two percent (2%) of the participant's base salary up to the income tax limits.

(2) For Mr. Pétrin and Ms. Guérard, only the contributions to the RRSP and DPSP paid since they began participating in the senior management pension plan are subtracted from the value of the retirement benefits.

(3) The amounts indicated for Mr. Solé were converted using the exchange rate of US\$1 = CA\$1.3458.

Part 8 - TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS

BENEFITS PROVIDED BY THE INDIVIDUAL AGREEMENTS IN CASE OF TERMINATION OF EMPLOYMENT

The Corporation has entered into an agreement with each of the NEOs in order to determine the applicable terms and conditions of employment of said individuals, specifically in the context of termination of employment. Each of these agreements was entered into in exchange for undertakings on the part of the NEOs, as hereinafter described.

The NEO undertakes not to solicit our customers or employees for a period of 12 to 36 months and not to enter into competition with us, namely not to operate or to participate in a business operating in the same sectors of activity, in any jurisdiction where Transat or one of its subsidiaries has a place of business, for a period of 12 to 18 months (except Mr. Solé who is not contemplated by this last consideration).

The agreements provide for payment of a termination allowance in case of involuntary departure (excluding cases of death, disability or dismissal for serious cause), increased for certain persons in the case of termination of employment following a change of control. No allowance will be payable in the event of a voluntary termination of employment. The allowance includes the base salary plus a bonus under the STIP or the hotel division bonus plan in the case of Mr. Solé, for a number of months determined as follows:

Officers	Involuntary departure termination allowance	Change of control (CofC) termination allowance (24-month protection following the CofC)
Jean-Marc Eustache	<ul style="list-style-type: none"> 24 months of base salary plus one month per year of service (maximum 36 months, which is reached) Target under STIP for the duration of the allowance 	
Denis Pétrin	<ul style="list-style-type: none"> 12 months of base salary plus one month per year of service (maximum 18 months, which has been reached) Target under STIP for the duration of the allowance 	<ul style="list-style-type: none"> 18 months of base salary plus one month per year of service (maximum 24 months, which is reached) Target under STIP for the duration of the allowance
Annick Guérard et Jean-François Lemay	<ul style="list-style-type: none"> 24 months of base salary STIP based on the average of actual payments over the last two (2) years for the duration of the allowance. 	
Jordi Solé	<ul style="list-style-type: none"> 24 months of base salary and the average value of the bonuses paid during the 24 months prior to the termination. 	

The allowance is paid only if the Corporation terminates the officer's employment for a reason other than serious cause and if the executive officer resigns for "valid reasons," as described in the agreements. The "valid reasons" include, in particular, a material and adverse change of functions affecting the position; a significant reduction of compensation; relocation of the offices more than 100 kilometres away; and more generally, any constructive dismissal. With regard to Ms. Guérard, these provisions only apply in the 12 months following a change of control. Mr. Lemay's employment contract does not contain such a clause.

In the case of Mr. Eustache, the "valid reasons" also include a material adverse change of duties affecting the positions of Chairman of the Board and/or Chief Executive Officer.

In the cases of Messrs. Eustache and Pétrin, the agreements also provide, in the event of a change of control, a period of 180 days to exercise any Option granted, regardless of whether it is vested. All unexercised Options will become null and void at the end of this period.

The notion of change of control when relating to individual agreements entered into before January 13, 2016 is defined as follows:

- acquisition or holding of 20% or more of the voting rights; except acquisition by the Corporation itself, a subsidiary or affiliate of the Corporation, or a company with the same shareholders;
- non-reelection of the majority of the members of the Board at the time the agreement comes into force (or their successors approved by three quarters of the directors in office); and
- sale of 50% of the assets, the majority of the voting rights to Air Transat or Transat Tours Canada, or almost all the assets of Air Transat or Transat Tours Canada.

The notion of change of control when relating to individual agreements entered into on January 13, 2016 or thereafter is defined as follows:

- acquisition or holding of more than 50% of the voting rights by a person acting alone or in concert with other persons;
- loss of the majority by the Directors in office;
- sale of 50% of the assets or of a majority of the securities of Air Transat and TTC.

In addition to the NEOs, the other executive officers have indemnification clauses varying between 12 and 24 months, depending on seniority and circumstances (whether or not a change of control has occurred).

