



**SPECIAL MEETING OF SHAREHOLDERS  
AUGUST 23, 2019**

**OPENING SPEECH  
BY JEAN-MARC EUSTACHE  
PRESIDENT AND CHIEF EXECUTIVE OFFICER  
(Translated from French)**

**Check against delivery**

Greetings,

We are gathered here today for a very special moment in the history of Transat. This morning, we are asking you to approve the Plan of Arrangement that will allow the acquisition of the Company by Air Canada.

The path that led to us being here before you was not without some twists and turns.

As you know, the discussions began at the end of 2018, when Air Canada approached us, before delivering to us a non-binding proposal on December 13th. The Board of Directors, following best practices of corporate governance, immediately formed a special committee that undertook, with the support of financial and legal advisers, to evaluate all options, including the status quo and the proposals received.

Intense discussions ensued. On April 30, just before our annual meeting, we announced that we were in discussions with “more than one party,” including Air Canada and Groupe Mach, who had also contacted us in late January. Groupe Mach also gave us a non-binding proposal on February 7, initially valued between \$8.50 and \$9.50 per share, before being raised to \$10. Despite our requests, Groupe Mach has always refused to sign a confidentiality agreement. At this stage, it was therefore not possible to give them access to due diligence, unlike Air Canada, which had signed such an agreement on February 1<sup>st</sup>.

On May 12, Air Canada made its final proposal. On the 15th, the Special Committee recommended to the Board, which unanimously accepted it, to endorse this proposal and enter into an exclusive bargaining period, which was announced on May 16th. Air Canada's proposal was considered to be in the best interest of all Transat stakeholders, particularly given:

- its price of \$13 per share, which was the highest bid;
- a due diligence period limited to 30 days;
- the possibility for Transat, in the event an arrangement agreement were to be signed, to consider a higher offer of at least one dollar more and ultimately to accept a proposal deemed to be superior;
- and in general, transaction protection measures in favour of Transat.

At the end of the due diligence period, on June 27, the Special Committee, having held a total of 33 meetings since its formation, and the Board of Directors unanimously decided to sign an arrangement agreement with Air Canada. This decision was made taking into account the opinions of National Bank

Financial and BMO Nesbitt Burns as to the fairness of the consideration to be received, as well as the legal opinions of Fasken and Norton Rose Fulbright on the proposed arrangement.

It should also be recalled that at that time, Air Canada's proposal was the only firm proposal, and the other option remained conditional, subject to due diligence, and there was no indication of its financing. There was therefore no certainty that it would turn into a firm offer with no change in price. This was due to the fact that Groupe Mach had always refused to sign a confidentiality agreement if we did not agree to enter into exclusive negotiations with them.

It was therefore logical to sign the agreement with Air Canada, especially since that agreement provided for the possibility of a superior proposal, with the new bidder having the opportunity to perform due diligence and, if time for such due diligence was lacking, for a postponement of the present meeting.

Subsequently, on August 11, the Arrangement Agreement was amended to increase the price offered to \$18 per share.

It is thus the plan of arrangement provided for by this amended agreement that we are asking you to approve today. If you so approve, and all regulatory approvals are obtained, we anticipate that the transaction will close early next year.

This will be a new development platform for Transat. Transat has played an important role in the development of travel and tourism in Canada and especially in Quebec. What a long way we've come since that day in November 1987 when Air Transat's first flight left Mirabel Airport for Acapulco, giving the tour operator that we already were an airline subsidiary that, for many Quebecers, would become the most visible face of Transat.

Last year, Transat, which employs more than 5,000 people, transported 5 million passengers to more than 60 destinations. 37% of our customers in the transatlantic market are Europeans who come to visit Canada. Transat, with its network of 400 travel branches, is also the leading travel agency distribution network in Canada.

In the past two years, we were named the world's best vacation airline by travelers, according to Skytrax. And our well-established excellence in responsible tourism was recognized with the Travelife certification in 2018.

So it's a great success and a great company that the women and men of Transat have built over the last 32 years - almost 40 if we count from the beginning of Trafic Voyages, before Transat became a public company.



And today, allying ourselves with the strength of Air Canada is the best way to preserve and develop what has been created. In the highly competitive environment in which we operate, and considering that our strategic plan would likely have required several years of effort to produce results, we believe this is the best solution for all stakeholders.

For shareholders, it is, subject to regulatory approvals, the assurance of receiving a cash payment of \$18 per share. This represents a premium of 254% over the average share price of Transat shares prior to the announcement of a possible sale of the company on April 30, 2019. It is also a bonus of 146% on the unaffected share price, according to the consensus of analysts. This is probably the highest premium ever seen in the airline industry.

For the employees of Transat, thanks to the association with Air Canada, there is the opportunity to work for a larger and better-integrated Montreal-based company. The merger with Air Canada offers increased job security and more career development opportunities.

For travelers, the combination of Air Canada and Transat will create a world leader in the field of leisure, tourism and travel distribution, offering Transat new avenues of growth. The grouping will improve itineraries, frequencies, connection times and the choice of vacation trips, while allowing Transat's customers to access frequent flyer programs and airport lounges. Together, Air Transat and Air Canada will form a stronger, more globally competitive airline.

For our communities, since Air Canada has confirmed that it intends to preserve the Transat and Air Transat brands and to maintain Transat's headquarters and its key functions in Montreal, the transaction provides an attractive platform for growth and future employment—both direct and indirect. The transaction offers the opportunity to make Montreal a global hub by introducing additional regional and US networks. Air Canada's involvement in the community, as evidenced by its support of many organizations, mirrors Transat's support towards, for instance, Centraide/United Way, SOS Children's Villages, Children's Wish Foundation, UQAM, Espace Go, IRCM (Montreal Clinical Research Institute) and Le Devoir. This guarantees that our shared commitment will remain just as strong in the future.

I would like to thank our Board and especially the members of the Special Committee, who have worked hard in recent months to conduct a rigorous process in line with best practices in corporate governance, as well as the advisers who supported them these past few months. These include National Bank Financial, BMO Nesbitt Burns, Fasken, Norton Rose Fulbright and NATIONAL Public Relations.

I conclude here, not without encouraging you one last time to vote in favour of the plan of arrangement that is being presented to you. That plan is good for you and is good for all parties.