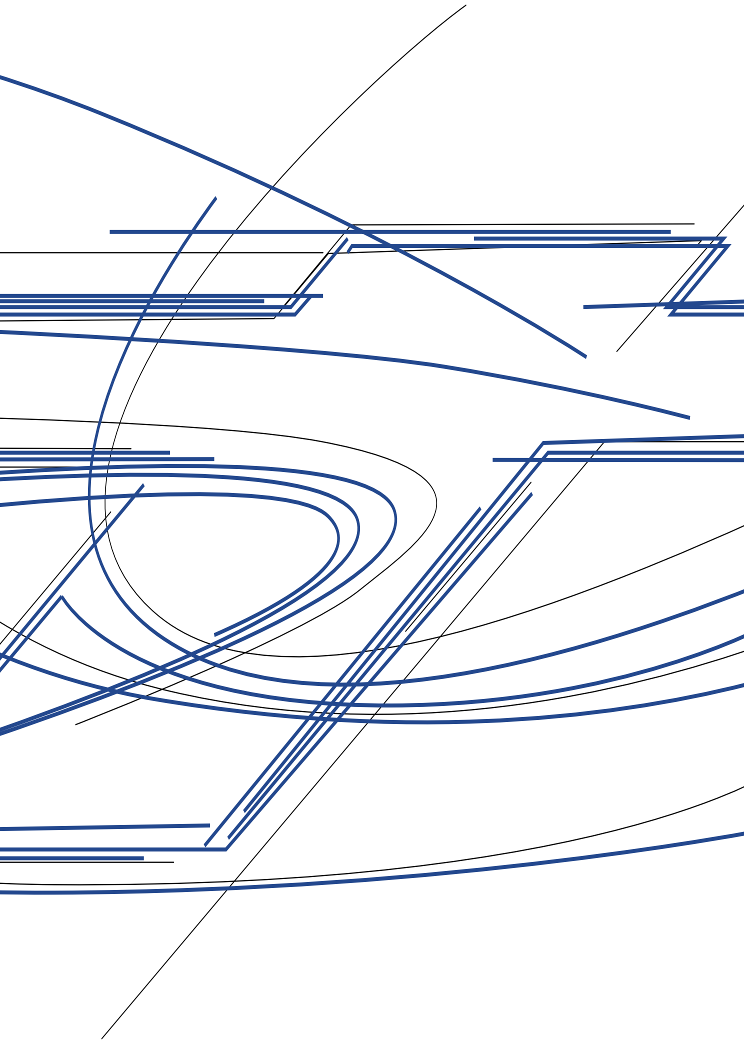

2 quarterly report

transat A.T. inc.

period ended april 30, 2000

SUBSIDIARIES AND AFFILIATED COMPANIES

(Ownership)

TRAVEL AGENCIES

100%	**CONSULTOUR** — *CLUB VOYAGES, VOYAGES EN LIBERTÉ, INTER VOYAGE*
100%	**VACANCES TOURBEC**
100%	**EXIT TRAVEL**
100%	**EURO CHARTER/CLUB VOYAGES**

OUTGOING TOUR OPERATORS

100%	**AIR TRANSAT HOLIDAYS**
100%	**VOYAGES NOLITOUR**
100%	**REGENT HOLIDAYS**
35%	**WORLD OF VACATIONS**
100%	**BROK'AIR** — *ANYWAY*
100%	**VACANCES AIR TRANSAT (FRANCE)**
97.9%	**LOOK VOYAGES**

INCOMING TOUR OPERATORS

66.7%	**DMC TRANSAT** — *KILOMÈTRE VOYAGES*
100%	**VACANCES AIR TRANSAT HOLIDAYS (FLORIDA)**

HOTEL MANAGEMENT

100%	**CAMELEON**

AIR CARRIERS

100%	**AIR TRANSAT**
100%	**HANDLEX GROUNDHANDLING SERVICES**
100%	**STAR AIRLINES** [1]

[1] 49.6% interest held by Look Voyages

IN CANADA

IN FRANCE

REPORT TO THE SHAREHOLDERS

During the quarter ended April 30, 2000, Transat A.T. Inc. (the "Corporation") reported net income of $13,292,000 or $0.41 per share, compared with net income of $7,553,000 or $0.22 per share for the same period last year, an increase of $0.19 per share or 86%. The revenues of the Corporation rose to $594.6 million compared with $451.4 million for the same period last year, an increase of 32%. This growth is mainly due to an increase in revenues of 143.2 million, representing more than 35% in the Canadian market. In France, revenues were up 20.4%. Were it not for the decline in the value of the euro in relation to the Canadian dollar, growth in this market would have been essentially the same as in the Canadian market.

