



YOUR QUESTIONS AND OUR ANSWERS ON PROXY VOTING

1. Q: WHO IS SOLICITING MY PROXY?

A: Transat's management is soliciting your proxy for use at the Meeting to be held at Sofitel Hotel (room: Monet-Chagall, 2nd floor), 1155 Sherbrooke West Street, Montréal, Québec, H3A 2N3, Canada, on August 23, 2019, at 10:00 a.m. (Montréal time).

2. Q: HOW WILL THESE MATTERS BE DECIDED AT THE MEETING?

A: In order to be approved, the Arrangement Resolution requires the affirmative votes of (i) at least two thirds of the votes cast on the special Arrangement Resolution by the Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting and entitled to vote, and (ii) a simple majority of the votes cast on the Arrangement Resolution by the Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting and entitled to vote, excluding those Shareholders whose votes are required to be excluded in determining minority approval pursuant to Regulation 61-101, whom, as of the date hereof, consist of Mr. Jean-Marc Eustache.

3. Q: WHAT ARE THE RESTRICTIONS ON OWNERSHIP OF MY VOTING SHARES?

A: Pursuant to 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 act of 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 act of 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, the whole to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of “Canadian” in Subsection 55(1) in the CT Act, Transat’s Class A variable voting shares carry one vote per Class A variable voting share at any meeting of shareholders subject to an automatic reduction of the voting rights attached thereto in the event that (i) any single 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 persons in affiliation with them 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:

- first, 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), either individually or in affiliation with any other person, carrying more than 25% of the votes to ensure that such non-Canadians (including such persons in affiliation with them) never carry more than 25% of the votes which holders of Voting Shares cast at any meeting of Shareholders;
- second, if required, and after giving effect to the first proration set out above, a further proportional reduction of the voting rights of all non-Canadians authorized to provide an air service (including such persons in affiliation with them) to ensure that such non-Canadians authorized to provide air service, in the aggregate, never carry more than 25% of the votes which holders of Voting Shares cast at any meeting of Shareholders; and
- third, if required and after giving effect to the first two (2) prorations set out above, a proportional reduction of the voting rights for the Class A variable voting shares to ensure that non-Canadians never carry, in the aggregate, more than 49% of the votes which holders of Voting Shares cast at any meeting of Shareholders.

The holders of Class A variable voting shares and Class B voting shares 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 present in person or represented by proxy at a meeting and legally entitled to vote thereat can exercise or cast votes 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 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 at all times (the "**Ownership Restrictions**"). These measures are more particularly reflected in the form of 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 attending and voting in person at the Meeting, will be required to complete a declaration of ownership and control in order to enable Transat 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 shall be triggered. Where a statement made in a declaration of ownership appears inconsistent (inadvertently or otherwise) with the information held by Transat, Transat may take any action that it deems appropriate to ensure compliance with the Ownership Restrictions. Further, if a declaration of ownership and control is not completed or if it is determined by the Corporation or its transfer agent, AST, that it is incorrectly indicated (through inadvertence or otherwise) that the shares represented by the proxy are owned and controlled by a Canadian, 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 an air service. Such declaration is contained in the accompanying form of proxy (or in the voting instruction form provided to you if you are a non-registered Shareholder).

The Corporation has also previously obtained an exemption from the AMF and the Ontario Securities Commission, providing that the outstanding Class A variable voting shares and the outstanding Class B voting shares of the Corporation are to be considered as a single class of shares for the application of the takeover bid rules and early warning reporting rules, contained under Securities Laws. A copy of the decision is available under Transat's profile at www.sedar.com. In addition, in connection with the Arrangement, the Corporation has applied for and received from the applicable Securities Authorities an exemptive relief providing that the outstanding Class A variable voting shares and the outstanding Class B voting shares of the Corporation are to be considered as a single class of shares, voting together, for purposes of the simple majority of the votes cast by Shareholders on the Arrangement Resolution to be obtained in connection with the "minority approval" required per Regulation 61-101. See "Canadian Securities Laws Matters - Application of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions".

4. Q: HOW MANY SHARES CARRY VOTING RIGHTS AND HOW MANY VOTES DO I HAVE?

A: As at July 17, 2019, a total of 37,749,090 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 or postponement thereof, if you were a holder of Voting Shares on July 17, 2019, 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, in both cases, unless the adjustment rules mentioned under Question 3 above apply.

5. Q: WHO ARE OUR PRINCIPAL SHAREHOLDERS?

A: To the knowledge of our directors and officers, and based on publicly available information, as at July 17, 2019, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Voting Shares are:

- (i) **Letko Brosseau**, which held 7,277,104 Class B voting shares, representing approximately 19.28% of all issued and outstanding Voting Shares; and
- (ii) **Fonds de solidarité FTQ**, which held 4,360,426 Class B voting shares, representing approximately 11.55% of all issued and outstanding Voting Shares.

