



Notice of Meeting and Management Proxy Circular in respect of the

2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AT MCGILL UNIVERSITY'S NEW RESIDENCE HALL, 3625 AVENUE DU PARC, PRINCE ARTHUR BALLROOM,
MONTRÉAL, QUÉBEC, CANADA, H2X 3P8

On March 15, 2018 at 10:00 a.m. (Eastern time)



Transat A.T. Inc.

January 16, 2018

GLOSSARY

Terms and abbreviations used in this Circular:

ANI	Adjusted net income ¹ , expressed as a percentage of revenue
Board	Board of Directors of Transat A.T. Inc.
Director	Director sitting on the Board
DPSP	Deferred profit sharing plan
DSUs	Deferred Share Units
HRCC	Human Resources and Compensation Committee
IBITDA	Income before income tax, interest, depreciation and amortization
IBITI	Income before income tax and interest
LTIP	Long-term incentive plan
Meeting	Annual and special 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.

SUMMARY OF THE MANAGEMENT PROXY CIRCULAR

Matters to be brought before the Meeting

Item #1: To receive the financial statements of the Corporation for the year ended October 31, 2017 and the external auditors' report thereon.

Resolution #2: Election of the nominees as Directors.

Resolution #3: Appointment of EY as external auditors for 2018.

Resolution #4: Ratification of amendments to the 2018 Share Purchase Plan.

Resolution #5: Advisory resolution regarding the Corporation's approach to executive compensation.

Resolution #6: To examine and, if deemed appropriate, approve Proposal No. 1 presented by a shareholder and reproduced in Schedule A to this Management Proxy Circular.

2017 at a glance

This year was highlighted by our thirtieth anniversary as a public corporation, the completion of various projects, such as the transfer of our interest in Jonview and the Ocean hotels, and consequently the realignment of our activities. We also announced the new fleet configuration, which will eventually be made up entirely of Airbuses. Much effort was also devoted to improving the core of our existing business operations.



"The Transat of tomorrow, however, will include a new hotel division that will rise on the foundations we are building today."

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

Achievements

Two of last year's achievements have placed us in a favourable position to start off the new year: the optimization of our core leisure travel activity and the implementation of our new hotel division.

Income
\$3 B

Results of Operations
\$35 M

Adjusted Net Income
\$29 M

Net Income
\$138 M

Highlights - Compensation

- ★ All awards of share-based LTIPs are subject to performance
- ★ Variable compensation clawback policy
- ★ Annual bonus caps and payout threshold
- ★ Minimum three-year vesting period under LTIPs
- ★ Floor price for determining number of options to grant and to limit dilution
- ★ Shareholding requirements for management and Directors
- ★ Use of external independent compensation advisors
- ★ Option share reserve of only 7%
- ★ Large proportion of NEO compensation is variable (43% - 65%)

Highlights - Governance

- ★ 11 nominees proposed for election as Directors, 10 of whom are independent
- ★ Independent Lead Director
- ★ Term limits for Director mandates
- ★ Committee members are all independent
- ★ Majority voting guidelines for Directors
- ★ Comprehensive Board orientation and training program
- ★ Code of business conduct for employees and Directors
- ★ No multiple voting share class
- ★ Board and senior management diversity policy
- ★ Annual advisory vote on executive compensation
- ★ Annual performance review of Board members and operation



- **Best airline and best tour operator at the Uni-Vers trophy awards of the Association des agents de voyages du Québec**
 - **Best charter airline and best tour operator at the Agent's Choice Awards of Baxter Travel Media**
- **Second best leisure airline in the world and best leisure airline in North America in the same category at the Skytrax World Airline Awards**
 - **Air Transat head office: one of the greenest in North America according to *Corporate Responsibility***
 - **Among the best corporate citizens in Canada, according to the research firm Corporate Knights**
 - **"Pro-mobilité durable" – Leader certification from Voyagez Futé**
- **Number one in North America for fuel efficiency and greenhouse gas emissions reduction according to Atmosfair**
 - **"Produit Paris Ville Lumière de l'année" award given by the tourism development agency Atout France**
 - **Second airline company on Forbes magazine's 2017 Canada's ranking of top Best Employers**





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NOTICE OF THE 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special 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) will be held at McGill University’s New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, on **March 15, 2018 at 10:00 a.m. (Eastern time)** (the “**Meeting**”), for the following purposes:

1. To receive the financial statements of the Corporation for the year ended October 31, 2017 and the external auditors’ report thereon;
2. To elect the Directors;
3. To appoint the external auditors for the ensuing year and to authorize the Directors to fix their remuneration;
4. To examine and, if deemed appropriate, adopt the resolution set forth in the Management Proxy Circular ratifying the amendments to the Corporation’s 2018 Share Purchase Plan for Employees, as amended, restated and reproduced in Schedule D to the attached Management Proxy Circular;
5. To consider and approve, in an advisory, non-binding capacity, a resolution regarding the Corporation’s approach to executive compensation;
6. To consider and, if deemed appropriate, reject Shareholder Proposal No. 1 presented and reproduced in Schedule A to this Management Proxy Circular; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Since November 16, 2015, the Class A Variable Voting Shares and the Class B Voting Shares trade on the TSX under a single ticker designated “TRZ”, bear CUSIP number 89351T401 and are designated for purposes of trading on the TSX and reporting in brokerage accounts under the single designation “Voting and Variable Voting Shares” of Transat.

We invite you to read the information provided in the Circular about the matters mentioned above. It is important that you exercise your vote, either in person at the Meeting or by proxy by completing and returning the form of proxy. This Meeting gives you the opportunity to ask questions and meet with our management and Board as well as your fellow shareholders. At the Meeting, the Corporation will also report on the conduct of its business during the year ended October 31, 2017. **This Circular is furnished in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting of holders of Transat’s Voting Shares.**

If you have any questions or require assistance with voting your shares by proxy, please contact our Proxy Solicitation Agent, D.F. King Canada, toll free at 1-866-822-1239 or by email at inquiries@dfking.com

Montréal, Québec, January 16, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

Transat A.T. Inc.

A handwritten signature in blue ink, appearing to be 'Bernard Bussières', written over a faint horizontal line.

Bernard Bussières
Vice-President, General Counsel and Corporate Secretary



MANAGEMENT PROXY CIRCULAR

INFORMATION REGARDING THE MEETING

To ensure representation of your shares at the annual and special meeting of the holders of Class A variable voting shares (the "**Variable Voting Shares**") and Class B voting shares (the "**Class B Voting Shares**" and collectively with the Variable Voting Shares, 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 (by fax, by mail, on the Internet, by phone or in person) and follow the relevant instructions. Unless otherwise indicated, the information included herein is given as at January 16, 2018. In this Circular, any mention of "dollars" or "\$" refers to Canadian dollars, unless otherwise indicated. The following questions and answers provide guidance on how to vote your shares.

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 annual and special Meeting to be held at McGill University's New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, on Thursday, March 15, 2018 at 10:00 a.m. (Eastern time).

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

A: The election of each of the Directors, the appointment of the external auditors, the adoption of the resolution regarding the ratification of the amendments to the 2018 Share Purchase Agreement for Employees, the adoption of the resolution regarding the approach to executive compensation and the adoption of Shareholder Proposal No. 1 must obtain a majority of the votes cast by all of our shareholders present or represented by proxy at the Meeting.

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

A: The Articles of the Corporation include restrictions on the ownership and control of its Voting Shares. The following is a summary of the restrictions set forth in our Articles.

Pursuant to the *Canada Transportation Act*, S.C. 1996, c. 10 (the "**Canada Transportation 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 such act (hereinafter, a "**Qualified Canadian**") 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". Currently, we must ensure that no more than 25% of voting rights attaching to our shares are owned or controlled by non-Canadians.

In this respect, our Articles provide for Variable Voting Shares and Class B Voting Shares. The Class A Variable Voting Shares can only be owned or controlled by persons who are not Canadian and carry one vote per share unless: (i) the number of issued and outstanding Variable Voting Shares exceeds 25% of all the issued and outstanding Voting Shares (or any greater percentage that the Governor in Council may specify under the *Canada Transportation Act*), or (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds 25% (or any greater percentage that the Governor in Council may specify under the *Canada Transportation Act*) of the total number of votes that may be cast at such meeting. If either of the above-noted limits would otherwise be surpassed at any time, the vote attaching to each Variable Voting Share will decrease proportionately such that (i) the Variable Voting Shares as a class do not carry more than 25% of the aggregate votes attaching to all issued and outstanding Voting Shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 25% of the votes that may be cast at such meeting. The Class B Voting Shares can only be owned and controlled by Canadians and always carry one vote per share. All the other rights, privileges, conditions and restrictions are identical for the two classes of shares.

The holders of Class B Voting Shares and Variable Voting Shares vote together at the Meeting, except if the holders of a given class are entitled to vote as a class, as provided in the *Canada Business Corporations Act*. 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 of directors of Transat (the "**Board of Directors**" or the "**Board**"), pursuant to its powers under Transat By-law 1999-1 and the regulations under the *Canada Business Corporations Act*, and in accordance with the provisions of Transat's Articles and the *Canada Transportation Act*, has implemented a series of administrative measures to ensure that the Class B Voting Shares are owned and controlled by Canadians and the 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 Trust Company (Canada) ("**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 not a Canadian. 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).

On May 16, 2017, the federal Minister of Transport, the Honourable Marc Garneau, tabled Bill C-49, the *Transportation Modernization Act* in Canada's House of Commons. The main elements of this legislation that would directly affect the Corporation are the following: (i) the establishment of a framework for an airline passenger rights regime that would impose legal obligations on airlines with respect to tarmac

delay management, denied boarding, flight delay/flight cancellation compensation and a duty of care, as well as liability standards for the carriage of baggage not currently covered by existing international conventions; (ii) an increase of the maximum number of voting shares of a Canadian-licensed airline company that can be beneficially owned by non-Canadians from 25% to 49%; (iii) the establishment of an approval/immunization from competition law process for the establishment of airline joint ventures by the federal Minister of Transport. As at October 31, 2017, Bill C-49 had passed its third reading in the House of Commons and had been transferred to Canada's Senate for further review and consideration in accordance with applicable legislative procedures.

The Corporation obtained an exemption from the Autorité des marchés financiers and the Ontario Securities Commission, providing that the outstanding Class A Variable Voting Shares and the outstanding Class B Voting Shares of the Corporation to be considered as a single class of shares for the application of the take-over bid rules and early warning reporting rules, contained under Canadian securities legislation. A copy of the decision is available under Transat's profile at www.sedar.com.

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

A: As at January 16, 2018, a total of 37,365,095 Class B Voting Shares and Variable 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 January 16, 2018, the record date for the Meeting.

Each Class B Voting Share carries one vote per share. Class A Voting Shares also carry one vote per share, unless the adjustment rule mentioned above applies.

5. Q: WHO ARE OUR PRINCIPAL SHAREHOLDERS?

A: To the knowledge of our Directors and officers, and based on publicly available information, as at January 16, 2018, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Class B Voting Shares and Variable Voting Shares are:

- (i) **Letko Brosseau**, which held 6,761,999 Class B Voting Shares and Variable Voting Shares, representing approximately 18.24% of all issued and outstanding Class B Voting Shares and Variable Voting Shares; and
- (ii) **Fonds de solidarité FTQ**, which held 4,810,426 Class B Voting Shares and Variable Voting Shares, representing approximately 12.98% of all issued and outstanding Class B Voting Shares and Variable Voting Shares.

6. Q: HOW DO I VOTE?

A: If you are entitled to vote and your shares are registered in your name, you can vote your shares in person at the Meeting or by proxy through one of the following four methods:



In Canada or the United States, by calling **1-(888)-489-7352**. If you vote by phone, you will not be authorized to appoint as your proxyholder a person other than the Directors of Transat A.T. Inc. named on your form of proxy.



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, M5H 4A6, 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 telephone or on the 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. (Eastern time) on March 13, 2018, or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time on which the Meeting is reconvened. The time limit for deposit of proxies may be waived by the Chair of the Meeting at his discretion without notice.

If your shares are held by a nominee, please refer to the instructions below under the headings "**HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?**" and "**HOW CAN A NON-REGISTERED SHAREHOLDER VOTE IN PERSON AT THE MEETING?**".

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. 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 your shares are held by a nominee, please refer to the instructions below under the heading, "**HOW CAN A NON-REGISTERED SHAREHOLDER VOTE IN PERSON AT THE MEETING?**" 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 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 contrary instructions are provided in writing, the shares represented by proxies received by management will be voted:

- (i) FOR the election as Directors of each of the nominees listed under the heading “Governance of the Board and Nominees” of this Circular;**
- (ii) FOR the appointment of EY as external auditors of Transat;**
- (iii) FOR the adoption of the resolution regarding the ratification of the amendments to the 2018 Share Purchase Plan;**
- (iv) FOR the adoption of the non-binding advisory resolution regarding the Corporation’s approach to executive compensation; and**
- (v) AGAINST Shareholder Proposal No. 1.**

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 the Corporation’s VP, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 Léo-Pariseau Street, Suite 600, Montréal, Québec, H2X 4C2, no later than two business days before the Meeting, namely by March 13, 2018 at 5:00 p.m. (Eastern time), or to the chair of the Meeting at the opening of the Meeting or any adjournment thereof, or in any other manner permitted by law.

11. Q: WHO COUNTS THE VOTES?

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

12. Q: HOW ARE PROXIES SOLICITED?

R: Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Transat has retained D.F. King Canada, a proxy solicitation firm, for assistance in connection

with the solicitation of proxies for the Meeting for a fee of approximately \$25,000 plus additional fees related to telephone calls and other services. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of shares registered in their names and Transat may reimburse them for the reasonable transaction and clerical expenses they will incur. We will pay for all costs related to this Circular, including printing, postage and delivery costs.

13. Q: HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?

A: If your Voting Shares are not registered in your name, they are held in the name of a “nominee”, which is usually a trust company, securities broker or other financial institution. Your nominee is required to seek your instructions as to how these shares are to be voted. Consequently, you will have received this Circular from your nominee, together with a voting instruction form. If you are a non-registered shareholder who has voted by mail, by telephone, on the Internet or by fax and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

14. Q: HOW CAN A NON-REGISTERED SHAREHOLDER VOTE IN PERSON AT THE MEETING?

A: Since we do not have access to the names of our non-registered shareholders, if you attend the Meeting, we will have no record of your shareholdings or of your entitlement to vote, unless your nominee has appointed you as proxyholder. Therefore, if you are a non-registered shareholder and wish to vote in person at the Meeting (or have another person attend and vote on your behalf), please fill in your name or such other person’s name in the space provided on the voting instruction form sent to you by your nominee.

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 securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding these shares on your behalf.

By choosing to send these materials to you directly, Transat (and not the intermediary holding the 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: WHO DO I ASK IF I HAVE QUESTIONS ABOUT THE MEETING OR REQUIRE ASSISTANCE WITH VOTING?

A: Please contact our Proxy Solicitation Agent, D.F. King Canada, toll-free at 1-866-822-1239 or by collect call at 201-806-7301 or by email at inquiries@dfking.com with any questions you may have regarding the Meeting.

17. 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 forth 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 forth the information that a shareholder must include in the notice for it to be valid. The By-Law allows the Corporation and its shareholders to receive adequate prior notice of Director nominations, as well as sufficient information on all the nominees. The Corporation and its Shareholders will thus 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
MARCH 13, 2018 AT 5:00 P.M.**

MATTERS TO BE BROUGHT BEFORE THE MEETING

FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended October 31, 2017 and report of the external auditors thereon, and the comparative financial statements for the years ended October 31, 2016 and 2017, 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 fifteen (15) Directors. The Board is presently composed of twelve (12) Directors. In 2017, Mr. Jean-Pierre Delisle announced that he intended to retire and not stand for re-election to the Board at the Meeting. Thus, the number of Directors of the Corporation to be elected at the Meeting has been set at eleven (11), in accordance with a resolution adopted by the Board on January 11, 2018.

Eleven (11) Directors will be put forward at the Meeting as nominees 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 RMCGC, 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 his intention to abstain from voting for the nominees, the voting rights attaching to the shares represented by the form of proxy enclosed herewith 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.

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 appointment of EY as external auditors of the Corporation.

The aggregate fees charged for professional services that the external auditors provided to the Corporation and its subsidiaries in 2017, and a comparison with the fees charged in 2016, are presented below:

	Audit Services	Audit-Related Services	Tax Services	Total
2017	\$865,000	\$58,000	\$729,000	\$1,652,000
2016	\$1,076,000	\$85,000	\$435,000	\$1,596,000

During those two years, no amounts were billed as fees for any other service not related to the foregoing. "Audit fees" are fees for professional services provided for the audit of the Corporation's consolidated financial statements, for services that are normally provided by the Corporation's external auditors in connection with statutory and regulatory filings or engagements and for other services performed by the external auditors to comply with generally accepted auditing standards; "audit-related fees" are fees billed for assurance mandates and related services. "Tax fees" are fees billed for services relating, among other things, to the transactions completed by the Corporation in 2016 and in 2017 (namely the sale of its interest in the Ocean hotels, the assignment of Transat France and Tourgreece and the sale of Jonview Canada Inc.), as well as for tax compliance, tax advice and tax planning services. It should be noted that EY was initially involved when the Corporation invested in the Ocean hotels. Therefore, as a result of EY's knowledge of the original transaction, it was normal that they were involved in the divestiture of the Ocean hotels. Specifically, the amount of \$729,000 relating to "tax fees" breaks down as follows: \$616,000, which represents 85% of such fees, was paid for services provided in the context of the divestiture projects, and \$113,000, which represents 15% of such fees, was paid for other tax services.