BENEFITS PROVIDED BY THE TEXT OF THE PLANS

Apart from the agreements made with the NEOs and the similar agreements signed with certain other senior officers, the pension and long-term incentive plans contain provisions in case of termination of employment and change of control, which apply to all the members in these plans, including the NEOs. These provisions are summarized in the table below. No new grants or awards will be made after the trigger date.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
Involuntary departure (termination WITHOUT cause)	<ul style="list-style-type: none"> ▪ 180 days to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: converted into cash based on the % of the last vesting cycle ended, prorated in accordance with the number of months worked in the cycle of each award, at the value of the Corporation's shares on the termination date.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on the termination date by the value of the Corporation's shares on the termination date.</p>	<p>PSUs vest based on the % of the last vesting cycle ended, pro rata to the months worked in the cycle of each award.</p>	<p>All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.</p>	<p>A certificate of the accrued benefits on the termination date is issued to the member.</p>	<p>Group insurance (basic life insurance, medical and dental care insurance for the employee and his dependents, as the case may be, as well as travel insurance for a maximum period of 14 consecutive days) will remain in effect, until the earlier of the following dates: (i) the effective date of a group insurance policy with a new employer; or (ii) 6 months after the termination of employment.</p>

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
Involuntary departure (termination WITH cause)	<ul style="list-style-type: none"> 180 days to exercise vested Options. Unvested Options at the termination date are cancelled. 	<p>RSUs: no payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on termination date by the value of the Corporation's shares on the termination date.</p>	No payment.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	Vesting of the portion of the defined contributions. Cancellation of the right to benefits of the defined benefit plan.	End of coverage.
Resignation	<ul style="list-style-type: none"> 90 days to exercise vested Options. Unvested Options at the termination date are cancelled. 	<p>RSUs: No payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on his termination date by the value of the Corporation's shares on that date.</p>	No payment.	All the shares subscribed by the member, and all the vested shares become unrestricted. The unvested shares are lost.	A certificate of the accrued benefits on the termination date is issued to the member.	End of coverage.
Change of control	Any Option granted and not vested may be exercised, or the Board of the Corporation may force the exercise of any Option, whether vested or not, according to the terms and conditions prescribed by the Board.	<p>RSUs: All the RSUs awarded and not vested vest on the date of change of control⁽¹⁾.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on the date of the change of control by the redemption value of the shares of the Corporation.</p>	All PSUs awarded and not vested vest on the date of the change of control.	All the subscribed shares, unrestricted or not, and all the shares awarded automatically vest on the date of a change of control of the Corporation.	The trust agreement provides, in case of a change of control, for the immediate payment of constituted value of the benefits under the plan.	Not applicable (refer to the provisions relating to breach of contract).

On January 13, 2016, and December 13, 2017, the Corporation amended the plans in order to amend the change of control clauses. The following table summarizes the change of control clauses inserted in the plans and applicable to the various grants and awards made:

Application	Option Plan Share Purchase Plan/Transaction Program Defined Benefit Pension Plan⁽¹⁾ DSU Plan for Executive Officer⁽²⁾ DSU Plan for Independent Directors⁽³⁾	RSU Plan	PSU Plan
Grants and awards before January 13, 2016	<p>Unsolicited event or series of events (except for the events described in (iii) hereinafter) with one of the following results:</p> <p>(i) acquisition or holding of 20% or more of the voting rights;</p> <p>(ii) non-reelection of the majority of the members of the Board;</p> <p>(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC;</p> <p>(iv) loss of 10% or more of the assets or voting rights after an event, such as nationalization or imposition of a confiscatory tax or assessment.</p>	<p>Automatic acceleration of RSU vesting in the event of non-reelection of the majority of the members of the Board.</p> <p>The Board, at any time, may accelerate vesting of the RSUs after an event which, according to its determination, creates de facto control of the Corporation, directly or indirectly, by ownership of the securities of the Corporation, by agreement, or in any other manner whatsoever.</p>	<p>Event or series of events with one of the following results:</p> <p>(i) acquisition or holding of more than 50% of the voting rights;</p> <p>(ii) loss of majority by the Directors in office;</p> <p>(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.</p>

Grants and awards on or after January 13, 2016	Event or series of events with one of the following results:
	(i) acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert;
	(ii) loss of majority by the Directors in office;
	(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC ⁽⁴⁾ .