6. Q: HOW DO I VOTE?

A: You are a “registered Shareholder” if you have a share certificate or Direct Registration System (DRS) advice (“**DRS Advice**”) issued in your name and as a result, have your name shown on Transat’s register of Shareholders kept by our transfer agent, AST.

If you are a registered Shareholder, you can vote in person at the Meeting or by proxy through one of the following three methods:



On AST’s website: 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 **(416) 368-2502**, Attention: Proxy Department.

If you vote by Internet, you will need your 13-digit control number that you will find on your form of proxy.

The cut-off time for voting is 5:00 p.m. (Montréal time) on August 21, 2019, (or 48 hours, excluding Saturdays, Sundays and statutory holidays, prior to the commencement of the reconvened Meeting if the Meeting is adjourned or postponed). The time limit for the deposit of proxies may be waived by the chair of the Meeting at his discretion without notice.

If your Voting Shares are held by an intermediary or nominee (for example, a bank, trust company, securities broker, clearing agency or other institution) (each, an “**Intermediary**”), please refer to the instructions below under the headings “**HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?**”

7. Q: CAN I VOTE BY PROXY?

A: Whether or not you attend the Meeting, you can appoint a proxyholder to vote for you at the Meeting. If you are a registered Shareholder, you can use the enclosed form of proxy, or any other proper form of proxy, to appoint your proxyholder. The persons named in the enclosed form of proxy are directors or officers of Transat. **However, you can choose another person to be your proxyholder, including someone who is not a Shareholder of Transat, by crossing out the names printed on the form of proxy and inserting the name of the person of your choice in the blank space provided, or by completing another proper form of proxy. If you appoint a non-management proxyholder please ensure they attend the Meeting for your vote to count.**

If your Voting Shares are held by an Intermediary, please refer to the instructions below under the heading, "**HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?**" if you wish to attend in person or appoint someone else to attend and vote at the Meeting.

8. 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 Voting Shares to be voted on a particular matter, your proxyholder can then vote in accordance with his or her best judgment.

Unless contrary instructions are provided in writing, the Voting Shares represented by proxies received by management will be voted FOR the adoption of the Arrangement Resolution reproduced in Schedule A;

9. 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.

10. 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 eres, the Corporation's Vice-President, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 L eo-Pariseau Street, Suite 600, Montr al, Qu ebec, H2X 4C2, no later than two (2) business days before the Meeting, namely by August 21, 2019, at 5:00 p.m. (Montr al time), or to the chair of the Meeting at the opening of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law.

11. Q: WHAT IS THE QUORUM FOR THE MEETING?

A: The quorum for the Meeting shall be persons present not being less than two (2) in number and holding or representing by proxy not less than 25% of the total number of the issued Voting Shares on the Record Date.

12. Q: WHO COUNTS THE VOTES?

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

13. 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 \$125,000 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 clerical expenses they will incur. Transat will pay for all costs related to this Circular, including printing, postage and delivery costs. The Purchaser may also, at its expense, solicit proxies directly or through an established soliciting dealer of its choice.

14. 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" (a "**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 not objecting 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 same.

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 on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper 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 attend and vote directly at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are an OBO or a non-Canadian NOBO, you received these materials from your Intermediary or its agent (such as 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 to OBOs and non-Canadian NOBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent

to an OBO and a non-Canadian NOBO by the Intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions to your Intermediary as specified in the enclosed voting instruction form.

15. Q: WHY IS THIS MANAGEMENT PROXY CIRCULAR SENT TO MY ATTENTION?

A: These securityholder materials are being sent to both registered and non-registered owners of Voting Shares. If you are a non-registered owner, and Transat or its agent has sent these materials directly to you, 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 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.

16. Q: WHAT IS A PLAN OF ARRANGEMENT?

A: A plan of arrangement is a statutory procedure under Canadian corporate law that allows companies to carry out transactions with the approval of their shareholders and the Court. The Plan of Arrangement you are being asked to consider will provide for, among other things, the acquisition directly or indirectly by the Purchaser of all of the issued and outstanding Voting Shares.

17. Q: I OWN VOTING SHARES. WHAT WILL I RECEIVE IN THE ARRANGEMENT IF IT IS APPROVED?

A: Pursuant to the Arrangement Agreement and the Plan of Arrangement, each Shareholder will receive \$13.00 in cash per Voting Share held after the Arrangement is completed.

18. Q: WHAT PREMIUM DOES THE CONSIDERATION OFFERED FOR THE VOTING SHARES REPRESENT?

A: The Consideration offered under the Arrangement represents a premium of 156% to the 30-day volume weighted average price of the Voting Shares of the Corporation on the TSX on April 29, 2019, namely the day preceding the announcement by the Corporation of preliminary discussions with more than one party regarding a potential sale of the Corporation, and a premium of 143% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.