- ***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. EMPLOYEE SHARE PURCHASE PLAN

At the Meeting, the shareholders will examine and, if deemed appropriate, approve the resolution reproduced below (the "**Resolution regarding the Ratification of the Amendments to the 2018 Share Purchase Plan for Employees**") ratifying the amendments to the amended and restated share purchase plan on January 1, 2018 for the benefit of all employees or executives of the Corporation (the "**2018 Share Purchase Plan for Employees**"). The 2018 Share Purchase Plan for Employees was initially implemented in January 1989, and was subsequently amended in November 2004, March 2007, March 2012, March 2015, January 2016 and September 2017. A total of 408 employees of the Corporation participated in the 2016 Share Purchase Plan for Employees for the most recent period beginning January 1, 2017 and ending December 31, 2017. Note that the Corporation was affected by a blackout period between January 1, 2017 and September 8, 2017, inclusively, following the application of several special blackout periods. The programs referred to as Transaction (as described at greater length in the section entitled "Executive Compensation Discussion and Analysis" in this Circular) and Transcapital (as described at greater length below) are directly linked to the 2018 Share Purchase Plan for Employees as regards the total number of shares that may be subscribed for or the total number of shares that may be issued to a single person or to insiders of the Corporation.

On December 13, 2017, the Board approved the allocation of a new reserve with a total of 600,000 shares that may be issued in addition to the remaining balance of 91,780 shares to be issued in the context of the 2018

Share Purchase Plan for Employees and certain other minor amendments. In order for the new reserve provided for in the 2018 Share Purchase Plan for Employees to come into force, the adoption of the Resolution regarding the Ratification of the Amendments to the 2018 Share Purchase Plan for Employees must be approved by a majority of the votes cast by the shareholders, in person or by proxy, at the Meeting.

▪ ***Recent amendments to the 2018 Share Purchase Plan for Employees***

Amendments made to the existing 2018 Share Purchase Plan for Employees essentially provide for an additional reserve of shares that may be issued to employees over the next the few years in the context of the Share Purchase Plan for the Benefit of All Employees or Executives of Transat. Some other minor harmonization amendments have also been made so as to update the 2018 Share Purchase Plan for Employees. The full text of the amended and restated 2018 Share Purchase Plan for Employees is set forth in Schedule D to this Circular, and a summary of the material terms of the 2018 Share Purchase Plan for Employees, the Permanent Stock Ownership Incentive Plan for Top Managers (the "Transaction" program), and the Stock Ownership and Capital Accumulation Incentive Plan (the "Transcapital" program) that are attached to the 2018 Share Purchase Plan for Employees is provided for below (and, in the case of the Transaction program, in the section entitled "Executive Compensation Discussion and Analysis" of this Circular).

Before deciding to approve the amendments to the 2018 Share Purchase Plan for Employees, the Board took into consideration that as at December 13, 2017, only 91,780 reserved shares remained, such that by adding 600,000 additional reserved shares for future issuance under the 2018 Share Purchase Plan for Employees, the total number of these reserved shares would represent 1.85% of the total number of outstanding Transat Voting Shares. As at December 13, 2017, the maximum number of shares that may be issued under the 2018 Share Purchase Plan for Employees was 91,780 shares, which represents 0.25% of the total number of outstanding Transat Voting Shares. The additional reserve of 691,780 shares represents an increase of 600,000 reserved shares, namely 1.60% of the issued shares.

At the Meeting, the shareholders will be asked to consider and, if deemed appropriate, approve the following resolution:

"WHEREAS, at its Meeting held December 13, 2017, the Board of Directors of the Corporation adopted, subject to the shareholders' approval, a resolution approving the additional reserve of shares to be issued under the 2018 Share Purchase Plan for Employees;

"BE IT RESOLVED:

"1. THAT the Corporation be, and it is, hereby authorized to allocate an additional reserve of 600,000 issuable shares in addition to the 91,780 reserved shares remaining as at December 13, 2017, thus bringing the total of reserved shares to 691,780, and to amend the text of the 2018 Share Purchase Plan for Employees accordingly;

"2. THAT any director or officer of the Corporation be, and he or she is, hereby authorized to sign, for and on behalf of the Corporation, any document and to take any measure deemed necessary or useful in order to give effect to this resolution, including compliance with any securities laws and regulations."

Unless the shareholders instruct otherwise, the shares represented by the attached form of proxy will be voted FOR the adoption of the resolution regarding the ratification of the amendments to the 2018 Share Purchase Plan for employees.

▪ *Recommendation of the Board of Directors*

The Board considers that the approval of the additional reserve of shares to be issued under the 2018 Share Purchase Plan for Employees is aligned with the interests of the Corporation and its shareholders, and recommends that the shareholders vote **FOR** the Resolution regarding the Ratification of the Amendments to the 2018 Share Purchase Plan for Employees.

In accordance with the TSX rules, in order to take effect, the resolution must be adopted by a majority of the votes cast at the Meeting at which it is presented.

▪ *Principal terms of the 2018 Share Purchase Plan for Employees*

On February 12, 1989, the Board implemented the Share Purchase Plan for the Benefit of All Employees or Executives of the Corporation and its subsidiaries. That plan was amended on February 6, 1991, May 22, 1992, May 14, 1993, December 5, 1995, October 19, 2004 and April 27, 2005, as well as on December 14, 2006, March 15, 2012, March 12, 2015, January 16, 2016 and December 13, 2017.

The purpose of the 2018 Share Purchase Plan for Employees is to enable the permanent employees of Transat and its subsidiaries to subscribe, on a monthly basis and by means of payroll deductions, for Class B Voting Shares issued from Transat's treasury at the then current market price, namely the weighted average of the closing prices on the Toronto Stock Exchange over the five trading days preceding the subscription of shares, less a 10% discount. No member may sell all or part of the Class B 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.

Notwithstanding the foregoing, a member may sell all of the Class B Voting Shares subject to this Plan prior to the July 1 date mentioned above should Transat undergo a Change of Control. For the purposes of the 2018 Share Purchase Plan for Employees and for a more detailed explanation on the occurrence of a Change of Control, we refer you to the full text of the amended and restated plan in Schedule D hereof.

In the event of the employment termination, retirement, death or permanent disability of a member of the Plan, all shares subscribed for by the member, whether they had become unrestricted or not, would automatically become unrestricted.

The number of shares for which each member may subscribe pursuant to the 2018 Share Purchase Plan for Employees may not at any time exceed 5% of the number of issued and outstanding Transat Class B Voting Shares. For each Enrolment Period, no member may subscribe for a number of Variable Voting Shares or Class B Voting Shares of which the aggregate subscription price exceeds 10% of his or her annual salary in effect on the enrolment date.

The number of shares collectively issuable to the Corporation's insiders under this 2018 Share Purchase Plan for Employees and any other related share purchase plan shall at all times be less than the majority of the shares issuable under the 2018 Share Purchase Plan for Employees.

The number of shares issuable to insiders, at any time, under the 2018 Share Purchase Plan for Employees and all other share-based compensation plans of the Corporation cannot exceed ten percent (10%) of the issued and outstanding Transat shares, and the number of shares issued to insiders within any one-year period under this 2018 Share Purchase Plan for Employees and all other share-based compensation plans of the Corporation cannot exceed ten percent (10%) of the issued and outstanding shares.

During the fiscal year ended October 31, 2017, we issued a total of 195,240 Class B Voting Shares (namely 0.5% of the issued shares) under the 2016 Share Purchase Plan and, as at October 31, 2017, the remainder of shares that we were authorized to issue under the said plan amounted to 114,437 Class B Voting Shares (namely 0.3% of the issued shares).

The 2018 Share Purchase Plan for Employees provides that holders of a majority of Voting Shares must specifically approve (i) any increase in the maximum number of Voting Shares issuable under the Share Purchase Plan for Employees other than for standard anti-dilution purposes, (ii) any increase in the discount percentage, or (iii) any amendment to the Corporation's contribution under the 2018 Share Purchase Plan for Employees, and that any other amendment to the Share Purchase Plan for Employees does not require shareholder approval.

Examples of amendments that may be made without shareholder approval more specifically include the following:

- (i) formal minor or technical amendments to any provision of the Share Purchase Plan;
- (ii) corrections to the provisions of the Share Purchase Plan containing an ambiguity, defect, error or omission;
- (iii) changes to provisions governing the release of Voting Shares;
- (iv) an addition to or amendment of provisions pertaining to any form of financial assistance provided to the members by the Corporation with a view to facilitating the purchase of Voting Shares under the Share Purchase Plan.

The rights and privileges conferred on a member under the 2018 Share Purchase Plan for Employees are non-transferrable.

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

Under the Transcapital program, subject to participation in the 2018 Share Purchase Plan for Employees or one of the earlier versions thereof offered to the eligible employees of the Corporation, the Corporation annually attributes to each eligible employee with no less than six months of continuous service, a number of Shares the total subscription price of which corresponds to 30% or 60%, as the case may be, of the eligible employee's contribution, which shall not exceed 5% of the eligible employee's base salary. The shares thus attributed by the Corporation gradually vest to the eligible employee, provided that during the first six months of the vesting period the latter retains all of the shares subscribed for under the 2018 Share Purchase Plan for Employees. The shares attributed under this program shall be purchased by the Corporation on the secondary market and deposited into the member's account as and when the employee purchases shares.

During the fiscal year ended October 31, 2017, the Corporation recorded \$179,757 (\$189,000 in 2016) in compensation expenses in respect of its Transcapital program.

For the period from November 1, 2016 to October 31, 2017, an aggregate of 29,042 shares having an approximate aggregate value of \$179,757 were awarded to eligible employees under the Transcapital program. Of that number, 4,722 shares vested on July 1, 2017, and 24,320 will vest on July 1, 2018.

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.

For a summary of the principal terms of the Transaction program, please refer to the table found in Schedule C of this Circular.

- *Permanent Stock Ownership Incentive Plan for Senior Managers (the "Transaction" program)*

For a description of the Transaction program, please refer to the section entitled "Executive Compensation Discussion and Analysis" in this Circular.

4. 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.

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.

5. SHAREHOLDER PROPOSAL

The Corporation has reproduced in Schedule A to this Management Proxy Circular the full text of a proposal and the related arguments submitted one of the Corporation's shareholders. The Schedule also provides detailed information on the Corporation's position with respect to the proposal received, as well as a voting recommendation. In addition, proposals relating to any matter that the persons entitled to vote at the 2019 shareholder meeting wish to submit at the meeting must be received by the Corporation at the latest on October 18, 2018.

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 AGAINST Shareholder Proposal No. 1.

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 RMCGC regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the RMCGC 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, amongst 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 RMCGC reviews on a continuous basis a number of emergency measures and measures related to the Corporation’s operations. In December 2016, the RMCGC identified a list of fifty-two (52) risks and classified them according to their impact, while establishing risk assessment criteria. For example, the risks are those related to 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 2017, human resources risks, computer risks, legal risks, defensive tactics as well as risks to computer security were presented to the RMCGC. 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 RMCGC and HRCC. The RMCGC is responsible for carrying out the risk mapping and monitoring protection measures in accordance with pre-established priorities. The RMCGC 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, amongst 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 Transat and is posted on the Corporation's website. 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 RMCGC, reviews the implementation of, and compliance with, of the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the RMCGC receives from our VP, General Counsel and Corporate Secretary, and from our Executive Director, 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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

We have taken out an insurance policy at our own expense that covers the liability of our Directors and officers, in their capacities as such. This insurance policy also covers the Directors and officers of our subsidiaries. For the twelve-month period ending March 31, 2018, our insurance policy provides a maximum coverage of \$50,000,000 per claim, subject to a \$250,000 deductible payable by Transat, as well as an additional coverage of \$50,000,000. The premium paid under the policy for twelve months of coverage is \$411,220.



BOARD GOVERNANCE AND NOMINEES

The Board, either directly or through Board committees, is responsible for the management and supervision of the business and affairs of the Corporation 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 (2) 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 I to the Corporation's Annual Information Form.

NOMINATION OF DIRECTORS

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 are 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.

The RMCGC also maintains an updated list of potential nominees for election to the Board for future reference. Prior to agreeing to join the Board, new Directors are given a clear indication of the workload and time commitment expected of them.

The RMCGC is composed entirely of independent Directors.

DIVERSITY

The Corporation considers that decisions regarding the appointment of Directors and executive officers should be based on merit and it continues to be determined to select the best people to perform these roles. At the same time, 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 Efficient governance and management. 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 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, particularly gender diversity, on the Board and among the 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.

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 experience 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 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.

POLICY ON DIVERSITY OF THE BOARD

The Policy on Diversity of the Board 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%. The Corporation will be exceeding this target (36%, which represents 4 out of 11) after the March 15, 2018 Meeting if all of the proposed nominees are elected. The full text of the diversity policy is available at www.transat.com.

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 year, which will end at the next Meeting.

A (C) alongside one of the committees means that the nominee is currently chairing the committee in question, while the abbreviation (LD) means Lead Director of the Corporation.

- ***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.



TRANSAT HAS ADOPTED A BOARD GENDER DIVERSITY POLICY. IF ALL PROPOSED NOMINEES ARE ELECTED, THE ADOPTED TARGET WILL BE EXCEEDED.

Raymond Bachand – Director since March 2014



Age: 70
Mandatory retirement:
2022
Québec, Canada
Independent⁽¹⁾

Principal occupation (2014):

Strategic Advisor, Norton Rose Fulbright
Global law firm

Other occupations:

- **President**
Institut du Québec (2014-)
- **Chairman of the Board**
Tourisme Montréal (2014-)
- **Director**
National Bank of Canada (member of the Risk Management Committee and member of the Corporate Governance Committee) (2014-)
- **Deputy of Outremont**
Québec National Assembly (2005-2013)
- **Minister**
Revenue (2010-2013)
Finance (2009-2012)
Responsible for the Montréal region (2007-2012)
Economic Development, Innovation and Export Trade (2006-2009)
Tourism (2007-2008)
- **President and Chief Executive Officer**
Fonds de solidarité des travailleurs du Québec (1997-2001)
Secor Consulting (2002-2005)
- **Vice-President**
Métro-Richelieu (1981-1989)
Culinar (1990-1993)
- **Special Secretary**
Office of the Premier of Québec (1979-1981)
- **Chief of Staff**
Québec Minister of Labour and Manpower (1977-1979)
- **Professor**
École des Hautes Études Commerciales de Montréal (1972-1977)

Education:

- Québec Bar (1970)
- Master of Business Administration
Harvard University (1972)
- Doctorate of Business Administration
Harvard University (1981)

Other boards of publicly traded companies:

- National Bank of Canada (TSX:NA) (2014)

Awards and Recognitions:

- MBA of the Year (Association des MBA du Québec - 1997)
Dimensions Award (Ordre des Administrateurs agréés – 2000)

Meeting Attendance ⁽⁸⁾				Votes in favour in 2017		Board Interlocks	
Board	11 of 12	91.67%	24,366,560 (94.50%)		None		
Audit Committee	6 of 6	100%					
Strategic Committee	4 of 4	100%					
Shareholding Guidelines (2019)				Expertise			
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	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-acquisitions.			
0	30,402	\$336,550	\$165,000				

Louis-Marie Beaulieu – Director since March 2013



Age: 63
Mandatory retirement:
2029
Québec, Canada
Independent⁽¹⁾

Principal occupation (1987):

President and Chief Executive Officer, Groupe Desgagnés
Conglomerate that engages in maritime and land operations

Other occupations:

- **President**
 - Conseil du patronat du Québec (2014-2017)
 - Standard Compensation Act Liability Association (2006-2008 and 2013-2016)
 - St. Lawrence Economic Development Council (2000-2003)
 - Great Lakes/St. Lawrence Coalition (1997-1998)
 - National Marine and Industrial Coalition (1997-1998)
 - Maritime Advisory Group – Laurentian Region /Canadian Coast Guard (1996-1998)
- **Co-president**
 - Marine Advisory Council (2015-2016)
 - Québec Marine Industry Forum (2001-2003)
- **Director**
 - Chamber of Maritime Commerce (1997-)
Finance Committee, Chair (2017-)
 - Conseil du patronat du Québec (2011-2017)
 - Standard Compensation Act Liability Association (various periods between 1995 and 2016)
Audit Committee, Chair (2002-2004)
 - Canadian Shipowners Association (1990-2016)
 - Canadian Commercial Corporation (2001-2004)
Audit Committee, Chair (2002-2004)
 - Société immobilière du Québec (1997-2003)
 - Société de l'assurance automobile du Québec (1989-1996)
Audit Committee, Chair (1991-1996)
- **Member of various organizations and associations**
 - Business Council of Canada (2014-)
 - QG-100 Network (2011-)
 - Canadian Marine Advisory Council (2010-)
 - Québec Marine Industry Forum (2001-)
 - Cercle des présidents (2001-)
 - Standard Compensation Act Liability Association (1995-)
 - National Marine and Industrial Council (2006-2010)
 - UQAR Academic Council (1976-1978)

Education:

- Bachelor of Business Administration – Accounting
Université du Québec à Rimouski (1978)
- Fellow of the Ordre des comptables professionnels du Québec (2001)
- Chartered Director – Corporate Governance Program
McMaster University (2004)

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- Inducted into the Académie des Grands Québécois (2014)
- Alumni Award, Université du Québec à Rimouski (UQAR)(2011)
- Inducted into the Cercle des Grands Bâisseurs Maritimes by the Groupe Maritime Québec (2010)
- Joseph-Hode Keyser award from the Association Québécoise des Transports et des Routes (2001)

Meeting Attendance ⁽⁸⁾				Votes in favour in 2017		Board Interlocks		
Board	12 of 12	100%	24,366,560		None			
HRCC	7 of 7	100%	(94.50%)					
Shareholding Guidelines				Expertise				
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾		Transportation and air transportation, professional services, community involvement, corporate management, risk management, corporate governance, finance and accounting, operations, strategic planning, human resources.			
20,000	21,568	\$460,158	\$159,000					

Lucie Chabot – Director since October 2015



Age: 58
Mandatory retirement:
2034
(Québec) Canada
Independent⁽¹⁾

Principal occupation (2014):

VP and Chief Financial Officer of SAIL Outdoors Inc.
Canadian business with the largest network of outdoor clothing and equipment stores in Eastern Canada

Other occupations:

- **President**
Distribution Vinearius (2010-2014)
- **General Manager, Operations and Managed Services**
Intertrade Systems (2004-2007)
- **Co-Shareholder**
Strator Consulting Group Inc. (1994-2014)
- **VP, Finance**
Sports Experts (1986-1994)

Education:

- Ordre des comptables agréés du Québec (1982)
- Bachelor of Administration
Université Laval (1981)

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- National Honour Roll, Canadian Institute of Chartered Accountants (1982)
- Winner, Action Femmes d'affaires - Canadian Bankers Association (2001)

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017		Board Interlocks
Board	12 of 12	100%	24,509,692 (95.06%)		None
Audit Committee	6 of 6	100%			
Shareholding Guidelines (2019)				Expertise	
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾		
6,290	5,587	\$131,478	\$165,000		
				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.	