In Canada, growth was again higher in the Ontario and Western Canada markets. In addition to a significant increase in sales volumes, selling prices increased considerably to offset the rise in costs, such as fuel costs. In France, both Look Voyages and Vacances Air Transat (France) recorded a significant increase in sales volumes, added to which was the effect of consolidating Brok'Air's results, at 100%, following the acquisition, on February 2 of this year, of the 69% balance of the company's outstanding shares.

For the six-month period ended April 30, 2000, the Corporation reported net income of $12,740,000 or $0.39 per share, compared with net income of $4,674,000 or $0.14 per share for the same period last year. Earnings per share are calculated based on a weighted average number of shares outstanding; that is, 32,451,335 shares for the first six months and 34,407,030 for 1999. For this six-month period, revenues totalled $992 million, compared with $815 million for the same period last year.

Despite the difficulties encountered in marketing vacation packages for millennium celebrations, the winter season posted excellent results. As we expected, many travellers simply delayed their departures, and this resulted in a higher number of reservations for the second part of the winter season. During the six-month period, the Corporation's total revenues increased $177 million or 21.7%. For the same period, revenues in the Canadian market increased 28.1%, while in the French market they rose 8.3%. Were it not for the decline in the value of the euro in relation to the Canadian dollar, revenues in the French market would have increased by 26.1% during the same period.

A number of factors contributed to the increase in profitability during the second quarter, compared with the same quarter last year. Increased profitability in the Canadian market resulted from an increase in sales volumes and in selling prices, the increase in value of the Canadian dollar against its U.S. counterpart, an increase in interest income, and in the share of results of companies subject to significant influence. In France, an increase in sales volumes and in selling prices also had a positive impact on profitability.

However, various factors exerted downward pressure on the increase in profitability. In Canada, some subsidiaries experienced lower load factors due among other things to fierce competition in Ontario and Western Canada. In addition, the Corporation's operating expenses increased, in particular with respect to fuel costs. But as a result of surcharges introduced at the beginning of the season and the Corporation's management of risk related to fuel costs, the Corporation was able to avoid any negative impact on its profitability. Finally, with regard to French operations, results were affected by the drop in the share of results of companies subject to significant influence.

The Corporation's cash and cash equivalents totalled $148,256,000 as at April 30, 2000, compared with $197,791,000 as at January 31, 2000. During the quarter, the Corporation's operating cash flow amounted to $18.6 million, compared with $15.6 million for the same quarter last year. The net change in non-cash working capital balances and in the deposits for engine and airframe overhauls used more than $16 million in cash, compared with $8.6 million last year. The Corporation spent a net amount of $28.6 million on investing activities. An amount of $31.8 million was used for the acquisition of capital assets and rotable aircraft spare parts and close to $8.2 million for the acquisition of companies (net of cash from acquired companies) and other assets which was reduced by an amount of $8.4 million following recovery of deposits. The Corporation thus completed the acquisition of all of the outstanding shares of Consultour/Club Voyages, in which it already held a 50% interest. Finally, close to $23 million was used for financing activities, including $19.5 million for the repayment of debt and more than $5 million for the redemption of common shares as part of the normal course issuer bid.

The second half of the fiscal year is a very important period for the Corporation. In Canada, the trends experienced at the end of the first quarter continued to prevail in the second. Despite competition that remains fierce, the level of bookings for Canadian departures to all European destinations are encouraging. There is a marginal decline in bookings for travel to Canada from France, primarily due to the weakness of the euro against the Canadian dollar. Reservations for departures from the United Kingdom are up over last year. To offset the impact of fuel costs on profitability, the Corporation, as did its competitors, has imposed a surcharge on transatlantic flights—both for departures from Canada and from France—as well as on domestic flights and on flights to sunshine destinations. With regard to Look Voyages, bookings are at a good level, a promising indicator for the entire summer season.