19. Q: WHEN WILL THE ARRANGEMENT BE COMPLETED?

A: It is currently anticipated that the Arrangement will be completed early in 2020. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be delayed for a number of reasons, including a delay in obtaining the Key Regulatory Approvals. As provided under the Arrangement Agreement, the Corporation will file the Articles of Arrangement as soon as reasonably practicable and in any event within five (5) Business Days after the satisfaction or waiver (if permitted) of the conditions to the completion of the Arrangement. The Arrangement must be completed on or prior to the Outside Date (as such date may be extended as permitted under the Arrangement Agreement). If the Arrangement is not

completed on or prior to the Outside Date (as such date may be extended as permitted under the Arrangement Agreement), the Parties may be entitled to terminate the Arrangement Agreement, subject to certain conditions as described herein under "Arrangement Agreement".

20. Q: WHEN WILL I RECEIVE THE CONSIDERATION FOR MY VOTING SHARES?

A: You will receive the Consideration for your Voting Shares as soon as practicable after the Arrangement is completed, provided you have sent all of the necessary documentation to the Depository. See "The Arrangement - Procedure for Exchange of Voting Share Certificates by Shareholders".

21. Q: WHAT WILL I HAVE TO DO AS A SHAREHOLDER TO RECEIVE THE CONSIDERATION FOR MY VOTING SHARES?

A: If you are a registered Shareholder, you will receive a Letter of Transmittal that you must complete and send with the certificate(s) representing your Voting Shares to the Depository. The Depository will mail you a cheque by first-class mail as soon as practicable after the Effective Date after receipt of your completed Letter of Transmittal and of your Voting Share certificate(s), together with all other required documents (if applicable). See "The Arrangement - Procedure for Exchange of Voting Share Certificates by Shareholders".

If you are a non-registered Shareholder, you will receive your payment through your account with your Intermediary that holds Voting Shares on your behalf. You should contact your Intermediary if you have questions about this process.

22. Q: WHAT APPROVALS ARE REQUIRED FOR THE ARRANGEMENT TO BECOME EFFECTIVE?

A: Completion of the Arrangement is subject in particular to the receipt of (i) the Required Shareholder Approval, (ii) the Court approval, and (iii) the Key Regulatory Approvals. The Arrangement is also subject to certain other customary conditions. See "Arrangement Agreement".

23. Q: WHAT IS THE REQUIRED SHAREHOLDER APPROVAL?

A: The Arrangement Resolution must be approved by (i) at least two thirds of the votes cast on the Arrangement Resolution by the Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting and entitled to vote, and (ii) a simple majority of the votes cast on the Arrangement Resolution by the Shareholders, voting together as a single class, present in person or represented by proxy at the Meeting and entitled to vote, excluding those Shareholders whose votes are required to be excluded in determining minority approval pursuant to Regulation 61-101, whom, as of the date hereof, consist of Jean-Marc Eustache.

24. Q: WHAT HAPPENS IF THE SHAREHOLDERS DO NOT APPROVE THE ARRANGEMENT?

A: If Transat does not receive the Required Shareholder Approval in favour of the Arrangement Resolution, the Arrangement will not become effective. Failure to complete the Arrangement could have a material adverse effect on the market price of the Voting Shares. If the Arrangement is not completed and the Board decides to seek another transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or higher price than the

Consideration to be paid pursuant to the terms of the Arrangement Agreement. See "Risk Factors".

25. Q: WILL THE VOTING SHARES CONTINUE TO BE LISTED ON THE TSX AFTER THE ARRANGEMENT?

A: No. If the Arrangement is approved, all of the Voting Shares will be acquired directly or indirectly by the Purchaser, and the Voting Shares will be delisted from the TSX as promptly as practicable after the completion of the Arrangement. The Purchaser also intends to seek to have Transat cease to be a reporting issuer following the completion of the Arrangement under the securities legislation of all of the provinces of Canada in which it is currently a reporting issuer.

26. Q: WILL TRANSAT PAY DIVIDENDS BEFORE THE COMPLETION OF THE ARRANGEMENT?

A: No. Transat will not declare or pay dividends or any other distributions (whether in cash, shares or property) before the completion of the Arrangement.

27. Q: WHAT ARE THE TAX CONSEQUENCES OF THE ARRANGEMENT TO ME AS A SHAREHOLDER?

A: This Circular contains a summary of certain Canadian federal income tax considerations. See the discussion under "Certain Canadian Federal Income Tax Considerations".

28. Q: WHO DO I ASK 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 or by collect call outside North America at 416-867-2272 or by email at contactus@kingsdaleadvisors.com with any questions you may have regarding the Meeting.