Lina De Cesare - Director since May 1989



Age: 66
Mandatory retirement:
2026
Québec, Canada
Independent⁽¹⁾

Principal occupation (2015):

Corporate Director

Other occupations:

- **Consultant**
Transat (2014-2015)
- **Advisor to the President**
Transat (2009-2014)
- **President, Tour Operators**
Transat (1987-2009)
- **Director**
Cirque Éloïze (2008-2010)
Trafictours Canada Inc. (2005-2009)
Solareh Inc. (2006-2008)
- **President**
Cameleon Hotel Management Corporation Inc.,
Cameleon Marival (Canada) Inc. (2000-2009)
Trafictours Canada Inc. (2005-2009)
Transat Holidays USA, Inc. (1993-2009)

Education:

- Certificate in Management, UQAM

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- One of the three founding members of Transat
- Winner, Réseau des femme d'affaires du Québec in the category "Executive or professional - Private sector"

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017		Board Interlocks
Board	12 of 12	100%	24,436,023 (94.77%)		None
RMCGC	5 of 5	100%			
Shareholding Guidelines (2019)				Expertise	
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾		Tourism, transportation and air transportation, hotel industry, consumer goods and retail, community involvement, corporate management, risk management, operations, international.
75,576	15,821	\$1,011,765	\$159,000		

W. Brian Edwards – Director since June 2010



Age: 68
Mandatory retirement:
2024
Québec, Canada
Independent⁽¹⁾

Principal occupation:

Corporate Director

Other occupations:

- **Director and Chair of the Compensation Committee**

Camso (2003-)

- **Chairman of the Board**

Miranda Technologies (2004-2012)

AtmanCo (2012-2016)

- **Director**

Pethealth (2010-2014)

- **Founder and Chief Executive Officer**

BCE Emergis (1988-2002)

Organizations and associations

- Director, Concordia University Foundation

- Director, Adaptive Sports Foundation

Education:

- Bachelor of Commerce
Concordia University (1972)

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- Humberto Santos, Alumni Award of Merit,
Concordia University (2013)

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017	Board Interlocks
Board	12 of 12	100%	25,023,762 (97.05%)	None
Executive Committee ⁽⁴⁾	2 of 2	100%		
HRCC (C)	7 of 7	100%		
RMCGC	5 of 5	100%		
Strategic Committee ⁽⁹⁾	4 of 4	100%		
Shareholding Guidelines (2019)				Expertise
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	Technology, marketing, communications and advertising, professional services, community involvement, risk management, human resources, operations, strategic planning, business development, marketing/sales.
18,790	38,975	\$639,459	\$198,000	

Jean-Marc Eustache - Director since February 1987



Age: 70
Mandatory retirement:
2023
Québec, Canada
Not independent⁽⁶⁾
(Executive officer)

Principal occupation (1987):

Chair of the Board, President and Chief Executive Officer and Chair of the Executive Committee of the Corporation

Other occupations:

- **Chairman of the Board**
Fondation UQAM (2006-)
- **Director**
Air Transat A.T. Inc.
Transat Distribution Canada Inc.
Transat Tours Canada Inc.
Théâtre Espace Go (1994-)
Conference Board of Canada (2008-2011)
Quebecor (2005-2012)
Canadian Tourism Commission (1998-2011)

Education:

- Bachelor of Administration, Specialization in Economics, Université du Québec à Montréal (1974)

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- One of the three founding members of Transat

Meeting Attendance ⁽⁸⁾				Votes in favour in 2017		Board Interlocks	
Board (C)		12 of 12	100%	25,332,757 (94.37%)		None	
Executive Committee (C)		2 of 2	100%				
Shareholding Guidelines (2019)				Expertise			
Shares ⁽²⁾	DSUs	Value ⁽²⁾	Value Required ⁽⁵⁾	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.			
427,202	10,331	\$4,843,490	\$2,591,615				

Susan Kudzman – Director since March 2014



Age: 55
Mandatory retirement:
2037
Québec, Canada
Independent ⁽¹⁾

Principal occupation (2014):

Executive Vice-President, Corporate Affairs, and Chief Risk Officer, Laurentian Bank of Canada

Other occupations:

- **Director**
Montréal Heart Institute Foundation (2012-)
- **Director and Chair of the Human Resources Committee**
Yellow Pages Group (2015-)
- **Director and Audit Committee Member**
AtmanCo (2013-2015)
- **Practice Leader, Risk Management**
Mercer Canada (2011-2014)
- **EVP, Chief Risk Officer**
Caisse de dépôt et de placement du Québec (2005-2010)
- **Chief Human Resources Officer and Chief Corporate Officer**
BCE Emergis (2000-2005)
- **Vice-Chair of the Board of Directors and the Executive Committee and a member of the Audit Committee**
Grands Ballets canadiens de Montréal (2000-2015)
- **Chair of the Board of Directors**
Quartier International de Montréal (2006-2013)

Education:

- Bachelor of Actuarial Sciences, Université Laval (1984)
- Fellow, Canadian Institute of Actuaries (FCIA) (1987)
- Fellow, Society of Actuaries (FSA) (1987)
- Certified Enterprise Risk Analyst (CERA) (2009)

Other boards of publicly traded companies:

- Yellow Pages (TSX:Y) (2015-)

Meeting Attendance ⁽⁸⁾				Votes in favour in 2017		Board Interlocks	
Board	11 of 12	91.67%		24,889,273 (96.57%)		None	
HRCC	7 of 7	100%					
RMCGC	5 of 5	100%					
Shareholding Guidelines (2019)				Expertise			
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	Financial services, technology, professional services, community involvement, corporate governance, finance and accounting, board service for other public companies, international, business development and mergers-acquisitions, risk management, strategic planning, human resources.			
0	32,179	\$3256,222	\$168,000				

Jean-Yves Leblanc – Director since December 2008



Age: 71
Mandatory retirement:
2021
Québec, Canada
Independent⁽¹⁾

Principal occupation:

Corporate Director

Other occupations:

- **President and Chief Operating Officer**
Bombardier Transportation (1986-2001)
- **Chairman of the Board of Directors**
Bombardier Transportation (2001-2004)
Emballage St-Jean Ltée (2016-)
Conseil du Patronat du Québec (2010-2014)
Théâtre du Nouveau Monde (2005-2010)
Montréal Archaeology and History Complex,
Pointe-à-Callière (2001-2009)
- **Director**
Pomerleau Inc. (2003-)
Premier Tech (2005-)
Groupe Kéolis S.A.S (2007-)
METIX Inc. (2016-)
B-CITI Inc. (2016-)
Desjardins Securities (2004-2013)
Montréal Heart Institute Foundation (2003-2010)
Institut de Cardiologie de Montréal (2001-2010)
IPL Inc. (2006-2010)
ADS Inc. (2004-2009)
Univalor Inc. (2002-2008)

Education:

- Bachelor of Mechanical Engineering
Université Laval
- Master of Industrial Engineering
University of Toronto
- Master of Business Administration
Western University

Other boards of publicly traded companies:

- Advanced Inflight, Alliance AG (2010-2014)

Meeting Attendance ⁽⁸⁾				Votes in favour in 2017	Board Interlocks
Board (LD)	12 of 12	100%	24,896,428 (96.56%)	None	
Executive Committee ⁽⁴⁾	2 of 2	100%			
HRCC	7 of 7	100%			
Audit Committee (C)	6 of 6	100%			
Strategic Committee ⁽⁹⁾	4 of 4	100%			
Shareholding Guidelines (2019)				Expertise	
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	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.	
13,000	25,313	\$424,125	\$288,000		

Jacques Simoneau – Director since November 2000



Age: 60
Mandatory retirement:
2032
Québec, Canada
Independent⁽¹⁾

Principal occupation (2012-):

President, CEO and Director, Gestion Univalor, LP
University technology transfer association

Other occupations:

- **Director**
Edilex Inc. (2017-)
Genome Canada (2016-)
Canada's Venture Capital & Private Equity Association (2006-2011)
Sustainable Development Technology Canada (2003-2016)
- **Director and Chair of the Board**
DiagnoCure (2012-2016)
- **Executive Vice-President, Investment**
Business Development Bank of Canada (2006-2010)
- **President, CEO and Director**
Hydro-Québec CapiTech Inc. (2004-2006)
- **Senior Vice-President**
Fonds de solidarité FTQ (1999-2004)
- **President, CEO and Director**
Société Innovatech du sud du Québec (1995-1999)

Education:

- Bachelor of Mechanical Engineering
Université Laval (1980)
- Master of Mechanical Engineering
Université Laval (1984)
- Doctor of Mechanical Engineering
Queen's University (1991)
- Directors Education Program
McGill University (2011)
- Institute-certified Director (ICD.D)
Institute of Corporate Directors

Other boards of publicly traded companies:

- Exploration Azimut Inc. (TSXV: AZM) (2012-)

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017	Board Interlocks
Board	12 of 12	100%	24,019,034 (93.16%)	None
Executive Committee ⁽⁴⁾	2 of 2	100%		
Audit Committee	6 of 6	100%		
RMCGC (C)	5 of 5	100%		
Strategic Committee ⁽⁹⁾	4 of 4	100%		

Shareholding Guidelines (2019)				Expertise
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	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.
18,280	18,003	\$401,653	\$204,000	

Louise St-Pierre – Director since October 2017



Age: 62
Mandatory retirement:
2030
Québec, Canada
Independent⁽¹⁾

Principal occupation (2017-):

Corporate Director

Other occupations:

- **Chair of the Board**
Domaine Forget (2017-)
- **Director**
Orchestre symphonique de Trois-Rivières (2011-2015)
CAA-Québec (2017-)
Burlington Economic Development Corporation (2011-2014)
Canadian Women in Communications (2003-2007)
- **President and Chief Executive Officer**
Cogeco Connexion (2013-2016)
- **Class Patron of the 2018 cohort**
McGill-HEC EMBA (2018)
- **Angel Investor**
Ange Québec

Education:

- Bachelor of Commerce (Administrative Sciences) – major in Finance and Marketing
McGill University

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- Women's Executive Network – Recognized as one of Canada's 100 Most Powerful Women
- Mercure Leadership Germaine-Gibara, Fédération des chambres de commerce
- Leadership Excellence Award, Canadian Women in Communications
- Honorary degree, Loyalist College, Ontario

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017	Board Interlocks
Board	1 of 1 ⁽⁷⁾	100%	N/A	None
Shareholding Guidelines (2021)				Expertise
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	Technology, marketing, community involvement, corporate management, risk management, corporate governance, marketing and sales, professional services, operations, business development, strategic planning, consumer/retail, academia, human resources.
0	386	\$4,273	\$150,000	

Philippe Sureau – Director since February 1987



Age: 68
Mandatory retirement:
2024
Québec, Canada
Independent⁽¹⁾

Principal occupation (2015):

Corporate Director

Other occupations:

- **Advisor to the President**
Transat A.T. Inc. (2009-2014)
- **President, Distribution**
Transat (2002-2009)
- **President and Chief Executive Officer**
Air Transat A.T. Inc. (1997-2000)
- **Chair of the Executive Committee**
ESG-UQAM's Transat Chair in Tourism (2014-)
- **Chair of the Board**
Vitrine Culturelle de Montréal (2013-)
Corporation du Théâtre Outremont (2011-)
Air Transport Association of Canada (1996-1997)
Association québécoise des agences de voyages (ACTA-Québec) (1986-1987)
- **Director**
Tourisme Montréal (2017-)
Manoir Richelieu (1999-2005)
Groupe Riôtel hospitalité Inc.

Education:

- René-Descartes Paris V (1971)
- Lycée Carnot Paris (1968)

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- One of the three founding members of Transat

Meeting Attendance ⁽⁸⁾			Votes in favour in 2017		Board Interlocks
Board	11 of 12	91.67%	24,413,645 (94.69%)		None
Strategic Committee ⁽⁹⁾	4 of 4	100%			
Shareholding Guidelines (2019)				Expertise	
Shares	DSUs	Value ⁽²⁾	Value Required ⁽³⁾	Technology, tourism, transportation and air transportation, marketing, communications and advertising, consumer goods and retail, corporate management, risk management, corporate governance, mergers-acquisitions, strategic planning, public relations, operations and international, marketing and sales, hotel industry, community involvement.	
323,209	21,893	\$3,820,279	\$150,000		

(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 Class B Voting Shares and DSUs held by the Director on January 16, 2018, namely \$11.07, multiplied by the number of Class B Voting Shares and DSUs held on such date, whichever is the greater of the two.

(3) Under the guidelines adopted by Transat, each director who is not an employee must hold a number of shares or DSUs having a value equivalent to at least three times the annual Board retainer paid in cash to which they are entitled after having served three years as Director.

(4) The Executive Committee meets on an ad hoc basis should a situation requiring particular attention arise. This committee is made up of the CEO, the Lead Director and the Chair of each Board committee.

(5) The guidelines adopted by the Corporation provide that the President and Chief Executive Officer must hold a number of Class B Voting Shares or DSUs having a value equivalent to three 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) During the fiscal year ended October 31, 2017, Ms. St-Pierre attended the only Board meeting she could attend, namely the one held October 26, 2017, the day of her appointment.

(8) Attendance at the meetings indicated above is determined for the November 1, 2016 to October 31, 2017 period, inclusively, namely the fiscal year of the Corporation.

(9) The Strategic Committee was created in 2016 to analyze and make recommendations to the Board regarding the material transactions and decisions involving the Corporation. The Strategic Committee was abolished on September 6, 2017.



To the knowledge of Transat, none of the proposed nominees for election as Directors of the Corporation 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 was subject to a cease-trade or other similar order or was refused the right to avail itself of any exemption under securities legislation that was in effect for a period of more than 30 consecutive days during any of the following periods: (i) while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Transat, none of the proposed nominees for election as Directors of the Corporation (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 RMCGC 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 ninety (90) days of the Meeting. A Director who tenders his resignation in accordance with this policy does not attend any of the meetings of the Board or of the RMCGC.

BOARD INTERLOCKS

No member of our Board serves with another member of our Board on the board of directors of another operating public corporation.

SHAREHOLDING 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. After having served three years as Director, each Director must hold a number of Class B Voting Shares or DSUs equivalent to at least three 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 of the Corporation; or only the Board of the Corporation, if the nominee is a full-time employee of the Corporation.

DIRECTOR QUALIFICATIONS																					
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-acquisitions	Strategic planning
Raymond Bachand	√		√				√	√	√	√	√	√	√	√		√	√	√	√	√	√
Louis-Marie Beaulieu				√			√			√	√	√	√			√		√	√	√	√
Lucie Chabot	√	√				√		√		√	√		√		√	√				√	√
Lina De Cesare			√	√	√			√		√	√							√	√		√
W. Brian Edwards		√				√	√			√	√	√			√	√	√	√		√	√
Jean-Marc Eustache			√	√				√		√	√	√			√			√	√	√	
Susan Kudzman	√	√					√			√		√	√	√	√					√	√
Jean-Yves Leblanc				√				√	√	√	√	√	√	√	√	√	√	√	√	√	√
Jacques Simoneau	√	√		√		√		√		√	√	√	√	√	√	√	√	√	√	√	√
Louise St-Pierre		√				√	√	√	√	√	√	√				√	√	√		√	√
Philippe Sureau		√	√	√		√		√		√	√	√						√	√	√	√

The above inventory 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.

PERFORMANCE ASSESSMENT

During the months of January and February, the RMCGC, with the assistance of PCI, conducts an annual formal evaluation of the Board and its committees' effectiveness and will compare the findings with last year's evaluation in order to target and implement suggested improvements. Furthermore, during the same period, the chair of the RMCGC individually interviews each of the Board members and also 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 by the Committee in collaboration with the Chair of the Board, on an annual basis. The following table indicates what is involved in the evaluation process.

Evaluator					
	Board Chair	Lead Director	Chair of Risk Management and Corporate Governance Committee	Each Director	Human Resources and Compensation Committee
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 Board Chair, President and Chief Executive Officer.

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, 2017, 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.

The Lead Director, Mr. Jean-Yves Leblanc, is an independent Director. He regularly contacts the other Directors, and has the power, which he exercises, to call a meeting of the Board on his own.

Each year, members of the HRCC assess, in camera, the performance of the Chairman, President and CEO without him being present and 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 Corporation has in place an orientation program for new Directors. New Directors are invited to attend orientation sessions with members of senior management to improve their understanding of the Corporation's business. 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.

Since July 2014, the Corporation has been a member of the Institute of Corporate Directors (“ICD”). This allows the 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.

- The following table presents some of the training activities for Directors that took place in 2017

Continuing Education for Directors in 2017		
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
Presentation – Human-resource-related risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation - Competition law: What directors must know	Transat A.T. Inc. / Norton Rose	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on legal risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on the IFRS9, IFRS15 and IFRS16 standards	Ernst & Young	Members of the Audit Committee
Review of financial risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on defensive tactics	National Bank and Fasken Martineau	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on the 2018 proxy voting guidelines of ISS and Glass Lewis	Fasken Martineau	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
"E-trade" presentation	Transat A.T. Inc.	All Directors
Presentation on computer security	Transat A.T. Inc.	All Directors

DIRECTOR COMPENSATION

During the year ended October 31, 2017, 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") on the following basis:

Annual retainer	Last revision: August 2014
Director's base annual retainer	\$50,000 in cash \$15,000 in DSUs, at \$3,750 per quarter
Additional retainer - Chair of the Audit Committee	\$15,000 in cash
Additional retainer - Other committee chairpersons	\$10,000 in cash
Additional retainer - Audit Committee members	\$5,000 in cash
Additional retainer - Committee members (excluding committee chairpersons and Audit Committee members)	\$3,000 in cash
Additional retainer - Lead Director	\$25,000 in cash \$10,000 in DSUs, at \$2,500 per quarter
Attendance fees	
Board or committee meeting	
– in person	\$1,500 in cash
– by conference call	\$1,000 in cash

A Director can choose to have between 0% and 100% of the annual and additional cash retainers and fees paid as Deferred Share Units ("DSUs") pursuant to the DSU Plan for Independent Directors to better link the compensation of Directors 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 the 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 shares at that time.