- (1) The change of control clause in force before January 13, 2016, will continue to apply to all the members before that date, namely the eight current executive officers participating in the plan, and the clause applicable on or after January 13, 2016, will apply to new members after that date.
- (2) The DSU Plan for Executive Officers has not been amended. No grant was made under the plan since 2008.
- (3) The DSU Plan for Independent Directors no longer has a change of control clause since June 13, 2018.
- (4) For grants and awards made between January 13, 2016, and December 13, 2017, this clause stipulated: the majority of the securities of Air Transat or TTC.

VALUE OF BENEFITS IN THE EVENT OF TERMINATION OF EMPLOYMENT (INVOLUNTARY DEPARTURE) AND CHANGE OF CONTROL

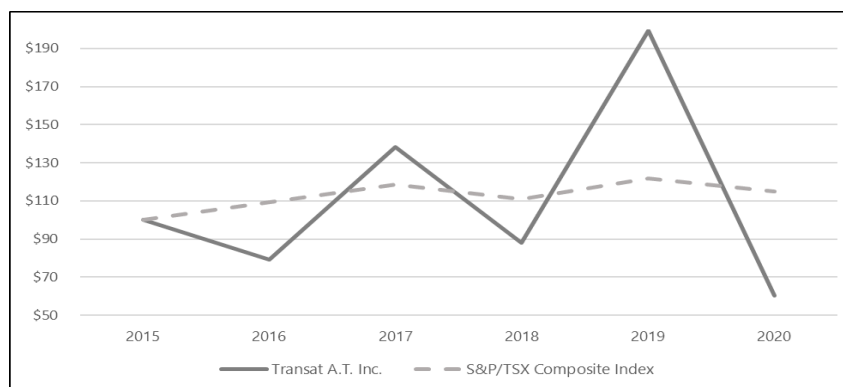
The following table reflects the monetary value of the termination allowance in the event of involuntary departure (ID) or a change of control (CofC) as well as the accelerated benefits payable to each NEO following a change of control, as provided in the various compensation plans and the individual agreements, if the event had occurred on October 31, 2020.

Name		Termination allowance ⁽¹⁾	Options ⁽²⁾⁽⁴⁾	RSUs ⁽³⁾⁽⁴⁾	PSUs ⁽³⁾⁽⁴⁾	Share Purchase Plan/Transaction Program ⁽⁴⁾	2019 LTIP Replacement Bonus ⁽⁵⁾	Retirement Plan ⁽⁵⁾
Jean-Marc Eustache	ID	\$5,532,780	N/A	\$0	\$177,628	N/A	\$0	N/A
	CofC		\$0	\$0	\$710,511	\$0	\$896,114	
Denis Pétrin	ID	\$996,434	N/A	\$0	\$44,070	N/A	\$0	N/A
	CofC	\$1,328,579	\$0	\$0	\$176,282	\$14,177	\$220,951	
Annick Guérard	ID	\$1,107,149	N/A	\$0	\$58,769	N/A	\$0	N/A
	CofC		\$0	\$0	\$235,076	\$16,694	\$404,061	
Jean-François Lemay	ID	\$885,719	N/A	\$0	\$42,437	N/A	\$0	N/A
	CofC		\$0	\$0	\$169,748	\$10,874	\$220,951	
Jordi Solé ⁽⁷⁾	ID	\$1,117,970	N/A	N/A	N/A	N/A	N/A	N/A
	CofC					\$11,235		

- (1) The termination allowance is only paid in the event of an involuntary departure or termination of employment following a change of control.
- (2) The value indicated is for Options that have not vested and which would vest further to the termination of employment in a change of control context on October 31, 2020. The exercise price for all the Options that have not vested is higher than the share price as at October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65. As a result, no value can be realised in the event of a change of control on October 31, 2020.
- (3) The value indicated represents all RSUs/PSUs at the price per share on October 30, 2020 (the TSX being closed on October 31, 2020), namely \$4.65, which would all vest in the event of a change of control as defined in the plan.
- (4) Note that early vesting under these plans occurs at the time of the change of control, regardless of whether or not the NEO's employment is terminated. The termination allowance is not automatically payable upon the change of control.
- (5) The replacement bonus for the 2019 LTIP was attributed given the blackout period in effect. It is payable three years after being awarded or on the closing of the Arrangement (change of control).
- (6) A change of control does not result in any additional retirement benefits. However, the trust agreement provides for the immediate payment of the constituted value of the benefits under the plan.
- (7) Mr. Solé holds no Options, RSUs or PSUs. No replacement bonus for the 2019 LTIP was awarded to him.