Jean-Marc Eustache (signed)

Chairman of the Board and
President and Chief Executive Officer
Montreal, June 13, 2000

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

	As at April 30, 2000 (Unaudited)	As at October 31, 1999 (Audited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**148,256**	173,868
Accounts receivable	**68,754**	63,259
Inventories	**7,316**	10,404
Deposits with suppliers	**20,776**	25,287
Prepaid expenses	**31,533**	29,525
Total current assets	**276,635**	302,343
Deposits	**60,091**	27,167
Tax benefits	**25,284**	19,788
Inventory of rotable aircraft spare parts	**14,042**	12,877
Investments in companies subject to significant influence	**3,169**	17,151
Capital assets	**157,563**	118,200
Goodwill	**47,742**	33,484
Other assets	**30,286**	14,336
	614,812	545,346
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans	**7,095**	5,154
Accounts payable and accrued liabilities	**197,837**	130,729
Customer deposits and deferred income	**83,137**	84,388
Income taxes payable	**7,340**	6,583
Current portion of long-term debt and obligations under capital leases	**17,297**	18,453
Total current liabilities	**312,706**	245,307
Long-term debt	**31,190**	43,464
Obligations under capital leases	**50,526**	42,426
Debenture	**10,000**	10,000
	404,422	341,197
Shareholders' equity		
Share capital[1]	**108,435**	111,126
Retained earnings	**101,377**	93,720
Deferred translation adjustments	**578**	(697)
	210,390	204,149
	614,812	545,346

[1] **Share capital**

a) Authorized, issued and outstanding as at April 30, 2000

Authorized

An unlimited number of common shares.

An unlimited number of preferred shares, non-voting, issuable in series, each series bearing the number of shares, designation, rights, priviliges, restrictions and conditions as determined by the Board of Directors.

Issued and outstanding

A total of 31,918,577 common shares and 123,800 preferred shares, series 3 are issued and outstanding for a total amounting to $108,435,000.

b) Options issued and outstanding as at April 30, 2000

Grant date	Exercice price ($)	Number
1996	1.83	53,750
1997	12.32	722,750
1998	12.32 to 12.83	45,000
1999	6.45 to 7.05	750,281
2000	7.86	454,774
		2,026,555

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(in thousands of dollars, except per share amounts)
(Unaudited)

	Three (3) months ended April 30 2000	1999	Six (6) month ended April 30 2000	1999
	$	$	$	$
Revenues	**594,582**	451,445	**991,943**	814,914
Operating expenses	**560,441**	427,580	**947,357**	784,231
Income before the following accounts	**34,141**	23,865	**44,586**	30,683
Amortization	**8,553**	9,007	**16,783**	16,923
Interest on long-term debt, obligations under capital leases and debenture	**2,561**	2,445	**4,796**	5,133
Other interest and financial expenses	**427**	558	**843**	1,518
Interest income	**(2,723)**	(1,985)	**(5,200)**	(4,560)
	8,818	10,025	**17,222**	19,014
Income before share of net income (net loss) of companies subject to significant influence, income taxes and goodwill charges	**25,323**	13,840	**27,364**	11,669
Share of net income (net loss) of companies subject to significant influence	**370**	687	**(254)**	(9)
Income taxes (recovered)				
Current	**15,268**	7,303	**18,593**	9,900
Deferred	**(3,513)**	(978)	**(5,497)**	(4,211)
	11,755	6,325	**13,096**	5,689
Net income before goodwill charges	**13,938**	8,202	**14,014**	5,971
Goodwill charges	**646**	649	**1,274**	1,297
Net income for the period	**13,292**	7,553	**12,740**	4,674
Retained earnings, beginnning of period			**93,720**	69,156
Premium paid on redemption of common shares			**(5,083)**	(1,598)
Retained earnings, end of period	**13,292**	7,553	**101,377**	72,232
Net earnings per share before goodwill charges				
Earnings per share	**0.43**	0.25	**0.43**	0.17
Diluted earnings per share	**0.42**	0.25	**0.42**	0.17
Net earnings per share				
Earnings per share	**0.41**	0.22	**0.39**	0.14
Diluted earnings per share	**0.38**	0.22	**0.38**	0.14