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, 2017.

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⁾	63,750	22,500	41,250	15,000	692	143,192
Louis-Marie Beaulieu	33,125	24,500	19,875	15,000	–	92,500
Lucie Chabot	48,125	23,500	6,875	15,000	1,506	95,006
Lina De Cesare	51,500	18,500	0	15,000	797	85,797
Jean Pierre Delisle	50,000	14,500	0	15,000	744	80,244
W. Brian Edwards ⁽⁴⁾	91,250	33,000	24,750	15,000	1,268	165,268
Susan Kudzman	14,000	30,000	42,000	15,000	2,268	103,268
Jean-Yves Leblanc ⁽⁴⁾	171,000	34,000	0	25,000	320	230,320
Jacques Simoneau ⁽⁴⁾	118,000	33,000	0	15,000	1,479	167,479
Louise St-Pierre	679	1,500	0	271	–	2,450
Philippe Sureau ⁽⁴⁾	100,000	14,500	0	15,000	1,276	130,776

(1) Includes the base annual retainer and additional retainer as a Committee member, paid in cash.

(2) Represents the value of the base annual retainer that the Director chose to convert into DSUs upon payment.

(3) Value of the travel privileges.

(4) The individuals designated above were members or the chair, as the case may be, of the Strategic Committee up until its abolition on September 6, 2017. The Strategic Committee was created in 2016 to analyze and make recommendations to the Board regarding the material transactions and decisions involving the Corporation. The total compensation paid to the members and the chair of the Strategic Committee corresponds to \$275,000.

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS





The following table sets forth, for each Director, the number and value of share-based awards outstanding at the end of fiscal year 2017 (at a price of \$10.66 per share).

Name	DSUs outstanding as at October 31, 2016	DSUs granted in 2017	DSUs outstanding as at October 31, 2017	Value as at October 31, 2017
Raymond Bachand	21,379	7,342	28,721	306,166
Louis-Marie Beaulieu	15,736	4,835	20,571	219,287
Lucie Chabot	2,062	2,504	4,566	48,674
Lina De Cesare	12,957	2,504	15,461	164,814
Jean Pierre Delisle	14,525	2,504	17,029	181,529
W. Brian Edwards	32,416	5,406	37,822	403,183

Name	DSUs outstanding as at October 31, 2016	DSUs granted in 2017	DSUs outstanding as at October 31, 2017	Value as at October 31, 2017
Susan Kudzman	23,045	7,429	30,474	324,853
Jean-Yves Leblanc	20,541	4,172	24,713	263,441
Jacques Simoneau	15,139	2,504	17,643	188,074
Louise St-Pierre ⁽¹⁾	-	-	-	-
Philippe Sureau	19,029	2,504	21,533	229,542

(1) 26 DSUs were credited to Ms. St-Pierre's account at the beginning of 2018 for services rendered in 2017.

AUDIT COMMITTEE REPORT


 J-Y Leblanc (Chair)	 R. Bachand	<p>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.</p> <p>For more information on the Audit Committee (including its charter) as well as its powers and mandate, please refer to our 2017 Annual Information Form available at www.transat.com.</p> <p>The four members of the committee are independent Directors and financially literate within the meaning of the law.</p> <p>In 2017, the Audit Committee held six meetings, with an attendance rate of 100%.</p>
 L. Chabot	 J. Simoneau	

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:

2017 Highlights

- Recommendation to the Board regarding the selection of external auditors and the determination of their compensation for fiscal 2017.
- 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.
- Revision of Audit Committee's charter.
- Review of current and potential litigation.

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE REPORT





 J. Simoneau (Chair)	 L. De Cesare	<p>The RMCGC 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.</p>
 B. Edwards	 S. Kudzman	<p>The RMCGC's Charter can be promptly provided upon written request and is available on SEDAR at www.sedar.com.</p> <p>The four committee members are independent Directors. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.</p> <p>In 2017, the RMCGC held five meetings, with an attendance rate of 100%.</p>

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

2017 Highlights

- Recommendation to the Board of Ms. Louise St-Pierre as a Board nominee.
- Review of the legal risks, computer risks, human resource-related risks and financial risks.
- Review of the computer security measures.
- Evaluation of the Board.
- Amendment of the diversity policy in order to raise the target number of women sitting on the Board from 25% to 30%.
- Review of defensive tactics and the 2018 ISS and Glass Lewis guidelines.

HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT

		<p>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 their implementation with non-unionized employees.</p>
B. Edwards (Chair)	L-M Beaulieu	<p>The HRCC Charter can be quickly provided on written request and is available on SEDAR at www.sedar.com.</p>
		<p>The four 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.</p>
S. Kudzman	J-Y Leblanc	<p>In 2017, the HRCC held seven meetings, with an attendance rate of 100%.</p>

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.

2017 Highlights

- Pursuit of plans for the succession of Mr. Eustache and the appointment of Ms. Guérard as Chief Operating Officer.
- 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.
- 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.
- Approval of the financial targets for the incentive plans (STIP, RSUs, PSUs, Options) for the next fiscal year.
- Recommendation to the Board of the annual grants of Options, PSUs and RSUs.
- Recommendation to the Board of the structure of total compensation programs for officers, including the conditions of their retirement and dismissal.
- Proposal to the Board on the compensation of the members of the Board and its committees.
- Annual review of the yields of the employees' pension funds; formulation and submission of 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 shareholding requirements, compliance with those requirements by the executive officers, and follow-up on the provisional measures if the requirements are not met.
- Examination of the termination and change of control benefits.
- Approval and preparation of the contents of disclosure regarding the compensation paid to the most senior executive officers and the members of the Board via the Management Proxy Circular.
- Revision of the employee performance evaluation process and policy.
- Evaluation of the services rendered by the consultant retained regarding senior executive compensation and establishment of his independence.
- Update of the status of labour relations and collective bargaining.
- Annual evaluation of its performance together with the RMCGC, 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.

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 eleven (11) executive officers as at October 31, 2017: Joseph Adamo, Michèle Barre, Michel Bellefeuille (who retired on December 31, 2017), Bernard Bussières, Jean-Marc Eustache, Daniel Godbout, Annick Guérard, Christophe Hennebelle, Bruno Leclaire, Jean-François Lemay and Denis Pétrin.

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 Pétrin, Annick Guérard, Jean-François Lemay and Daniel Godbout.

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 fixed 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.



TRANSAT POSITIONS THE TARGET COMPENSATION OF ITS EXECUTIVE OFFICERS AT THE MEDIAN OF ITS REFERENCE MARKET.

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 resources 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 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>

RISKS RELATING TO COMPENSATION AND HUMAN RESOURCES

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

In the course of this review, it was determined that no risk relating to compensation or human resources is likely to have a material adverse effect on the Corporation's business in light of 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 hiring problems, and exit interviews to determine whether they are a result of compensation. All 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.

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.



OWING TO THE MITIGATION MEASURES NOW IN PLACE, NO RISK RELATING TO COMPENSATION OR HUMAN RESOURCES IS LIKELY TO HAVE A MATERIALLY ADVERSE EFFECT ON THE BUSINESS OF THE CORPORATION.

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.

This comparison group has been relied on since 2014 to establish targets for the total compensation of officers. The following criteria are used to select companies to be part of this comparison group:

- size in terms of sales (from 0.25 to 4.0 times the Corporation's revenues);
- sector of activity, i.e. the entertainment, consumer discretionary, airline operation, distribution and retail sectors;
- company with several business units: integrated or complex operation, i.e. several subsidiaries operating in different markets;
- geographical scope of operations (Canada-wide and international);
- head office in the province of Québec.

The following table shows the comparison group (2014), which comprises 20 corporations.

Company	Comparable size	Sector of activity			Several business units	International scope of operations	Head office in Québec
		Discretionary entertainment	Airline operations	Distribution and retail			
Air Canada Inc.			X			X	X
Aimia Inc. (formerly, Aeroplan)	X	X			X	X	X
Canadian Tire Corporation, Limited				X	X		
Cascades Inc.	X				X	X	X
Chorus Aviation Inc.			X				
Cineplex Inc.		X					
Cogeco Inc.	X	X			X		X
Corus Entertainment Inc.		X			X		
Dollarama Inc.	X			X			X
Hudson's Bay Company	X			X			
The Jean Coutu Group (PJC) Inc.	X			X			X
Metro Inc.				X			X
Quebecor Inc.	X	X		X	X	X	X
Rona Inc.	X			X			X
Shaw Communications	X	X					
TFI International Inc.	X				X		X
Tim Hortons Inc.	X			X		X	
Torstar Corporation		X			X		
Transcontinental Inc.	X	X			X	X	X
WestJet Airlines Ltd.	X		X			X	

The comparison group was revised for 2018 in order to reflect the Corporation's current situation. While some of the selection criteria for the 2014 comparison group still remain (for example, revenues from 0.25 to 4.0 times those of the Corporation and a preference for a head office in Québec), the international aspect and multiplicity of the business units were given greater flexibility. The airline, transportation and consumer discretionary industries in general were also considered when selecting companies. Some organizations that

were no longer listed were also removed from the group. The following table presents the 2018 version of the comparison group, which still contains 20 companies.

Air Canada Inc.	Cineplex Inc.	Richelieu Hardware Ltd. (N)
Aimia	Cogeco Communications Inc. (N)	TC Transcontinental Inc.
AutoCanada (N)	Corus Entertainment Inc.	TFI International Inc.
BMTC Group Inc. (N)	Dollarama Inc.	The North West Company Inc. (N)
BRP Inc. (N)	Great Canadian Gaming Corp. (N)	Uni-Sélect Inc. (N)
Cascades Inc.	Metro Inc.	WestJet Airlines Ltd.
Chorus Aviation Inc.	Quebecor Inc.	

Note: The companies with an (N) alongside their name were newly added to the comparison group for 2018.

For information purposes, some of Transat's financial data was compared with the median of the two comparison groups. Note that there is a downward trend for most of the metrics between the 2014 and 2018 groups.

<i>In millions of \$</i>	Revenues	IBITDA	Market Capital	Employees
Transat⁽¹⁾	3,005	222	419	5,000
2014 Comparison Group	3,482	585	2,350	12,500
2018 Comparison Group ⁽²⁾	2,258	383	2,010	7,667
<i>2018 vs 2014 Variation</i>	- 35%	-35%	- 14%	- 39%

(1) Results as at October 31, 2017.

(2) The data was gathered in 2017.

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-Perrault Consulting Inc. ("**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 2017, PCI performed work concerning executive officer compensation, including with respect to long-term incentive awards. PCI also supported the Corporation in its overhaul of this Annual Management Proxy Circular and in the 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 2017 and 2016 are as follows:

	HRCC	RMCGC	Management	Total
2017	\$77,800	\$8,506	—	\$86,306
2016	\$49,212	\$11,066	—	\$60,278

TOTAL COMPENSATION COMPONENTS

The following table shows the components of the global compensation policy of the executive officers for 2017.

	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, 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) 	<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 program ("STIP") 	<ul style="list-style-type: none"> Achieve and exceed annual corporate financial goals 	1 year	Transat ANI and subsidiary EBIT
	<ul style="list-style-type: none"> Special Bonus for Executive Officers 	<ul style="list-style-type: none"> Achieve and sustain exceptional performance 	Payment spread over 3 years	Transat ANI
	Long-term incentive opportunity <ul style="list-style-type: none"> Permanent stock ownership incentive plan (Transaction) 	<ul style="list-style-type: none"> Support the achievement of shareholding guidelines 	3 years	Individual level of investment
	<ul style="list-style-type: none"> Performance-based share units ("PSUs") 	<ul style="list-style-type: none"> Share price increase Encourage share ownership Achievement of the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	<ul style="list-style-type: none"> Transat ANI Total shareholder return
	<ul style="list-style-type: none"> Performance-based restricted share units ("RSUs") 	<ul style="list-style-type: none"> Share price increase Achievement of the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI
	<ul style="list-style-type: none"> Stock options 	<ul style="list-style-type: none"> Encourage share ownership Share price increase Promote retention through vesting conditions (3 years) 	7 years	Transat share price

Details on each NEO compensation component are provided on the following pages. Exceptionally, owing to the Transat blackout period that was in force during a large portion of the last two fiscal years, in 2016 the NEOs received RSUs instead of Options and PSUs. This component is also detailed below, even if it is not part of the current NEO compensation policy.

- **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 2017, and those that have been approved since that fiscal year-end.

	Salary	Revision as at January 1, 2017		Revision as at January 1, 2018	
	(Nov. 1, 2016) ⁽¹⁾	(%)	Revised Salary	(%)	Revised Salary
J.-M. Eustache	\$855,319	+ 1.0%	\$863,872	+ 5.7%	\$913,000
D. Pétrin	\$400,000	+ 2.0%	\$408,000	+ 3.9%	\$424,000
A. Guérard	\$380,000	+ 0.0%	\$380,000	+ 39.5%	\$530,000 ⁽²⁾
J.-F. Lemay	\$380,000	+ 0.0%	\$380,000	+ 11.6%	\$424,000
D. Godbout	\$353,357	+ 2.0%	\$360,424	+ 1.4%	\$365,470

⁽¹⁾ Mr. Lemay and Ms. Guérard have received a salary adjustment of 16.9% and 15.2%, respectively, upon their appointment to the positions of President and General Manager on November 1, 2016.

⁽²⁾ On November 1, 2017, the compensation of Ms. Guérard was established at \$530,000 following her appointment as Chief Operating Officer of the Corporation.

- **Employee Benefits Program**

The 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 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 2017.

- ***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 about equal to the comparative market average. No change was made to the Corporation's perquisites program during fiscal year 2017.

- ***Retirement Plans***

- *Defined Benefit Plan*

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 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*

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 *Income Tax Act* (Canada).

Please refer to the section entitled "Benefits Under a Retirement Plan" for more details on the retirement plan provisions.

- ***Short-Term Incentive Plan ("STIP")***

2017 STIP highlights:

- *ANI of 0.97%, which compares to a trigger threshold of 0.85% and a target of 1.70%*
- *Payment stands at 35.6% of the target bonus for NEOs*

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;
- ✓ offer competitive compensation aligned with Transat's compensation philosophy, namely to encourage and reward success through collective work.

Basic principles:

- the global financial indicator on which the bonuses are based is the adjusted net income of Transat A.T. Inc. (ANI) defined so as to exclude unusual items and expressed as a percentage of the revenue;
- if the parent company Transat A.T. Inc. does not reach the ANI threshold equal to 0.85% of the revenue, no bonus is paid;
- for all the Named Executive Officers, the bonus calculation formula is as follows:

Base salary	x	Target bonus	x	Achievement of the financial target	=	Bonus paid
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The financial targets on which the bonuses are calculated at year end and paid are recommended by the HRCC and approved by the Board at the beginning of each fiscal year. At the end of the year, the HRCC reviews the financial results achieved in relation to the targets established at the beginning of the year and recommends for approval by the Board any bonuses payable for the fiscal year concerned.

For fiscal year 2017, Transat's overall target was an ANI equal to 1.70% of the revenue, i.e. \$48,143,000 for a revenue of \$2,833,935,000.

The following table illustrates the STIP payout grid based on the ANI achieved for the year. The percentages alongside the NEOs represent the bonus payable **proportionally to their respective base salary**, not the target bonus.

ANI in% of income	< 0.85%	0.85%	1.70%	2.70% or +	STIP paid	
					0.97%	
% of target bonus paid	0%	25%	100%	200%	35.6%	
J.-M. Eustache ⁽¹⁾	0%	22.50%	90%	180%	32.0%	\$276,258
D. Pétrin	0%	12.50%	50%	100%	17.8%	\$72,350
A. Guérard	0%	12.50%	50%	100%	17.8%	\$67,435
J.-F. Lemay	0%	12.50%	50%	100%	17.8%	\$67,414
D. Godbout	0%	11.25%	45%	90%	16.0%	\$57,522

(1) For the 2018 fiscal year, Mr. Eustache's target bonus will increase to 100% of his base salary, the minimum limit bonus, to 25%, and the maximum bonus, to 200%.

Achieving an ANI between the levels indicated above results in a bonus being paid, prorated linearly. For the 2017 fiscal year, bonuses were paid to the eligible employees seeing as Transat achieved an ANI of 0.97%.

Given the refocusing of the group's core business, it was decided that a percentage would be paid to each NEO in 2017 corresponding to the financial target that was achieved throughout the Corporation.

The criteria for short-term compensation in subsequent years are currently being reviewed by the HRCC and will then be submitted to the Board.

▪ **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 three-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 has been earned under this plan since its implementation.

