

HOW WE MEET OUR COMMITMENTS



Sept 28, 2007



Forward-looking Statements

This presentation contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.



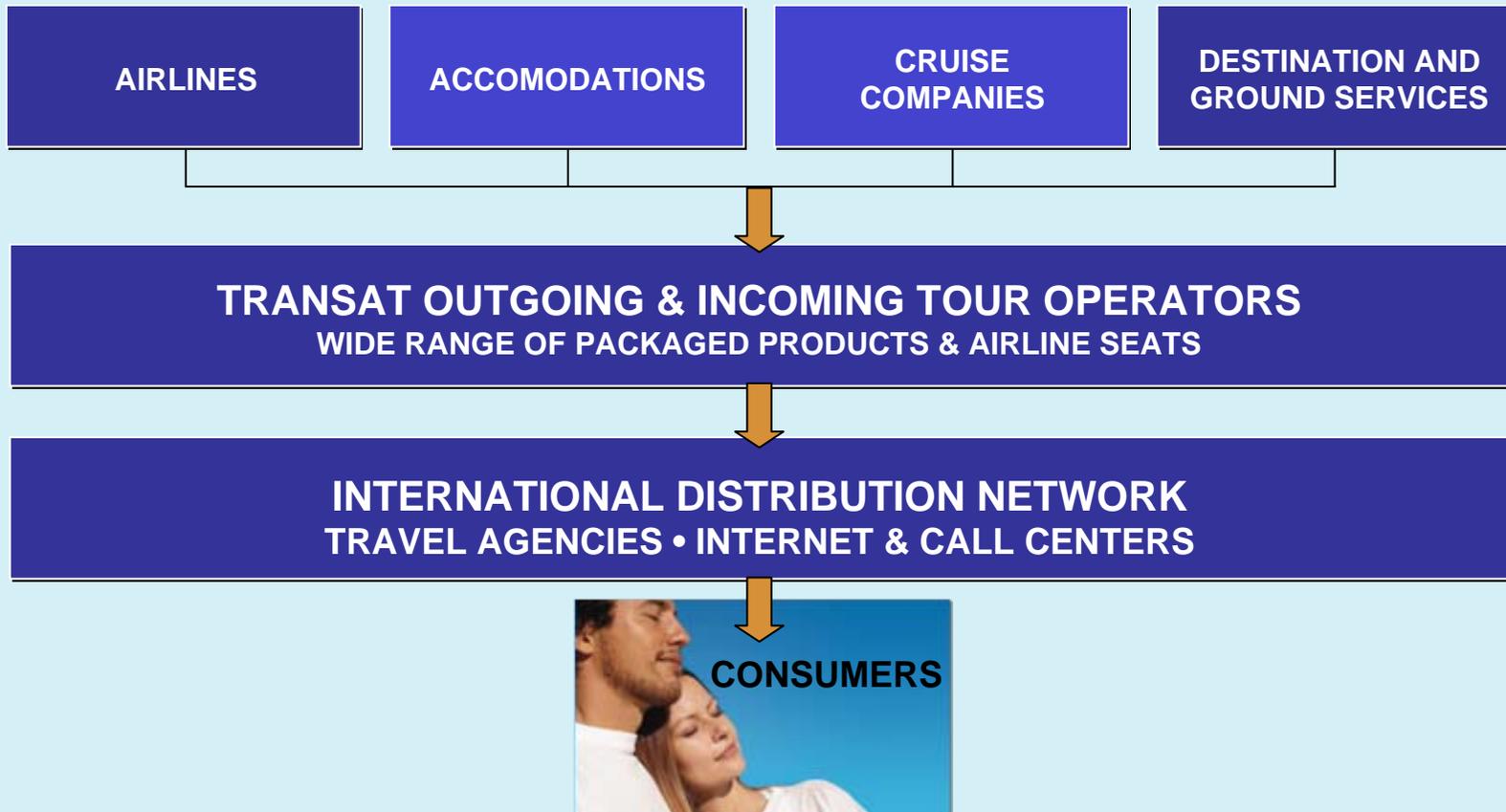
Agenda

- Transat Overview
- Market and Industry Highlights
- Financial Review and Cash Situation
- Strategic Plan & Recent Developments



Transat A.T. Inc.