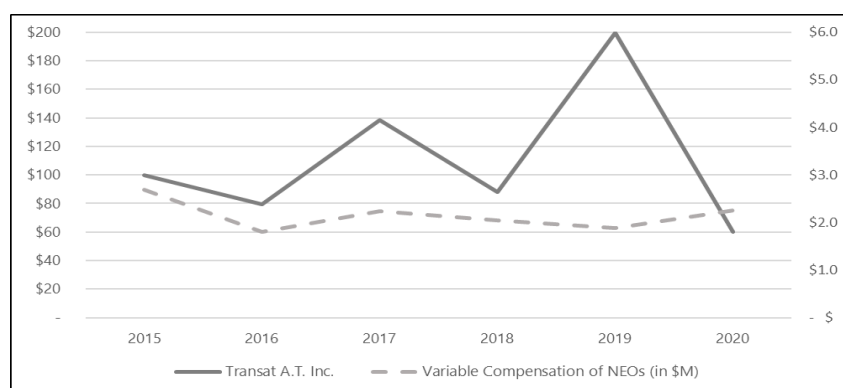
Part 9 - PERFORMANCE GRAPHS

The following performance graph indicates the cumulative total return over five (5) years, assuming a \$100 investment made on October 31, 2015, in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



Financial years	2015	2016	2017	2018	2019	2020
Transat A.T. Inc.	100	79	138	88	199	60
S&P/TSX Composite Index	100	109	118	111	122	115

The following graph indicates the trend of the total variable compensation granted to the NEOs over the same 5-year period as the previous graph. It compares the sum of the total variable compensation granted to the NEOs (STIP bonuses paid, PSU awards, and Option grants) with the cumulative total return over five years, assuming a \$100 investment made on October 31, 2015, in Transat's Voting Shares. This graph shows that when the value of the return on Transat's Voting Shares decreases, as in 2016 and 2018, the total variable compensation granted also decreases, thereby showing the relationship between the total variable executive compensation and the value of the Voting Shares of the Corporation. Conversely, when the value of the return on Transat's Voting Shares increases over the previous year, as in 2017, the total variable compensation granted to the NEOs also increases. Given the special context relating to the pending transaction and the pandemic, these trends were not observed, as they previously had been in 2019 and 2020.



Financial years	2015	2016	2017	2018	2019 ⁽¹⁾	2020 ⁽¹⁾
Transat A.T. Inc.	100	79	138	88	199	60
Variable compensation of NEOs (in \$M)	2.695	1.811	2.235	2.044	1.880	2.255

- (1) For the 2018-2019 and 2019-2020 fiscal year, no PSUs were awarded, nor Options granted. These awards and grants were replaced by a replacement bonus payable in cash, which is included in the compensation presented in the graph and table above. In 2019-2020, no STIP bonus was paid. A bonus in the amount of \$142,442 was paid to Mr. Solé under the hotel division bonus plan.

Part 10 – SUCCESSION PLANNING

The HRCC regularly reviews a progress report on development activities, management training initiatives and staff movements with regard to succession planning for senior management, including the President and CEO. Moreover, under its normal work plan, the HRCC annually reviews the strategy on which the talent management process is based and monitors specifically the development of the succession candidates for the positions of President and CEO, and all other senior executive positions.

To concentrate on the organization's most important issues, management analyzes the organization's critical positions on an annual basis. The criticality of a position is evaluated based on three (3) criteria: the financial impact on Transat, the difficulty of recruiting for the position, and the risk of the individual's departure.

Overall, senior management succession candidates progress in a succession of positions, allowing them to develop their understanding of Transat's business model and to rapidly apply the leadership skills required in their next positions. This path is supplemented by psychometric evaluations, individual development plans and coaching by the President and CEO and by the VP, Human Resources and Public Affairs.