▪ **Long-Term Incentive Program**

2017 LTIP highlights:

- *PSU: Vesting of 50% (time) + 16.7% (performance) of the 2015 grant*
- *Options: Vesting of 33% of the 2015 grant (performance)*
- *RSU: Cancellation of 100% of the units granted for the 2014-2017 cycle (3-year performance)*

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	Objective	Vesting / Performance rule
Permanent stock ownership incentive plan ("Transaction")	<ul style="list-style-type: none"> • Support the achievement of shareholding guidelines. 	<ul style="list-style-type: none"> • 1/3 of the shares vest on January 10 following the award year, and 1/3 on January 10 of the 2nd and 3rd years following the award year • On condition of participation in the share purchase plan
Performance-based share units ("PSUs")	<ul style="list-style-type: none"> • Share price increase • 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
Restricted share units ("RSUs" ⁽¹⁾)	<ul style="list-style-type: none"> • Maintaining 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"> • Share price increase • Promote retention through vesting conditions. 	<ul style="list-style-type: none"> • 1/3 of the Options vest after 1 year, 1/3 after 2 years, 1/3 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, effective during fiscal year 2017. Due to the blackout period that affected the Corporation for a portion of 2017, the Option and PSU grants were made in September instead of January, as is the custom. Participation in the Share Purchase Plan was only permitted starting September 9, 2017, and members were allowed to catch up on acquisitions that had not been made in the first part of the year, and this at the price per share in force at the time the catch-up acquisitions were made.

Name	Annual long-term incentive opportunity		
	Option grants	PSU awards ⁽¹⁾	Share awards ⁽²⁾⁽³⁾⁽⁴⁾
	Notional par value = [# of options x price per share on date of grant ⁽¹⁾] / salary	Par value = [# of PSUs x price per share on date of grant ⁽¹⁾] / salary	Par value = [# of shares x price per share on date of grant ⁽²⁾] / salary
Jean-Marc Eustache	75.0%	85.0%	10.0%
Denis Pétrin	37.5%	45.0%	10.0%
Annick Guérard	37.5%	45.0%	10.0%
Jean-François Lemay	37.5%	45.0%	10.0%
Daniel Godbout	30.0%	35.0%	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 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.

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

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

The Transaction program for executive officers is a temporary compensation plan that 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 current version of the Transaction program was approved up to the end of the 2019 fiscal year.

The Transaction program is directly tied 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 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 following table presents the principal terms of the Transaction program:

Maximum number of issuable shares	Tied to the Share Purchase Plan for Employees (91,780 shares under the 2016 Share Purchase Plan). If the Shareholders approve the resolution tabled at the Meeting, the maximum number of issuable shares will be increased to 691,780.
Eligible Members	Designated executive officers of the Corporation. The rights and privileges conferred on a member under the Transaction program are non-transferable.
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 Toronto Stock Exchange 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 Toronto Stock Exchange on the date the shares to be allocated by the Corporation are purchased.
Purchase Terms	One third of the allocated shares vest on January 10 the year after which they are awarded. Afterwards, an addition third vests periodically, on January 10 of each subsequent year. The shares subscribed for in the context of the Share Purchase Plan are released (become unrestricted) on the third January 1 st following the end of the calendar year in which they were subscribed, namely the same date as the last third of the corresponding allocated shares.
Payment Terms	The shares of the Corporation that have vested to the members are purchased on the secondary market.

For the period from November 1, 2016 to October 31, 2017, an aggregate of 20,652 shares having an approximate aggregate value of \$139,752 were awarded to executive officers of the Corporation under the Transaction program. Of that number, 2,447 shares vested on January 10, 2017, 6,884 vested on January 10, 2018, 6,884 will vest on January 10, 2019 and 4,437 will vest on January 10, 2020.

Due to the blackout period that affected the Corporation for a portion of 2017, participation in the Transaction program was suspended until September 11, 2017. As of that date, the members had the option to resume their participation and to catch up on contributions that were not made at the beginning of the year, either by making bigger contributions for an eight-month period or paying the missing contributions in one instalment. All NEOs, with the exception of the President and CEO, are currently participating in the plan at a rate of 10% of their base salary.

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; and
 - Increase in the Corporation's contribution.
- ***Performance-Based Share Unit (PSU) Plan***

The purpose of the Performance-Based Share Unit Plan (the "**PSU Plan**") is to attract, engage and retain competent individuals for the positions of executives and officers of the Corporation and its subsidiaries and to promote the alignment of the interests of executives and officers 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 (3 years following 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.

With the implementation of the PSU Plan, the Corporation reduced by approximately 60% the number of Options awarded annually to senior executives and replaced them with PSU awards.

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. The rights and privileges conferred on a participant under the PSU Plan are non-transferrable.
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 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 Toronto Stock Exchange 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 three-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	<p>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.</p> <p>The PSU plan has no dilutive 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.</p>
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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 PSU 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 2017

Vesting of the PSU grant to the NEOs in January 2015 was subject to achieving Adjusted Net Income per share² (IPS) objectives and the passage of time, as described below:

Performance criterion	Vesting%
IPS for fiscal 2014-2015: \$0.75 16 ¹ / ₃ %	\$1.19 16 ² / ₃ %
IPS for fiscal 2015-2016: \$0.75 16 ¹ / ₃ %	-\$0.42 0%
IPS for fiscal 2016-2017: \$0.75 16 ¹ / ₃ %	\$0.79 16 ² / ₃ %
Passage of time 50% (January 2018)	50%
Total vesting at end of cycle: 83¹/₃%	

NEO	Units vested in January 2018	Value upon vesting ⁽¹⁾
J-M Eustache	35,481	\$389,936
D. Pétrin	8,597	\$94,481
A. Guérard	5,961	\$65,511
J.-F. Lemay	6,018	\$66,138
D. Godbout	6,599	\$72,523

(1) Based on the closing price the day before vesting, namely \$10.99.

Vesting of the PSUs linked to fiscal 2016-2017 can already be recognized. Those relating to the passage of time will be effective in January 2018, at the time of this Circular's publication. The payment of both tranches, in shares of the Corporation, will be made to the members at the time of vesting.

- PSUs Grants during Fiscal Year 2017

In September 2017, a PSU grant was made to the NEOs for the performance periods of fiscal years 2017, 2018 and 2019. The PSUs granted may vest according to the following parameters:

ANI, in% of revenues (75% of total)	TSR (25% of total)	Vesting%
If less than 0.95%	If less than 33.5%	0%
If equal to 0.95% (threshold)	If equal to 33.5% (threshold)	25%
If equal to 1.25%	If equal to 34.8%	50%
If equal to 1.55%	If equal to 36.2%	75%
If equal to or greater than 1.85% (target)	If equal to or greater than 37.5% (target)	100%

NEO	Units Granted	Value ⁽¹⁾
J.-M. Eustache	81,861	\$734,293
D. Pétrin	20,469	\$183,607
A. Guérard	19,064	\$171,004
J.-F. Lemay	19,064	\$171,004
D. Godbout	14,064	\$126,154

(1) Based on the weighted average price for the five trading days preceding the grant, namely \$8.97.

² IPS [= Adjusted Net Income/Adjusted weighted average number of shares outstanding used for calculating the diluted result per share]

▪ **Performance-Based Restricted Share Unit (RSU) Plan**

The objective of the Corporation's restricted share unit plan ("**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.

RSUs shall consist of a grant of units equivalent to the product of the participant's base salary in effect on the grant date, multiplied by the participant's RSU Incentive and divided by the fair market value of a Voting Share at that date, each of which, once vested, represents the right of the participant to receive on the vesting determination date, subject to the provisions of the plan, a lump sum cash payment for each vested RSU being redeemed that is equal to the fair market value of a voting share on the vesting determination date, net of all applicable deductions at source, any other withholding taxes and GST, QST and other sales taxes, if applicable.

Eligible Participants	The executives and other eligible employees of the Corporation. The rights and privileges conferred on a participant under the RSU Plan are non-transferrable.
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 5 trading days preceding the grant.
Vesting Terms	All RSUs granted vest at the end of a three-year financial cycle.
Performance criterion	Vesting is conditional on the achievement of the ANI target as a% of average revenues for the three 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 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 2017

As described in the following table, for the 2014-2017 cycle, which ended on October 31, 2017, the average ANI did not reach the performance threshold and no RSUs vested:

ANI/average revenues (2014-2017)	Vesting%
ANI/revenues achieved for the cycle: 0.548%	0%
If less than 0.75%	0%
If equal to 0.75% (threshold)	25%
If equal to 1.00%	50%
If equal to 1.25%	75%
If equal to or greater than 1.50% (target)	100%

NEO	Units vested	Value
J.-M. Eustache	0 RSU	\$0
D. Pétrin	0 RSU	\$0
A. Guérard	0 RSU	\$0
J.-F. Lemay	0 RSU	\$0
D. Godbout	0 RSU	\$0



RSUs ARE NO LONGER PART OF THE CORPORATION'S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USED AT LOWER LEVELS WITHIN THE ORGANIZATION.

▪ **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 Share Purchase 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.

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

Maximum Number of Securities Issuable	1,122,337 (3.03% of the issued and outstanding shares)
Reserve	Expired or cancelled Options are put back into the reserve for future grants only if they do not represent more than 5% of the outstanding 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 5 trading days preceding the grant.
Vesting	One third of the initial grant per year on each of the first three anniversary dates of the grant. In the event of 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 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 7 years. The plan gives the Board the latitude to grant Options with a term of up to 10 years. If the expiry date of an Option falls within a blackout period (or within 10 days after the end of a blackout period), the expiry date will be postponed to the 10 th day after the end of the blackout period.

Participation	<p>The number of offered 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 share purchase plan offered by the Corporation, shall not represent more than five percent (5%) of the Corporation's offered shares that are issued and outstanding.</p> <p>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 offered issued and outstanding shares of the Corporation.</p>
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 ten percent (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 ten percent (10%) of the number of issued and outstanding 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. The number of Options outstanding on the date of the grant is not taken into account in establishing the grants for the year.

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 2017

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. The following table illustrates the Options' vesting over the course of the last fiscal year. Prior grants have all been fully vested:

ANI as a% of revenues achieved	Vesting of 33 ¹ / ₃ %	% of cumulative vesting	
		January 2014 grant	January 2015 grant
2014: 1.26%	✓	33 ¹ / ₃ %	
2015: 1.58%	✓	66 ² / ₃ %	33 ¹ / ₃ %
2016: - 0.53%	✗ Postponed to 2019	66 ² / ₃ %	33 ¹ / ₃ %
2017: 0.97%	✓	66 ² / ₃ %	66 ² / ₃ %
2018: TBA	n/a	66 ² / ₃ %	66 ² / ₃ %
2019: TBA	TBA (Postponed from 2016)	66 ² / ₃ % or 100%	66 ² / ₃ % or 100%
Expiry date		January 2021	January 2022

▪ Option Grants during Fiscal Year 2017

An Option grant was made to the NEOs in September 2017. In accordance with the Corporation's compensation policy, a minimum share price of \$12.00 per share was used to determine the number of Options granted.

NEO	Number	Exercise Price ¹	Vesting	Expiry
J.-M. Eustache	53,992	\$8.97	33 ¹ / ₃ % on each of the first three anniversaries of the grant	September 18, 2024 (7 years after the grant)
D. Pétrin	12,750			
A. Guérard	11,875			
J.-F. Lemay	11,875			
D. Godbout	9,011			

(1) Based on the weighted average price for the five trading days preceding the grant, namely \$8.97.

▪ Status of Outstanding Options

	Total as at October 31, 2017	Total as at October 31, 2016	Total as at October 31, 2015
Total number of Options granted during Fiscal Year	135,406	0	236,447
<i>Including Options granted to the Named Executive Officers</i>	99,503	0	122,125
Options granted during the fiscal year as a% of the outstanding Voting Shares	0.40%	0%	0.63%
Total number of outstanding Options⁽¹⁾	2,243,328	2,611,891	2,741,856
Outstanding Options as a% of the total outstanding Voting Shares	6.06%	7.08%	7.11%
Balance available for future grants⁽²⁾	986,931	1,122,337	1,122,337
Balance available for future grants as a% of the total outstanding Voting Shares	2.66%	3.04%	2.91%

(1) The weighted average number of securities outstanding for the applicable fiscal year is 37,040,000 in 2017, 36,899,000 in 2016, and 38,558,000 in 2015.

(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 outstanding 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 three-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;
- 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 five-year period following their appointment, the number of Class B Voting Shares or DSUs with a value corresponding to a specific multiple of their annual base salary.

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 three-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	1.5 times the annual salary
Other executive officers	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



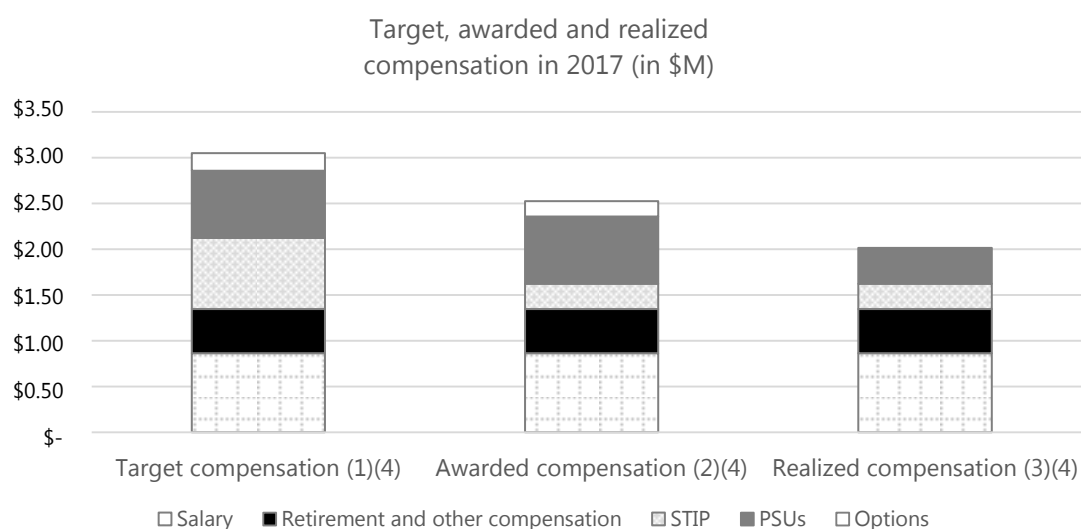
Jean-Marc Eustache

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 of Director meetings.

- The bonus awarded to Mr. Eustache for fiscal year 2017 was attributed based on the achievement of the ANI targets and stood at \$276,258, which represents 35.6% of his target.
- 65% of Mr. Eustache's total direct compensation target is variable and linked to the business's performance.

Allocation of targeted total direct compensation for 2017



(1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2017 bonus at the target.

(2) Includes the estimated value of the Options and of the PSUs granted in 2017, as presented in the "Summary Compensation Table", and the bonus paid for 2017.

(3) Includes the value of the Options exercised and the PSUs vested in 2017, as well as the bonus paid for 2017.

(4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (achieved)

Shares ⁽¹⁾	DSUs	Value ⁽¹⁾	Value Required
410,636	10,331	\$4,487,508	\$2,591,615

⁽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 31, 2017, i.e. \$10.66.



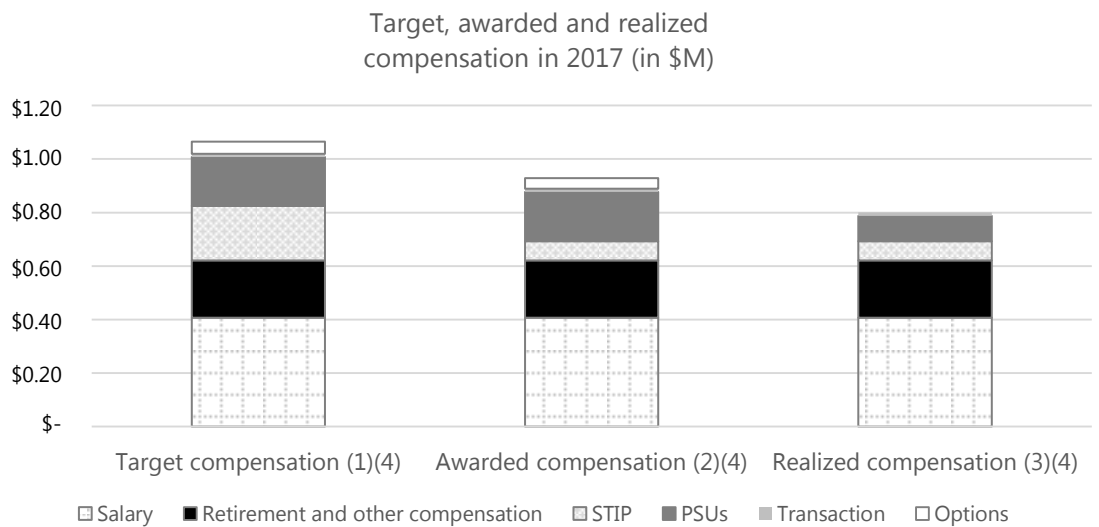
Denis Pétrin

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.

- The bonus granted to Mr. Pétrin for fiscal year 2017 was attributed based on the achievement of the ANI targets and stood at \$73,350, which represents 35.6% of his target.
- 52% of Mr. Pétrin’s total direct compensation target is variable and linked to the business’s performance.

Allocation of targeted total direct compensation for 2017



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2017 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2017, as presented in the “Summary Compensation Table”, and the bonus paid for 2017.
- (3) Includes the value of the Options exercised and the PSUs vested in 2017, as well as the bonus paid for 2017.
- (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (achieved)

Shares ⁽¹⁾	DSUs	Value ⁽¹⁾	Value Required
69,765	—	\$743,694	\$612,000

⁽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 31, 2017, i.e. \$10.66, including the Corporation’s non-acquired contribution under the terms of the Transaction program.