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)
(Unaudited)

	Three (3) months ended April 30 2000	Three (3) months ended April 30 1999	Six (6) month ended April 30 2000	Six (6) month ended April 30 1999
	$	$	$	$
OPERATING ACTIVITIES				
Net income for the period	**13,292**	7,553	**12,740**	4,674
Add items not involving an outlay (receipt) of cash				
Amortization and goodwill charges	**9,199**	9,656	**18,057**	18,220
Share of (net income) net loss of companies subject to significant influence	**(370)**	(687)	**254**	9
Deferred income taxes	**(3,513)**	(978)	**(5,497)**	(4,211)
Operating cash flow	**18,608**	15,544	**25,554**	18,692
Net change in non-cash working capital balances related to operations	**(1,478)**	(6,250)	**65,123**	25,128
Deposits for engine and airframe overhauls	**(15,052)**	(2,374)	**(35,813)**	(2,314)
Cash flows from operating activities	**2,078**	6,920	**54,864**	41,506
INVESTING ACTIVITIES				
Deposits	**8,424**	(1,988)	**2,580**	(2,885)
Cash from acquired companies	**6,510**	—	**6,510**	—
Dividends from companies subject to significant influence	**2,913**	7	**2,913**	513
Additions to capital assets	**(31,295)**	(7,502)	**(34,129)**	(9,657)
Consideration paid for companies acquired	**(11,642)**	—	**(11,642)**	—
Other assets	**(3,044)**	(544)	**(4,959)**	(1,025)
Purchase of rotable aircraft spare parts	**(475)**	(4,033)	**(2,649)**	(4,351)
Loan to a joint venture	**—**	—	**(11,700)**	—
Cash flows from investing activities	**(28,609)**	(14,060)	**(53,076)**	(17,405)
FINANCING ACTIVITIES				
Long-term debt–revolving term loan	**(13,483)**	(16,537)	**(11,717)**	(16,076)
Issue of common shares	**1,892**	556	**1,948**	556
Repurchase of common shares	**(5,383)**	(3,170)	**(9,721)**	(3,170)
Repayment of other long-term debt and obligations under capital leases	**(4,718)**	(5,105)	**(9,731)**	(9,935)
Bank loans and others	**(1,312)**	(2,308)	**1,821**	(3,080)
Increase in other long-term debt	**—**	600	**—**	2,055
Cash flows from financing activities	**(23,004)**	(25,964)	**(27,400)**	(29,650)
Decrease in cash and cash equivalents for the period	**(49,535)**	(33,104)	**(25,612)**	(5,549)
Cash and cash equivalents, beginning of period	**197,791**	183,275	**173,868**	155,720
Cash and cash equivalents, end of period	**148,256**	150,171	**148,256**	150,171

Transat A.T. Inc. is an integrated company in the tourism industry. Through its subsidiaries and affiliated companies, it is active in every aspect of the organization and distribution of holiday travel: retail sales through travel agencies, organizing and distributing vacation packages through tour operators, air transportation, and hotel management.

Each member company of Transat specializes in its respective field. Together, they form a large holiday maker. They are all driven by the same corporate vision: offering quality vacation packages at affordable prices to an extensive clientele. Transat's objective is to maintain its position of leadership in Canada and to become a dominant player in the holiday travel industry in North America and Europe.

www.transat.com

HEAD OFFICE

Transat A.T. Inc.
300 Léo-Pariseau Street
Suite 600
Montreal, Quebec
H2W 2P6
Telephone: (514) **987-1660**
Fax: (514) **987-9546**

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company

STOCK EXCHANGE

The common shares
of the Corporation are listed
on The Toronto Stock Exchange
under the ticker symbol TRZ.