In the perspective of his future retirement, the process to identify a successor to Mr. Jean-Marc Eustache, President and CEO, was conducted, alongside a comparison with potential external candidates. This process led to the identification of Ms. Annick Guérard as being the candidate best positioned to prepare herself for future succession. Over the last years, Ms. Guérard's development has been specifically monitored by the HRCC, and she has been specifically trained by Mr. Eustache and an external coach. On November 1, 2017, Ms. Guérard was appointed to the position of Chief Operating Officer, thus taking charge of all the Corporation's operational activities, other than the development of the new hotel branch. These new duties are the last step of her preparation as a replacement for Mr. Eustache.

Finally, Transat favours internal promotion and the approach used for preparation of the senior management succession is also used for the Corporation as a whole. This approach allows it to manage risk and is a guarantee of greater stability in managing the challenges of our business environment. Thirty-seven people are presently identified as having strong potential, and two of them (or 5%) were promoted internally in the last year.

Part 11 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS

EQUITY SECURITIES

The following table indicates the number of Voting Shares available for future issuance under the Option Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants or rights as at October 31, 2020	Weighted average exercise price of outstanding Options, warrants and rights as at October 31, 2020	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2020
	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,738,570	\$10.13	829,196
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	1,738,570	\$10.13	829,196

2009 AND 1995 OPTION PLANS

As indicated above, the current Option grants are carried out under the 2016 Option Plan. However, a number of Options from the 2009 and 1995 Plans are still outstanding. A majority of the terms and conditions of the 2009 and 1995 Plans are identical to those of the 2016 Option Plan. The differences (other than the definition of change of control that is explained in detail in the section entitled “**Termination of Employment and Change of Control Benefits**”) are as follows:

- Under the 1995 Plan, the cancelled Options cannot be reused for reserve purposes, whereas they can be reused under the 2009 Plan. Options can also be reused under the 2016 Plan, provided that the reserve of Options, namely the total of the outstanding Options and the Options available for future grants, is equal to five percent (5%) or less. For the 2009 Plan, as long as the reserve is above 5%, the Board has chosen not to use the cancelled portion of the Options.
- The 1995 Plan provides that vesting of the Options is only subject to the passage of time. The 2009 Plan provides that vesting of the Options is subject to the passage of time and performance targets. The 2016 Plan provides that vesting of the Options is subject to the passage of time. However, the Board may determine other vesting provisions.
- The 1995 Plan does not provide for an annual maximum grant equal to two percent (2%) of the Corporation’s outstanding shares, while the 2009 and 2019 Plans do.

DSU PLAN

The awards of DSUs to executive officers were discontinued by the Corporation effective November 1, 2006. Dividend equivalents, when applicable, are converted into additional DSUs according to the terms and conditions of the plan for executive officers who held DSUs before the awards ceased.

Part 12 - ADDITIONAL DISCLOSURE

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Certain directors and officers of Transat have interests in connection with the Arrangement that may be in addition to, or separate from, those of Shareholders generally, including regarding the Arrangement. For further details regarding the interests of certain persons in the Arrangement, please refer to “**Interests of Certain Persons in the Arrangement**” of the Arrangement Circular dated July 19, 2019.

CORPORATE DISCLOSURE POLICY

The Corporation follows a disclosure policy setting out the process by which it discloses its corporate information. The policy is implemented by the disclosure committee. Its members include most executive officers of the Corporation responsible for, among other things, earnings announcements, reviewing analyst reports, conference calls and meetings with analysts, selective disclosure of information, the use of forward-looking information, dealing with rumours and blackout periods. The policy provides for a disclosure compliance system and procedures to ensure that material information concerning Transat’s affairs is brought to the attention of the disclosure committee members in a timely and accurate manner.

The disclosure policy is reviewed on a regular basis by the disclosure committee, in order to update it in relation to the Corporation’s practices concerning disclosure within the Corporation.

ADDITIONAL INFORMATION

More information on the Corporation is available on the SEDAR website at www.sedar.com or the Corporation’s website at www.transat.com. Copies of our annual information form, management proxy circular, financial statements and MD&A may be obtained upon request made to our Corporate Secretary. We may charge a reasonable fee if the request is made by a person who is not a shareholder of Transat, unless we are in the course of a distribution of our securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge. Transat’s financial information can be found in the comparative financial statements and MD&A for our last fiscal year.