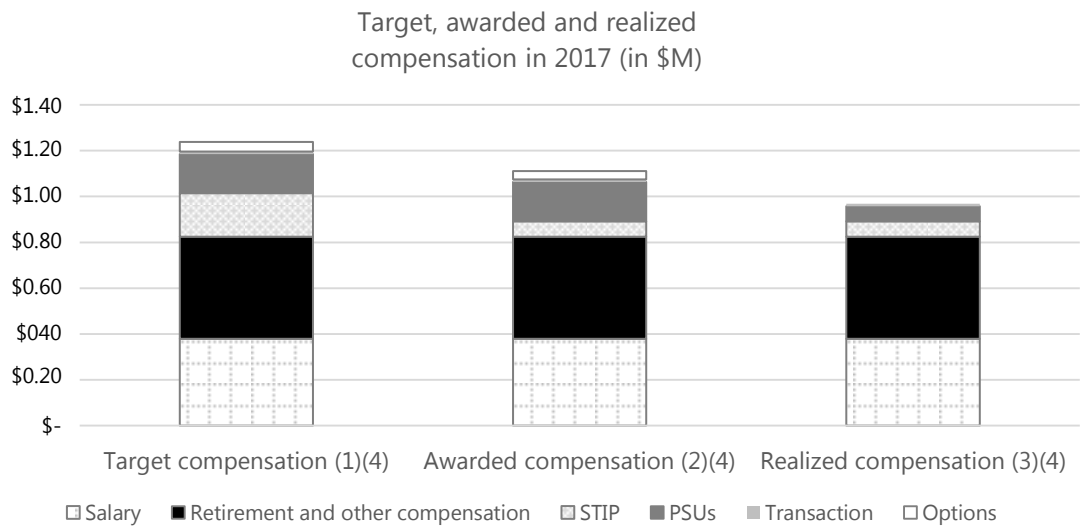


Annick Guérard
Chief Operating Officer, Transat A.T. Inc.

Since November 1, 2017, Annick Guérard has been leading all of the Corporation's operations (other than those of the new hotel subsidiary still being developed), 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.

- The bonus granted to Ms. Guérard for fiscal year 2017 was attributed based on the achievement of the ANI targets and stood at \$67,435, which represents 35.6% of her target.
- On the date of her appointment, Ms. Guérard's compensation was increased from \$380,000 to \$530,000 as at November 1, 2017.

Allocation of targeted total direct compensation for 2017



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2017 bonus at the target.
 (2) Includes the estimated value of the Options and of the PSUs granted in 2017, as presented in the "Summary Compensation Table", and the bonus paid for 2017.
 (3) Includes the value of the Options exercised and the PSUs vested in 2017, as well as the bonus paid for 2017.
 (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (2017) (ongoing)

Shares ⁽¹⁾	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
43,130	—	\$459,766	\$570,000

⁽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 31, 2017, i.e. \$10.66, including the Corporation's non-acquired contribution under the terms of the Transaction program.

⁽²⁾ Following her appointment as Chief Operating Officer on November 1, 2017, the shareholding requirement rose to \$795,000.

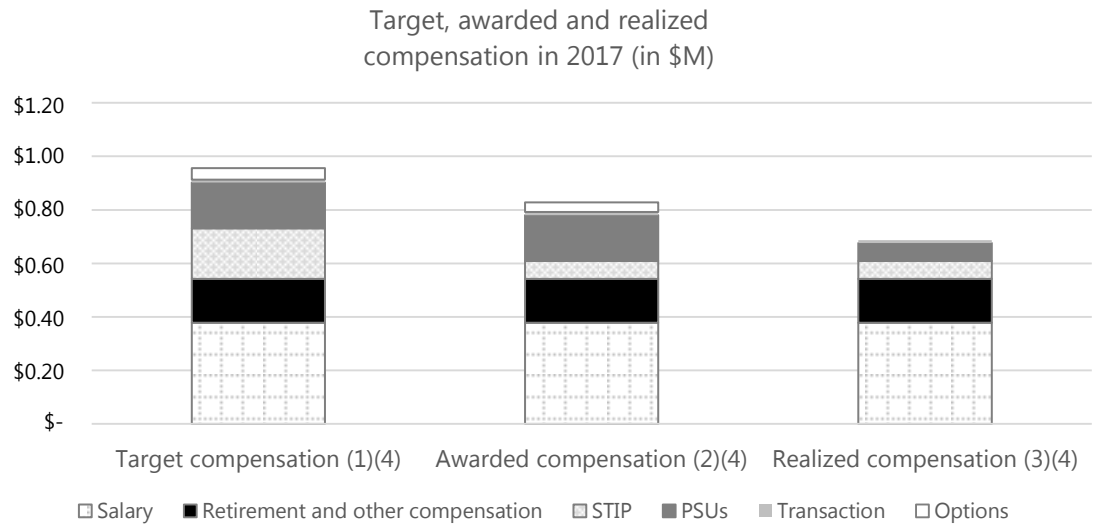


Jean-François Lemay
President and General Manager, Air Transat A.T. Inc.

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.

- The bonus granted to Mr. Lemay for fiscal year 2017 was attributed based on the achievement of the ANI targets and stood at \$67,414, which represents 35.6% of his target.

Allocation of targeted total direct compensation for 2017



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2017 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2017, as presented in the "Summary Compensation Table", and the bonus paid for 2017.
- (3) Includes the value of the Options exercised and the PSUs vested in 2017, as well as the bonus paid for 2017.
- (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (2017) (ongoing)

Shares ⁽¹⁾	DSUs	Value ⁽¹⁾	Value Required
46,317	—	\$493,743	\$380,000

⁽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 31, 2017, i.e. \$10.66, including the Corporation's non-acquired contribution under the terms of the Transaction program.



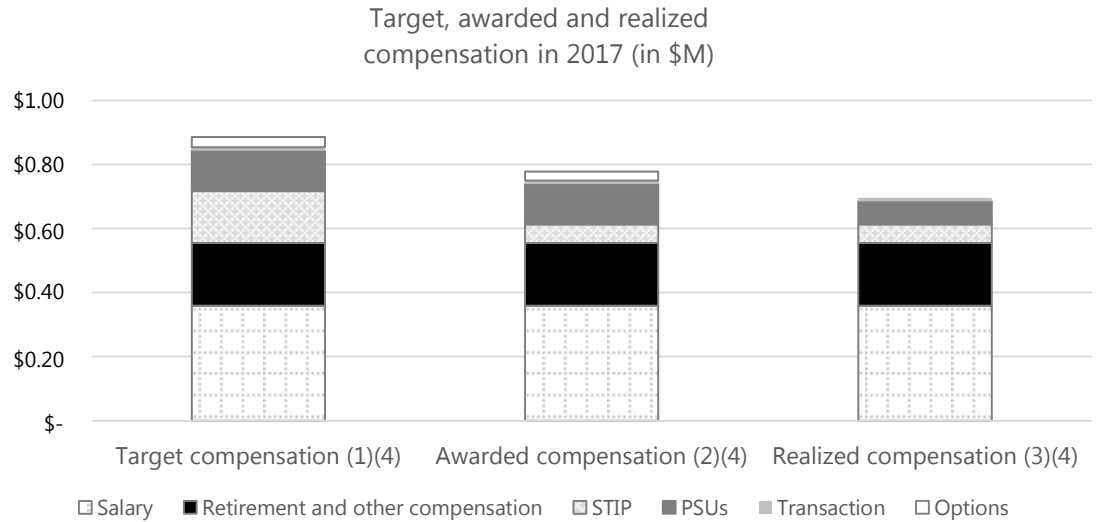
Daniel Godbout

Senior Vice-President, Transport and Yield Management, Transat A. T. Inc.

Daniel Godbout principally acts as advisor to the President and Chief Executive Officer of Transat A.T. Inc. He participates in large strategic negotiations, more particularly those involving the constitution and renewal of the fleet.

- The bonus granted to Mr. Godbout for fiscal year 2017 was attributed based on the achievement of the ANI targets and stood at \$57,522, which represents 35.6% of his target.

Allocation of targeted total direct compensation for 2017



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2017 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2017, as presented in the "Summary Compensation Table", and the bonus paid for 2017.
- (3) Includes the value of the Options exercised and the PSUs vested in 2017, as well as the bonus paid for 2017.
- (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (achieved)

Shares ⁽¹⁾	DSUs	Value ⁽¹⁾	Value Required
118,607	1,264	\$1,277,824	\$360,423

⁽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 31, 2017, i.e. \$10.66, including the Corporation's non-acquired contribution under the terms of the Transaction program.

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 Chief Executive Officer, 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 “**Named Executive Officers**” or “**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 below.

Name and principal position	FY	SALARY	SHARE-BASED AWARDS		OPTION-BASED AWARDS (3)	SHORT-TERM INCENTIVE PROGRAM COMPENSATION	RETIREMENT PLAN VALUE (4)	ALL OTHER COMPENSATION ⁽⁵⁾	TOTAL COMPENSATION
			RSUs/PSUs (1)	TRANSACTION (2)					
			(\$)	(\$)					
Jean-Marc Eustache Chairman of the Board of Directors, President and Chief Executive Officer, Transat A.T.	2017	862,227	734,293	0	166,835	276,258	414,120	68,978	2,522,711
	2016	853,559	969,077	0	0	0	380,005	68,285	2,270,926
	2015	842,678	718,045	0	255,460	487,943	611,720	67,414	2,983,261
Denis Pétrin Vice-President, Finance and Administration, and Chief Financial Officer, Transat A.T.	2017	406,462	183,607	12,338	39,398	72,350	178,129	36,581	928,865
	2016	395,872	236,605	39,587	0	0	150,195	35,628	857,887
	2015	369,547	168,854	36,955	56,735	118,713	200,352	33,259	984,415
Annick Guérard President and General Manager, Transat Tours Canada ⁽⁶⁾	2017	378,846	171,004	11,115	36,694	67,435	411,577	34,096	1,110,709
	2016	327,020	152,857	32,702	0	0	161,773	32,702	707,054
	2015	310,973	109,241	31,097	37,756	95,430	99,212	31,097	714,807
Jean-François Lemay President and General Manager, Air Transat	2017	378,731	171,004	11,058	36,694	67,414	129,575	34,085	828,618
	2016	323,362	150,542	32,336	0	0	179,705	32,336	718,281
	2015	313,517	110,310	31,352	38,125	96,194	92,259	31,352	713,108
Daniel Godbout Senior Vice-President, Transport and Yield Management, Transat A. T.	2017	359,064	126,154	10,900	27,844	57,522	160,181	35,906	777,571
	2016	352,060	163,680	35,206	0	0	135,304	35,206	721,456
	2015	344,313	120,953	34,431	41,804	105,661	136,878	34,431	818,472

(1) The value of the RSUs/PSUs awarded under the RSU/PSU Plans 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 trading days preceding the award, i.e. \$8.97 in 2017, \$7.90 in 2016 and \$8.73 in 2015.

(2) This amount represents Transat’s contribution to the Permanent Stock Ownership Incentive Plan (Transaction program) on the executive officer’s behalf. This contribution is equivalent to 10% of the executive’s base salary. In 2017, participation in the program was suspended during the blackout period that ended on September 11. After the blackout period was lifted, executives who wanted to make catch-up contributions to their Share Purchase Plan obtained an identical amount from the Corporation under the Transaction plan.

(3) 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, taking into account the following assumptions (note that no Options were granted in 2016):

	2017	2015
Exercise price:	\$8.97	\$8.73
Risk-free rate:	1.43%	1.33%
Dividends:	–	–
Volatility (60 months):	42.00%	58.20%
Expected lifetime:	4 years	4 years
Fair value per Option:	\$3.09	\$3.52

- (4) 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 2017, 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, 2015, 2016 and 2017 respectively, in accordance with generally accepted accounting principles.
- (5) This amount represents the value of the perquisites paid under the perquisites program (allowance).
- (6) As at November 1, 2017, Ms. Guérard was appointed Chief Operating Officer of Transat, while maintaining her duties as President and General Manager of TTC.

INCENTIVE PLANS

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each Named Executive Officer, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2017.

Name of the officer	Option-Based Awards					Share-Based Awards		
	Number of securities underlying unexercised option	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)
				Vested	Not vested			
	(#)	(\$)		(\$)	(\$)	(#)	(\$)	(\$)
Jean-Marc Eustache	62,266	21.36	April 21, 2018	0		204,529	2,180,279	110,128
	118,538	11.22	May 6, 2019	0				
	110,743	12.25	May 5, 2020	0				
	49,844	19.24	January 12, 2021	0				
	192,313	7.48	January 11, 2022	611,555				
	233,637	6.01	January 9, 2023	1,086,412				
	116,612	12.49	January 8, 2021	0	0			
	72,574	8.73	January 14, 2022	93,381	46,687			
53,992	8.97	Sept. 18, 2024	0	91,246				
Annick Guérard	4,000	11.22	May 6, 2019	0		38,413	409,483	0
	6,699	12.25	May 5, 2020	0				
	2,500	19.24	January 12, 2021	0				
	16,871	7.48	January 11, 2022	53,650				
	24,362	6.01	January 9, 2023	113,283				
	18,330	12.49	January 8, 2021	0	0			
	10,726	8.73	January 14, 2022	13,803	6,898			
	11,875	8.97	Sept. 18, 2024	0	20,069			
Denis Pétrin	3,715	21.36	April 21, 2018	0		50,419	537,467	0
	14,880	11.22	May 6, 2019	0				
	29,230	12.25	May 5, 2020	0				
	7,537	19.24	January 12, 2021	0				
	37,433	7.48	January 11, 2022	119,037				
	47,296	6.01	January 9, 2023	219,926				
	23,898	12.49	January 8, 2021	0	0			
	16,118	8.73	January 14, 2022	20,740	10,368			
	12,750	8.97	Sept. 18, 2024	0	21,548			
Jean-François Lemay	31,471	7.48	January 11, 2022	100,078		38,120	406,359	0
	21,439	6.01	January 9, 2023	99,691				
	18,330	12.49	January 8, 2021	0	0			
	10,831	8.73	January 14, 2022	13,938	6,965			
	11,875	8.97	Sept. 18, 2024	0	20,069			

Name of the officer	Option-Based Awards					Share-Based Awards		
	Number of securities underlying unexercised option	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)
				Vested	Not vested			
Daniel Godbout	10,980	21.36	April 21, 2018	0		34,783	370,787	13,474
	21,321	11.22	May 6, 2019	0				
	37,948	12.25	May 5, 2020	0				
	8,632	19.24	January 12, 2021	0				
	33,305	7.48	January 11, 2022	97,584				
	40,462	6.01	January 9, 2023	178,033				
	20,295	12.49	January 8, 2021	0	0			
	11,876	8.73	January 14, 2022	15,282	7,639			
	9,011	8.97	Sept. 18 2024	0	15,229			

(1) The monetary value was calculated using the difference between the trading price of the Voting Shares of Transat on the TSX on October 31, 2017, i.e. \$10.66, and the option exercise price.

(2) Vesting of shares under the Transaction plan 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 three-year cycle. Please refer to the "Long Term Incentive Plan" section.

(3) Includes the PSUs, RSUs and shares awards under the Transaction stock ownership incentive plan. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 31, 2017, i.e. \$10.66.

TABLE OF THE VALUE VESTED OR PAID DURING THE FISCAL YEAR

The following table sets forth, for each Named Executive Officer, 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	46,691	389,936	276,258
Denis Pétrin	10,370	119,308	72,350
Annick Guérard	6,902	86,582	67,435
Jean-François Lemay	6,969	87,198	67,414
Daniel Godbout	7,641	95,624	57,522

(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 stock ownership incentive plan, the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date. For the restricted share units (RSUs), the redemption value of the units from the 2014-2017 cycle is nil as the performance criteria was not attained. For the performance-based share units (PSUs), the redemption value of the units from the 2014-2017 cycle is determined based on the trading price of the share upon vesting.

(3) Represents the amount paid for fiscal year 2016-2017 under the Short-Term Incentive Plan (STIP).

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, 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 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.
 - Continuous and uninterrupted participation of the executive up to his or her retirement date at the prescribed contribution level required under the said plan is a condition for being entitled to the defined benefit 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.
 - 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, the annualized eligible earnings, years of credited service and estimated annual retirement benefits payable at age 65 accrued as at October 31, 2017 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 October 31, 2016 to October 31, 2017, including the annual cost attributable to compensatory items for fiscal year 2017. 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, 2017, 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, 2016 ⁽³⁾ (\$)	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2017 ⁽³⁾ (\$)
		As at October 31, 2017 (\$)	At age 65 (\$)		Change attributable to compensatory items ⁽⁴⁾ (\$)	Change attributable to non-compensatory items ⁽⁵⁾ (\$)	
Jean-Marc Eustache	38.78	1,202,367	n/a	15,239,000	397,000	(305,000)	15,331,000
Denis Pétrin	8.00	88,374	253,585	1,214,000	170,000	(21,000)	1,363,000
Annick Guérard	4.92	34,492	555,744	546,000	404,000	(39,000)	911,000
Jean-François Lemay	6.00	41,836	142,511	609,000	122,000	(10,000)	721,000
Daniel Godbout	30.19	301,890	394,450	4,291,000	153,000	(159,000)	4,285,000

(1) Number of years credited service in a position eligible to the senior executives' retirement plan as at October 31, 2017 or before that date following termination of employment or retirement in 2017.

(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, 2016 or October 31, 2017, 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.

All obligations stemming from payable 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, including 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 before 2016);
- the loss of majority by the Directors in office;
- 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, the 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 management positions, the contributions are both 2%, up to the maximum contributions allowed under the *Income Tax Act* (Canada).

The following table sets forth the changes in the sums accumulated in the defined contribution plan between November 1, 2016 and October 31, 2017, including the Corporation's contributions for fiscal year 2017.

Name of the officer	Accumulated value as at November 1, 2016 (\$)	Compensatory amount⁽¹⁾ (\$)	Accumulated value at the end of FY 2017 (\$)
Jean-Marc Eustache	699,859	17,120	744,224
Denis Pétrin	492,555	8,129	551,073
Annick Guérard	263,098	7,577	303,169
Jean-François Lemay	59,369	7,575	78,427
Daniel Godbout	419,356	7,181	461,399

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

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 18 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.

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, for a number of months determined as follows:

Officers	Involuntary departure termination allowance	Change of control (CofC) termination allowance
Jean-Marc Eustache (CofC protection 24 months)	<ul style="list-style-type: none"> • 24 months of base salary plus one month per year of service (maximum 36 months) • Target under STIP 	
Denis Pétrin and Daniel Godbout (CofC protection 24 months)	<ul style="list-style-type: none"> • 12 months of base salary plus one month per year of service (maximum 18 months) • Target under STIP 	<ul style="list-style-type: none"> • 18 months of base salary plus one month per year of service (maximum 24 months) • Target under STIP
Annick Guérard and 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 years. 	

The allowance is paid only if the Corporation terminates the officer's employment for a reason other than serious cause and, for Messrs. Eustache, Godbout and Pétrin, as well as for Ms. Guérard in the event of a change of control only, 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, including the reporting line (other than for Ms. Guérard); a significant reduction of compensation; relocation of the offices more than 100 kilometres away; and more generally, any constructive dismissal.

In the case of Jean-Marc Eustache, the "valid reasons" also include a material adverse change of functions affecting the positions of Chairman of the Board of Directors and/or Chief Executive Officer. In the case of Daniel Godbout, they also include the firing or dismissal of the President and CEO or any action or penalty that would deprive him of a portion of his responsibilities.

In the cases of Messrs. Eustache, Godbout 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 in the individual agreements is defined as follows:

Executive Officers	Definition of change of control
Jean-Marc Eustache, Denis Pétrin and Daniel Godbout (if not solicited by management)	<ul style="list-style-type: none"> ▪ acquisition or holding of 20% or more of the voting rights; except acquisition by the Corporation itself or similar or by a company with the same shareholding; ▪ 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); ▪ 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.
Annick Guérard	<ul style="list-style-type: none"> ▪ acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert; ▪ loss of majority by the Directors in office; ▪ sale of 50% of the assets or the majority of the securities of Air Transat or TTC.
Jean-François Lemay	<ul style="list-style-type: none"> ▪ not applicable

The definition of change of control that will apply to the executives hired in the future will be aligned with the definition provided for in the plans adopted in 2016.

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	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 termination date.</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 termination date.</p>	PSUs vest based on the % of the last vesting cycle ended, prorata to the months worked in the cycle of each award.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	A certificate of the accrued benefits on termination date is issued to the member.	All insurance coverages except short-term and long-term disability are maintained for the term of the benefits period (unless covered by alternate insurance before the end of the period).
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.	<p>Vesting of the portion of the defined contributions.</p> <p>Cancellation of the right to benefits of the defined benefit plan.</p>	
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 termination date is issued to the member.	End of coverage.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan / Transaction	Retirement Plan	Employee and other benefits
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.	RSUs: All the RSUs awarded and not vested vest on the date of change of control ⁽¹⁾ . DSUs: Non applicable if the executive officer remains employed by the Corporation.	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.	Non applicable (refer to the provisions relating to breach of contact).

(1) For RSUs granted before January 13, 2016, the accelerated vesting of RSUs is at the discretion of the Board, except if the individuals who constitute the Board on November 1, 2013 cease to constitute a majority of the members of the Board, or if a majority of the directors are not re-elected. In such case, vesting occurs as described in the above table.

As at January 13, 2016 and December 13, 2017, the Corporation decided to establish new 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	Share Purchase Plan Share Purchase Plan / Transaction Defined Benefit Pension Plan ⁽¹⁾ DSU Plan	RSU Plan	PSU Plan
Grants and awards before January 13, 2016	Unsolicited event or series of events (except for the events described in (iii) hereinafter) with one of the following results: (i) acquisition or holding of 20% or more of the voting rights; (ii) non-reelection of the majority of the members of the Board; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC; (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.	Automatic acceleration of RSU vesting in the event of non-reelection of the majority of the members of the Board. 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.	Event or series of events with one of the following results: (i) acquisition or holding of more than 50% of the voting rights; (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.
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 ² .		

(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 11 current executive officers participating in the plan, and the clause applicable on or after January 13, 2016 will apply to grants made to members after that date.

(2) 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)

The following table reflects the monetary value of the various additional or accelerated benefits payable to each NEO in the event of termination of employment (involuntary departure) and termination of employment following a change of control, as provided in the various compensation plans and the individual agreements, if the change of control had occurred on October 31, 2017.

Name		Termination allowance ⁽¹⁾ (\$)	Options ⁽²⁾⁽⁴⁾ (\$)	RSUs ⁽³⁾⁽⁴⁾ (\$)	PSUs ⁽³⁾⁽⁴⁾ (\$)	Share Purchase Plan / Transaction ⁽⁴⁾ (\$)	Retirement Plan ⁽⁵⁾
Jean-Marc Eustache	ID	\$4,924,069	n/a	\$0	\$193,920	n/a	n/a
	CofC		\$137,933	\$1,307,641	\$872,638	\$0	
Denis Pétrin	ID	\$918,000	n/a	\$0	\$48,489	n/a	n/a
	CofC	\$1,224,000	\$31,915	\$319,267	\$218,200	\$64,282	
Annick Guérard	ID	\$641,753	n/a	\$0	\$45,160	n/a	n/a
	CofC		\$26,967	\$206,260	\$203,222	\$54,497	
Jean-François Lemay	ID	\$535,122	n/a	\$0	\$45,160	n/a	n/a
	CofC	\$642,146	\$27,034	\$203,137	\$203,222	\$54,235	
Daniel Godbout	ID	\$783,922	n/a	\$0	\$33,316	n/a	n/a
	CofC	\$1,045,229	\$22,868	\$220,865	\$149,922	\$57,583	

(1) The calculation is made according to conditions in effect as at October 31, 2017. However, certain conditions have changed since that date: Mr. Eustache's target STIP was increased from 90% to 100% of his base salary, and the severance periods for Ms. Guérard and Mr. Lemay, which were respectively 18 and 15 months, are now 24 months.

(2) The value indicated is for Options that have not vested and which would vest further to termination of employment in a change of control context on October 31, 2017.

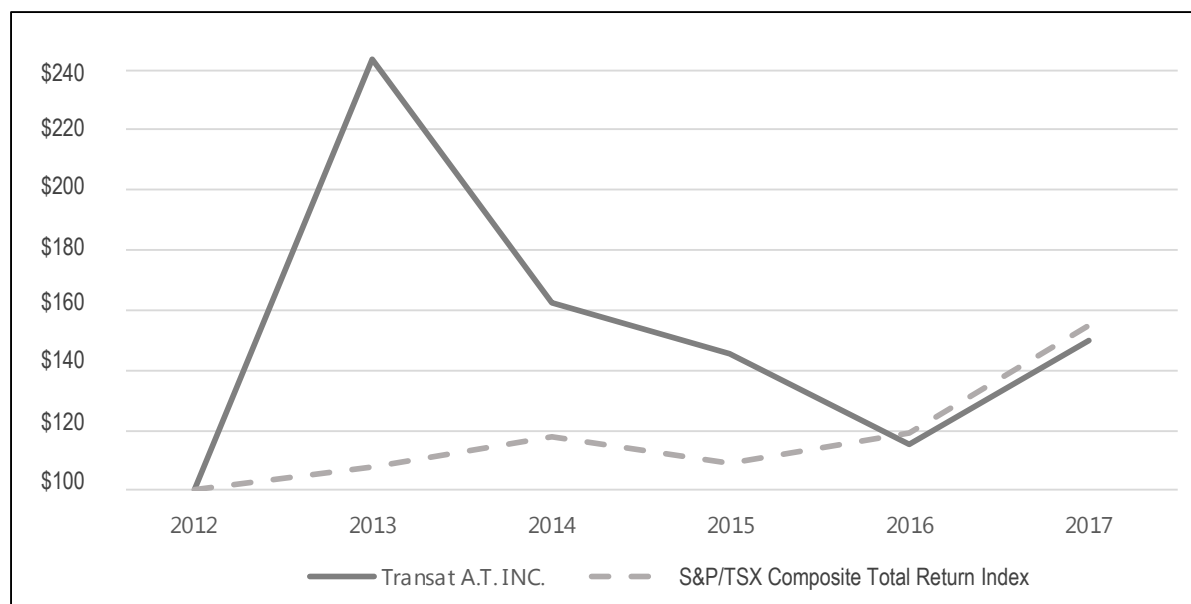
(3) The value indicated represents all RSUs/PSUs at the price per share on October 31, 2017, which would all vest in the event of a change of control as defined in the plan.

(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) 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.

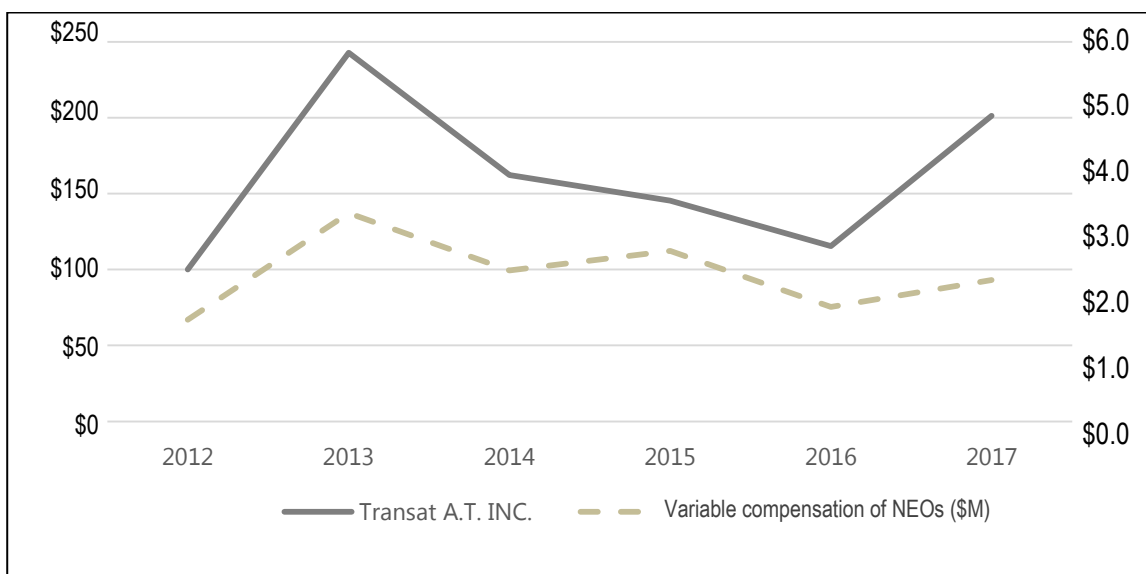
PERFORMANCE GRAPH

The following performance graph indicates the cumulative total return over five years, assuming a \$100 investment made on October 31, 2012 in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



Fiscal Years	2012	2013	2014	2015	2016	2017
Transat A.T Inc.	100	244	162	145	115	150
S&P/TSX Composite Total Return Index	100	108	118	109	119	155

The following graph indicates the trend of the total variable compensation granted to the NEOs over the same five-year period as the previous graph. It compares the sum of the total variable compensation granted to the Named Executive Officers (STIP bonuses paid, RSU awards, PSU awards, share awards under the Transaction program and Option grants) with the cumulative total return over five years, assuming a \$100 investment made on October 31, 2012 in Voting Shares of Transat. This graph shows that when the value of the return on the Voting Shares of Transat decreases, as in 2014 and 2016, the total variable compensation granted also decreases, thus 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 the Voting Shares of Transat increases over the previous year, as in 2013 and 2017, the total variable compensation granted to the NEOs also increases.



Fiscal Years	2012	2013	2014	2015	2016	2017
Transat A.T Inc.	100	243	162	145	115	201
Variable compensation of NEOs (\$M)	1.606	3.292	2.386	2.695	1.811	2.235

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. The criticality of a position is evaluated based on three criteria: the financial impact on Transat, the difficulty of recruiting for the position, and the risk of the individual’s departure. Following this exercise, 16 positions (from a pool of 204 executive officer, senior executive or middle management positions) were identified as critical and action plans were deployed to reduce their impact. Within the context of talent management, for reasons of efficiency and operational needs, Transat has also chosen to concentrate on a specific pool of employees for the next few years.

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 Talent Management.

In the perspective of his future retirement, the process to find a successor to Mr. Jean-Marc Eustache, President and CEO, is underway. Over the past few years, a process to identify and evaluate candidates internally has been 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 two 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 should be 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. In the course of the last year, 31 people were identified as having strong potential, and nine (9) of them (or 29%) were promoted internally.

DIVERSITY AND MANAGEMENT

The Corporation wishes its executive officers to be diversified and thus be able to offer a depth of perspective and contribute to the improvement of the Corporation's operations. 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. 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 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.

On October 31, 2017, 2 of the 11 executive officers of the Corporation were women, which represents 18% of the executive officer positions, as compared to 8% on October 31, 2016. It should be noted that in the level immediately below the executive officer level, six (6) of the nine (9) positions are currently held by women, which represents 40% of the positions (8 women out of 20). This level offers a recruitment pool that will allow the Corporation to further improve the gender balance within senior management in future. The recruitment approach favoured by the Corporation is to put a premium on inclusion and diversity by supporting the recruitment of women and offering them possibilities for advancement. Specific targets or proportions regarding the gender mix are not currently used for executive officer positions, given that the nominations are based on a set of balanced criteria, including the merits of the individual and his or her experience and skills at the relevant time. Nonetheless, the nominations of the executive officers are studied in the light of our diversity and talent management objectives, particularly the level of representation of women in executive officer positions.



SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table indicates the number of Class B Voting Shares available for future issuance under the Share Purchase Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants or rights as at October 31, 2017 (a)	Weighted average exercise price of outstanding options, warrants and rights as at October 31, 2017 (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2017 (c)
Equity compensation plans approved by securityholders	2,243,328	\$10.06	986,931
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	2,243,328	\$10.06	986,931

▪ *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 identified below:

2009 Plan	<ul style="list-style-type: none"> • The cancelled Options cannot be reused for reserve purposes • Vesting subject to time and performance targets
1995 Plan	<ul style="list-style-type: none"> • Possibility of making grants to employees of subsidiaries in which Transat holds less than 50% of rights • The cancelled Options cannot be reused for reserve purposes • No annual maximum grant equal to 2% of the Corporation's outstanding shares

▪ *Deferred Share Unit Plan*

The awards of deferred share units ("**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.

- **2018 Share Purchase Plan for Employees**

The Corporation has made available to its regular permanent employees and executives the 2018 Share Purchase Plan for Employees, as well as the Transaction and Transcapital programs. These two programs are attached to the share purchase plan for employees. Please refer to the section entitled “Matters to be Brought Before the Meeting”, more specifically item “3. Employee Share Purchase Plan” for a more complete description of the Transcapital program, as well as the 2018 Share Purchase Plan for Employees. For additional information on the Transaction program, please refer to the section “Executive Officer Compensation Discussion and Analysis”.

ADDITIONAL DISCLOSURE

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, amongst 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.



APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

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

Made at Montréal, Québec, on January 16, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.

A handwritten signature in blue ink, appearing to be 'Bernard Bussières', written over a faint, illegible stamp or background.

Bernard Bussières
Vice-President, General Counsel and Corporate Secretary

SCHEDULE A -
SHAREHOLDER PROPOSAL

The following proposal was presented to the management of the Corporation by the Mouvement d'éducation et de défense des actionnaires ("MÉDAC"), which has a place of business at 82 Sherbrooke St. West, Montréal, Québec, H2X 1X3.

On the date its proposal was filed and based on the public information available, MÉDAC held, as at January 16, 2017, 320 Class B Voting Shares and Class A Variable Voting Shares of the Corporation, representing 0.001% of all the issued and outstanding Voting Shares.

Proposal No. 1.

Given that comparison groups are used as an element for determining executive and director compensation, it is proposed that the shareholders be given more precise information on the selection of businesses making up the comparison group, such as their market capitalization, number of employees and profitability.

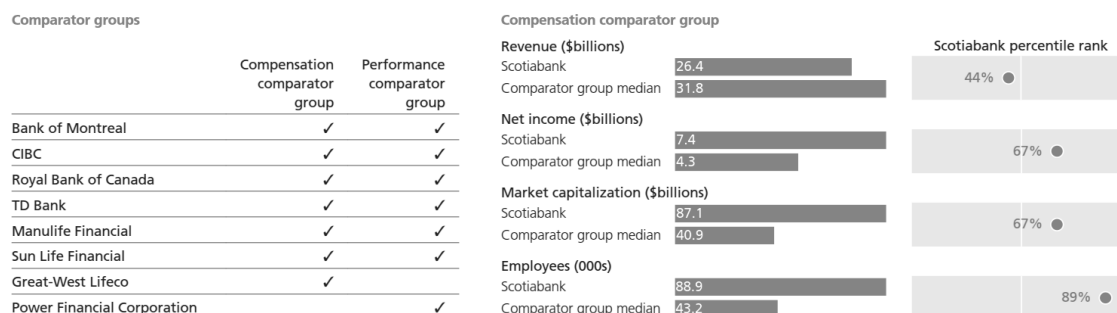
MÉDAC's arguments

To some, the method of using business comparison groups to determine executive officer compensation is one of the factors that has contributed to excessive increases, seeing as everyone wants to earn as much as the executives perceived to be comparable. We believe that this method can lead to abuse and that it would be important to include, among the tools used to determine compensation, a vertical comparison, namely a ratio of the total compensation of the highest executive officer to the average employee compensation.

That being said, this proposal is intended to give shareholders more information on the businesses selected that are declared to be comparable. We ask that the following additional information be provided for each of these businesses: market capitalization, operating revenues, number of employees, salary of highest executive, profitability over a two-year period and evolution of share prices over a two-year period.

Shareholders would therefore be in a better position to identify information that will help them form an opinion on the business's compensation policy.

Scotia Bank has an interesting way of presenting this information.



Management proxy circular (p. 51), Scotia, 2017 [<http://www.scotiabank.com/ca/common/pdf/management-proxy-circular-en.pdf>]

The Corporation's position

In a spirit of sound governance and to help our shareholders better appreciate the diligence of the Board's Human Resources and Compensation Committee in such matters, we believe it essential to disclose the criteria used to choose the executive compensation comparison group.