Transat is a reporting issuer in the different Canadian provinces, and we must file our financial statements and management proxy circular with each of the Canadian Securities Administrators. We also file an annual information form with these same administrators.

RELATIONSHIP WITH SHAREHOLDERS

The Corporation believes in the importance of a franc and constructive dialog with the shareholders. Between the annual meetings, the Corporation will provide the shareholders with a transparent process that will allow them to communicate with the Board, including the Executive Chairman of the Board, the Lead Director and the chairmen of the committees of the Board. The Board has designated Denis Pétrin, VP, Finance and Administration as the representative responsible for receiving and examining the communications and requests for meetings addressed to the Board. Mr. Pétrin will decide if the purpose of the communication is the responsibility of the Board or if it is more appropriate to transfer the communication to management.

The shareholders may formulate requests for information, observations or suggestions verbally or send them by email to relationsinvestisseurs@transat.com or by mail (indicating “Confidential” on the envelope) to the attention of the corporate secretary of the Corporation at 300 Léo-Pariseau Street, Suite 500, Montreal, Québec H2X 4C2.

APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

The content and the sending of this Circular have been approved by the Board.

Montréal, Québec, March 23, 2021

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.



Bernard Bussi res
Vice President, General Counsel and Corporate Secretary

SCHEDULE A – Approach to Executive Compensation

The section entitled “**Executive Officer Compensation Discussion and Analysis**” explains in detail the Corporation’s approach to executive compensation which is based on three (3) founding principles, namely to be based on the Corporation’s performance, to be competitive with the market and to be aligned with the best interests of the shareholders.

Upon recommendation of the HRCC, the Board recommends that the shareholders vote in favour of the following non-binding advisory resolution.

“BE IT RESOLVED:

THAT on an advisory basis and without limiting the role and responsibilities of the Board, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached hereto.”

Although it is an advisory vote and the results will not be binding upon the Board, the members of the Board and of the Human Resources and Remuneration Committee will review and analyze the results of the vote. In 2020, this resolution received 21,403,731 votes in favour (95.64%) and 975,362 votes against (4.36%).

Unless it is indicated that the shareholder wishes to abstain from voting, the shares represented by the form of proxy will be voted FOR of the Corporation’s approach to executive compensation.

SCHEDULE B – Advance Notice By-Law

INTRODUCTION

The purpose of this Advance Notice By Law (the “**By-law**”) is to establish the conditions and framework under which holders of record of Class A Variable Voting Shares and Class B voting shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders. In addition, the By-law sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be considered a written notice having been properly and validly given.

It is the position of the Corporation that this By-law is beneficial to shareholders and other stakeholders.

NOMINATION OF DIRECTORS

1. Nomination Procedures

Subject only to the *Canada Business Corporations Act* (the “**Act**”) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation (the “**Board**”) may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of Directors. Such nominations may be made in the following manner:

- a. par by or at the direction of the Board, including pursuant to a notice of meeting;
- b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a notice of the shareholders made in accordance with the provisions of the Act; or
- c. by any person (a Nominating Shareholder):
 - i. who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - ii. who complies with the notice procedures set forth below in this By-law.

2. Timely Notice

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the head office of the Corporation.

3. Manner of Timely Notice

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- b. in the case of a special meeting (which is also not an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. Proper Form of Timely Notice

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - i. the name, age, business address and residential address of the person;
 - ii. the principal occupation or employment of the person;
 - iii. the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - iv. any other information relating to the person that would be required to be disclosed in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder proposing a nomination and giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to provide such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. Eligibility for Nomination as a Director

No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been

entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such non-compliant nomination shall be disregarded.

6. Definitions

For the purpose of this By-law, the terms below shall have the following meaning:

- a. **“public announcement”** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- b. **“Applicable Securities Laws”** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Delivery of Notice

Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is delivered by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Eastern time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8. Board Discretion

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement set forth in this By-law.

QUESTIONS? NEED HELP VOTING?

CONTACT US

North American Toll Free Phone:

 **1.888.518.1552**

E-mail: contactus@kingsdaleadvisors.com

Fax: 416.867.2271

Toll-Free Fax: 1.866.545.5580

Outside North America, Banks and Brokers

Call Collect: 416.867.2272