However, the proposed list of elements to disclose in this case includes a mix of inputs and outputs that could, in our opinion, create confusion as regards the process used to determine executive compensation. For instance, the salary of the highest executive is not a criterion applied to decide whether or not to include a company in the comparison group used to determine the compensation of our executive officers and directors. Rather, it is the result of its inclusion that will have an impact on the ensuing analysis, as well as on a number of other components, such as base salary, incentive compensation and other elements of compensation. A large part of the information requested has no bearing on the on the compensation being established or the decision as to whether or not to include certain elements in the comparison group. The Corporation discloses, under the heading "Comparison Group" of this Circular, the names of the companies that are part of its previous and current comparison group, the criteria used in their selection, as well as the median of some of these groups' criteria as compares to those used by Transat.

We believe that shareholders are better informed of Transat's process for determining executive compensation when the responsibility of selecting the most relevant elements to disclose in this section of the Circular is left to the HRCC.

Therefore, the Board and the management of the Corporation recommend that the shareholders vote AGAINST MÉDAC's Proposal No. 1.

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.

NOMINATIONS 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. 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 not also 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 a not a business day or later than 5:00 p.m. (Montréal 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.



SCHEDULE C –

TRANSCAPITAL PROGRAM

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

Maximum Number of Issuable Shares	Tied to the Share Purchase Plan for Employees (91,780 shares under the 2016 Share Purchase Plan). If the Shareholders approve the resolution tabled at the Meeting, the maximum number of issuable shares will be increased to 691,780.
Eligible Members	<p>The eligible employees must have completed six (6) months of continuous service and must not participate in the Transaction program.</p> <p>The rights and privileges conferred on a member under the provisions of the Transcapital program are non-transferable.</p>
Participation Level	The eligible employees may subscribe for a number of shares the total subscription price of which may vary between 1% and 5% of the employee's base salary. In addition to the Shares subscribed or attributed each month, the member may subscribe monthly for additional Shares up to a total of 10% of the member's annual base salary without, however, benefiting from any attribution of additional Shares by the Corporation in respect of such monthly contribution in excess of the maximum eligible amount (5%).
Subscription Price	The subscription price under the Transcapital program is equal to the weighted average closing price of the shares on the Toronto Stock Exchange 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 30% or 60% of the employee's contribution (for the portion under 5%), 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 Toronto Stock Exchange on the purchase date of the shares to be attributed by the Corporation.
Vesting Terms	All shares subscribed for in respect of a calendar year become unrestricted on July 1 st following the end of the calendar year in which they were subscribed, and all shares attributed in respect of a calendar year become vested to the member on July 1 st following the end of the calendar year in which they were attributed.



Grounds for Extinction of Rights	<ul style="list-style-type: none">• When a member voluntarily terminates his or her employment with the Corporation, or when the member's employment is terminated due to his or her dismissal (with or without cause), the said member thereby loses the right to all the attributed shares not yet vested.• If the Corporation undergoes a change of control or the member retires (de facto, but after age 55), dies or becomes totally and permanently disabled (qualifying for Transat's long-term disability plan), the shares attributed to the member, regardless of whether or not they previously became vested, will then become vested automatically.
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SCHEDULE D –

**SHARE PURCHASE PLAN FOR THE BENEFIT OF ALL EMPLOYEES OR EXECUTIVES –
AMENDED AND RESTATED AS AT JANUARY 1, 2018**



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SHARE PURCHASE PLAN (SPP)

FOR THE BENEFIT OF ALL EMPLOYEES OR EXECUTIVES OF

TRANSAT A.T. INC.

1. INTERPRETATION

In this Share Purchase Plan, the following terms shall have the meanings ascribed to them hereinafter, depending on the context:

- 1.1 “Board of Directors” means the Board of Directors of Transat A.T. Inc;
- 1.2 “Committee” means the Human Resources and Compensation Committee of the Board of Directors;
- 1.3 “Company” means Transat A.T. Inc. and any Canadian subsidiary in which it holds, directly or indirectly, more than 50% of the issued share capital entailing the right to vote in all circumstances;
- 1.4 “Employee or Executive” means all the regular Employees or Executives domiciled in Canada and holding a permanent position with the Company;
- 1.5 “Enrolment Form” means the form, which must be completed and signed by the Employee or Executive to be able to join the Share Purchase Plan;
- 1.6 “Enrolment Period” means the period between November 1 and no later than December 31 of each calendar year;
- 1.7 “Member” means any Employee or Executive who will have been designated as eligible for the Share Purchase Plan in accordance with subsection 3.1 and who will have subscribed for Shares of the Company in accordance with subsections 3.2 and 5.2 hereof;
- 1.8 « Release/Unrestriction of Shares » means the transfer of the subscribed shares to the Members, giving the Member the right to trade them;
- 1.9 “Salary” means the base annual salary of the Employee or Executive, excluding commissions, bonuses, overtime pay, travel expenses and any special payment for extraordinary services;
- 1.10 “Share Purchase Plan” means the Employee and Executive Common Share Purchase Plan of Transat, hereinbefore and hereinafter also called the “Share Purchase Plan for the Benefit of All Employees or Executives” or the “SPP”, such as it may be amended from time to time;
- 1.11 “Shares or Voting Shares” means the shares of Transat A.T. Inc., currently listed as “TRZ.TO” on the Toronto Stock Exchange, including any fraction of a Share, subscribed and then held by the Trustee on behalf of each Member under this Share Purchase Plan;
- 1.12 “Share Subscription” means the issuance of shares by the company to a member and deducted from a Member’s payroll;
- 1.13 “Termination” means that the Employee or Executive has permanently left the Company’s employ and does not include permanent layoff, rotating or voluntary layoff, or temporary layoff;
- 1.14 “Transat” means Transat A.T. Inc.
- 1.15 “Trustee” means any financial institution or corporation which may be appointed by Transat from time to time under this Share Purchase Plan.

2. “SPP” STRUCTURE

2.1 “SPP” Effective Date and Duration

The Share Purchase Plan, as amended herein, replaces, effective January 1, 2018, the Share Purchase Plan which came into force on January 12, 1989, as amended thereafter.

2.2 Description of Shares Issuable/Subscribed under the “SPP”

The Shares eligible to be subscribed under this Share Purchase Plan shall constitute new Shares in Transat’s share capital.

The maximum number of Shares issuable starting March 15, 2016, under this Share Purchase Plan, including the related plans, in particular Transcapital and Transaction, is 691,780, subject to any adjustment under subsection **Change in the Share Capital**.

The maximum number of Shares issuable to a single person under this Share Purchase Plan and any other share purchase plan or stock option plan of the Company shall not represent more than five percent (5%) of the outstanding shares in any Enrolment Period.

The number of Shares collectively issuable to the Company’s insiders under this Share Purchase Plan and any other related share purchase plan shall at all times be less than the majority of the Shares issuable under this Share Purchase Plan.

The number of Shares issuable to insiders, at any time, under this Share Purchase Plan and all of the other share-based compensation plans of the Company, cannot exceed ten percent (10%) of the issued and outstanding shares of the Company, and the number of Shares issued to insiders, within any one-year period, under this Share Purchase Plan and all of the other share-based compensation plans of the Company, cannot exceed ten percent (10%) of the issued and outstanding shares of the Company.

The notion of “insider” is as defined in the *Securities Act* (Ontario).

3. “SPP” ELIGIBILITY AND MEMBERSHIP

3.1 Eligibility

Eligibility for the Share Purchase Plan extends to all Employees or Executives designated by the Company or by the Committee, as the case may be, who have no less than three (3) months of continuous service at the last day of each Enrolment Period.

3.2 Membership

Membership in the Share Purchase Plan is completely optional and begins on January 1st of the calendar year following the Member’s enrolment to the Plan.

An eligible Employee or Executive shall become a Member of this Share Purchase Plan only if he joins the SPP by completing the Enrolment Form, and if he subscribes , subject to any other decision of the Board of Directors or the Committee, for a number of Shares whose aggregate subscription price shall equal between 1% and 10%, in multiples of 1%, of the Member’s annual base Salary except for Executives who are Members of the Transcapital or Transaction Plans, as the case may be, for whom the rules of membership are defined in each of these Plans.

A Member may terminate his membership to the Plan at all times, by completing a termination the Membership termination form. Following his termination to the Plan, the employee will not be able to reenroll to the Plan until the next enrolment period.

3.3 Not to be Likened to a Contract of Employment

Membership shall in no case be considered a contract of employment with the Company or become a consideration or a condition of employment. It shall not affect the Company’s right to dismiss, terminate, reprimand or lay off the Member at any time, regardless of the consequences that such an act might have on his membership in the “SPP”.

4. “SPP” RESPONSIBILITY AND MANAGEMENT

4.1 Responsibility

- 4.1.1 The Board of Directors bears full and complete responsibility with regard to the Share Purchase Plan, which includes, but not limited to, the power and authority to adopt, amend, suspend or terminate the Share Purchase Plan, as it deems necessary or desirable. Any such adoption, amendment, suspension or termination is subject to the rules set forth by the regulatory authorities.
- 4.1.2 Subject to subsection 4.1.3, shareholder approval is not required for amendments to the Share Purchase Plan.
- 4.1.3 Approval by a majority of the voting shareholders present at a duly called shareholder meeting is required for (i) any increase to the number of Shares issuable under the Share Purchase Plan, other than for standard anti-dilution purposes, (ii) any increase in the discount percentage or (iii) amendment to Transat contribution under this Plan.
- 4.1.4 No amendment of the Share Purchase Plan may contravene the requirements of any competent regulatory authority to which the Share Purchase Plan or Transat is now or may hereafter be subject to.
- 4.1.5 The shareholders' approval of an amendment may be given by way of confirmation at the next meeting of shareholders after the amendment is made, provided that no Shares are issued pursuant to the amended terms.

4.2 Management

The Board of Directors mandates the Committee to manage and administer the Share Purchase Plan, which confers full and complete authority on the Committee to interpret and adopt rules and by-laws and any other provisions necessary or desirable for the administration of the “SPP”.

The responsibility for maintaining the list of Members and their membership records shall be entrusted to a Trustee acting as administrator of the “SPP” for the benefit and on behalf of the Members. A Member's record shall contain each subscription of Shares he will have made and the Number of Shares Subscribed which are unrestricted. The Trustee shall also be responsible for proceeding, on each date where the Shares become unrestricted, with the transfer of the Shares from restricted to unrestricted; at the Member's request and except as otherwise provided in subsection 6.1 or 6.2, the Trustee may also proceed with the delivery of the share certificates for the Shares subscribed during a Plan Year or proceed with the sale at the market price of the same subscribed Shares, at the earliest after the Shares become fully unrestricted.

All of the Trustee's fees in relation with the management of the “SPP” shall be borne by the Company, except for the fees for delivery of share certificates or sale of Shares, including the brokerage fees upon the sale of the Shares at the Member's request, which shall be at the Member's expense.

5. “SPP” PRINCIPLES AND OPERATION

5.1 Principle

The principle is to incite Employees or Executives to join the Share Purchase Plan in order to subscribe monthly, by payroll deductions, for the Shares of the Company, varying in number according to the Member's Monthly Contribution (hereinafter the “Member's Monthly Contribution”). The Member's Monthly Contribution shall be equal to 2/26 or 3/26 (depending on whether 2 or 3 payroll deductions will have been deducted during the month, in view of the number of pays (2 or 3) made in that same month) of between 1% and 10%, in multiples of 1%, of the Member's annual base Salary, at his option. The incentive comes from the 10% discount granted on the subscription price of each Share subscribed, subject to the Member remaining the owner of the Share as long as it is restricted.

5.2 Share Subscription Mechanisms

The principle set out in subsection 5.1 shall be applied as follows: an eligible Employee or Executive shall become a Member of the Share Purchase Plan by subscribing monthly by payroll deductions for a number of Shares (the “Number of Shares Subscribed”)

whose aggregate price shall equal 2/26 or 3/26 (depending on the month) of between 1% and 10% of his annual base Salary (in multiples of 1%), the number of which shall be obtained by the formula:

$$\{ [2/26 \text{ or } 3/26 \times 1\% \text{ to } 10\% \times \text{annual Salary}] \div [0.90 \times \text{subscription price}] \}$$

where the subscription price under the Plan is equal to the weighted average closing price on the Toronto Stock Exchange (TSX) for the five (5) trading days preceding subscription of the Shares.

5.3 Restriction Mechanisms

The Shares subscribed by a Member shall be escrowed; these Shares are initially restricted and they shall only become unrestricted in accordance with the following conditions: 100% of the Number of Shares Subscribed with respect to a calendar year shall become unrestricted on the July 1st following the end of the Plan Year with respect to which they were subscribed.

5.4 Issue of the Subscribed Shares

The Number of Shares Subscribed monthly shall be subscribed from the Company's treasury within ten (10) days from the end of the month by the Trustee on behalf of the Member utilizing the Member's monthly contributions (payroll deductions).

5.5 Shareholders' Rights

The Shares subscribed by a Member in accordance with and subject to the provisions of sections 5 and 6 confer on the said Member, upon their subscription, the voting rights, the rights to receive dividends (paid automatically by reinvestment by the Trustee within ten (10) days from the end of the month, in the form of additional unrestricted Shares at a price per share equal to the weighted average closing price on the Toronto Stock Exchange (TSX) for the five (5) trading days preceding the date of reinvestment of the dividends), the rights to receive the financial statements and all the other rights usually inherent to a shareholder.

5.6 Change in the Share Capital

In the event of a change in the share capital of the Company, such as would occur following a stock split, consolidation, stock dividend, etc., the Number of Shares Subscribed by a Member shall be adjusted in the same manner as for all other shares, subject to any other determination by the Committee as a result of the change made to the Company's share capital and subject to the required approvals, if any.

6. PROVISIONS IN CASE OF TERMINATION, RETIREMENT, DEATH, ETC. OR CHANGE OF CONTROL

6.1 Termination

When a Member voluntarily terminates his employment or when the Member's employment is terminated due to his dismissal (with or without cause), all the Shares subscribed by the Member, regardless of whether or not they became unrestricted before Termination, shall become unrestricted automatically. The Member may then ask the Trustee to provide him with a certificate issued for all the Shares subscribed; he may also ask the Trustee to sell all or part of the aforesaid Shares at the market price. If the Member gives no instructions to the Trustee within ninety (90) days from his Termination date, the Trustee shall send him a share certificate at the address shown in its books.

6.2 Retirement, Death or Permanent Disability

In the event that the Member retires (de facto, but after age 55), dies or becomes totally and permanently disabled (qualifying for Transat's long-term disability plan), the Member or the beneficiary, as the case may be, may ask the Trustee to provide him with a certificate issued for all the Shares subscribed, regardless of whether or not they previously became unrestricted, because they will then become unrestricted automatically. The Member or the beneficiary, as the case may be, may also ask the Trustee to sell all or part of all the aforesaid Shares at the market price. If the Member gives no instructions to the Trustee within ninety (90) days from his retirement or disability date, the Trustee shall send him a share certificate at the address shown in its books; in case of death, the Trustee shall act in accordance with the beneficiary's instructions, if applicable.

6.3 Change of Control

In the event of a change of control of the Company, as defined in Schedule "A", the Member shall have the same rights as in the foregoing subsection **Retirement, Death or Permanent Disability**.

6.4 Payroll Deductions Not Yet Used for Subscription of Shares

In the event that on the occurrence of one of the contingencies described in subsections **Termination, Retirement, Death or Permanent Disability** and **Change of Control**, the Member's Monthly Contributions (payroll deductions) have not yet been used by the Trustee to subscribe for Shares, these amounts shall be remitted by Transat to the Member or his beneficiary.

7. GENERAL PROVISIONS

The rights and privileges conferred on a Member under the provisions of this Share Purchase are non-transferable.

The provisions of this Share Purchase Plan shall be governed and interpreted in accordance with the Laws of the Province of Québec, and the applicable Laws of Canada.

SCHEDULE "A" TO THE SPP

CHANGE OF CONTROL

For the purposes of the Share Purchase Plan for the benefit of All Employees or Executives of Transat known as "SPP" (the "Share Purchase Plan"), a "Change of Control" occurs when an event results in a Change of Control of the Company. "Change of Control of the Company" means a situation that creates a de facto control of the Company, whether directly or indirectly, by ownership of the Company's securities, whether by agreement or in any other manner. Without limiting the generality of the foregoing, the following events will be considered a Change of Control:

- (a) if a person or several persons acting jointly or in concert, proceeding by takeover bid in accordance with the applicable provisions of the Securities Act (Quebec), become the beneficial owners, directly or indirectly, of a certain number of securities of the Company conferring 50% or more of the voting rights for the election of the Company's directors;
- (b) if a person or several persons acting jointly or in concert, proceeding by stock market trading, by over-the-counter sale, or in any other manner whatsoever, become the beneficial owners, directly or indirectly, of a certain number of securities of the Company conferring 50% or more of the voting rights allowing them to elect the Company's directors; however, the acquisition of securities by the Company itself, by one of its subsidiaries or affiliates, or by an employee benefit plan of the Company or one of its subsidiaries or affiliates (or by the Trustee of such a plan), or by a company or other legal entity of which, after acquisition, almost all of the voting securities are beneficially owned, directly or indirectly, by the persons who, prior to acquisition, were the owners of the securities of the Company which were acquired by the said company or other legal entity, in proportions substantially similar to those of their previous holding of the securities of the Company, shall not constitute a change of control;
- (c) if the individuals constituting the Board of Directors of the Company cease, for any reason whatsoever, in the course of the same shareholder meeting or following the execution of a shareholder resolution, to constitute a majority of the members of the Board of Directors without the Board of Directors, as it was constituted immediately prior to the said meeting or resolution, having approved the said change;
- (d) if assets of the Company representing 50% or more of the book value of all assets of the Company as determined on the date of the last audited financial statements of the Company, are sold, liquidated or otherwise assigned; or
- (e) if a majority of the voting securities for the election of the directors of Air Transat A.T. Inc. and Transat Tours Canada Inc. are sold or assigned.

Effective as of January 1, 2015 as amended on January 13, 2016 and December 13, 2017.

ANY QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITATION AGENT:

D.F. KING



NORTH AMERICAN TOLL-FREE NUMBER:

1-866-822-1239

Banks, brokers and collect calls: 201-806-7301

Toll-free facsimile: 1-888-509-5907

Email: inquiries@dfking.com