A vertically-integrated, international holiday travel specialist





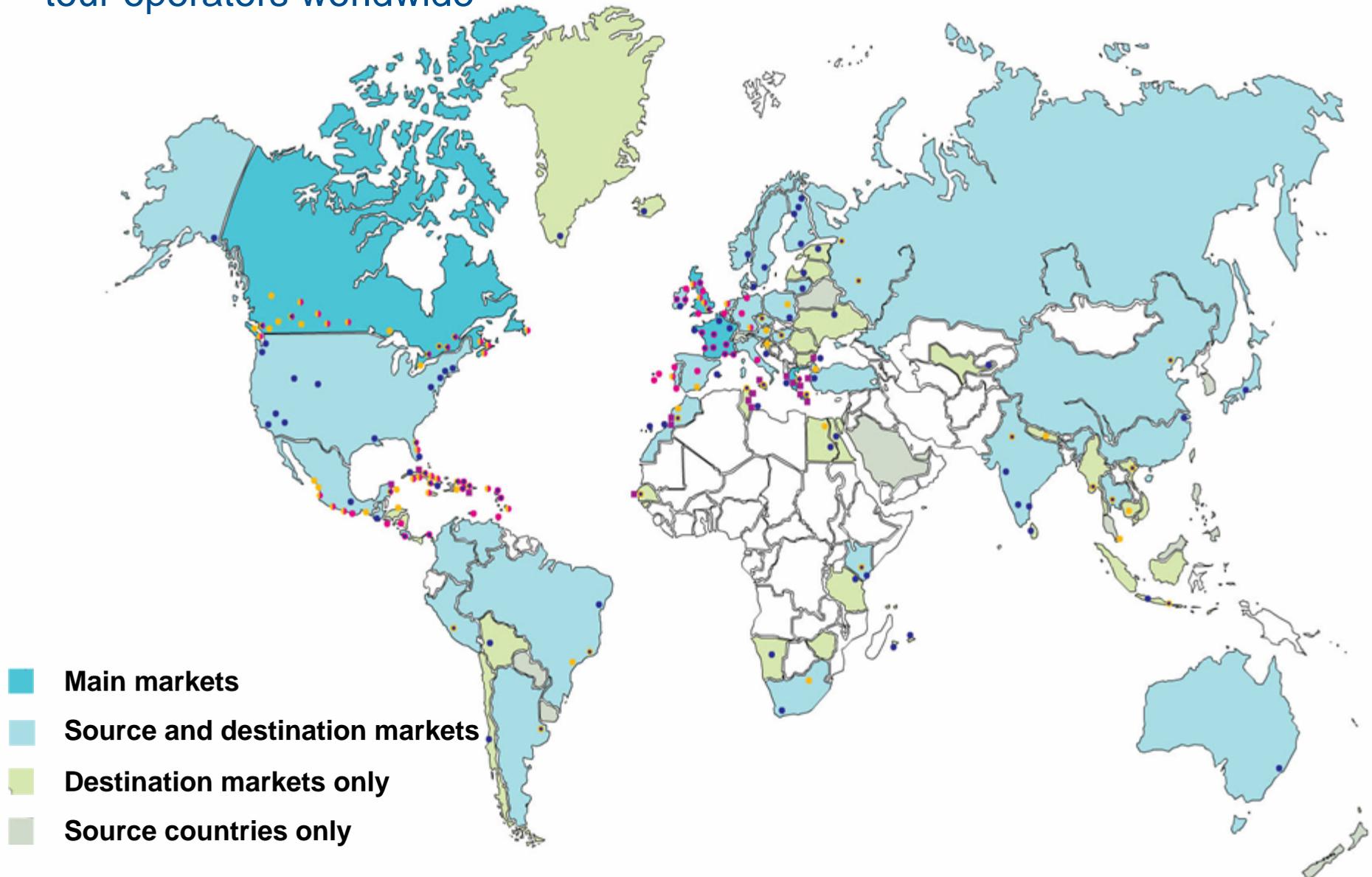
Core business: Outgoing Tour Operator

- We offer packages, tours, cruises by assembling services bought from thousands of suppliers
- In more than 60 destination countries from Canada, France, United Kingdom (and other countries)
- To nearly 2 million clients/year
- Canada: largest player/portfolio to Sun & European destinations



Transat A.T. Inc.

One of the largest integrated international tour operators worldwide





Incoming TOs and Destination Services

- Largest incoming tour operator in Canada with 240,000 travellers from abroad (2006)
- Key player in Greece with 66,000 travellers
- Sells packages in more than 50 countries (to Canada and/or Greece)
- Presence in Dominican Republic, Mexico and Florida





Air Travel

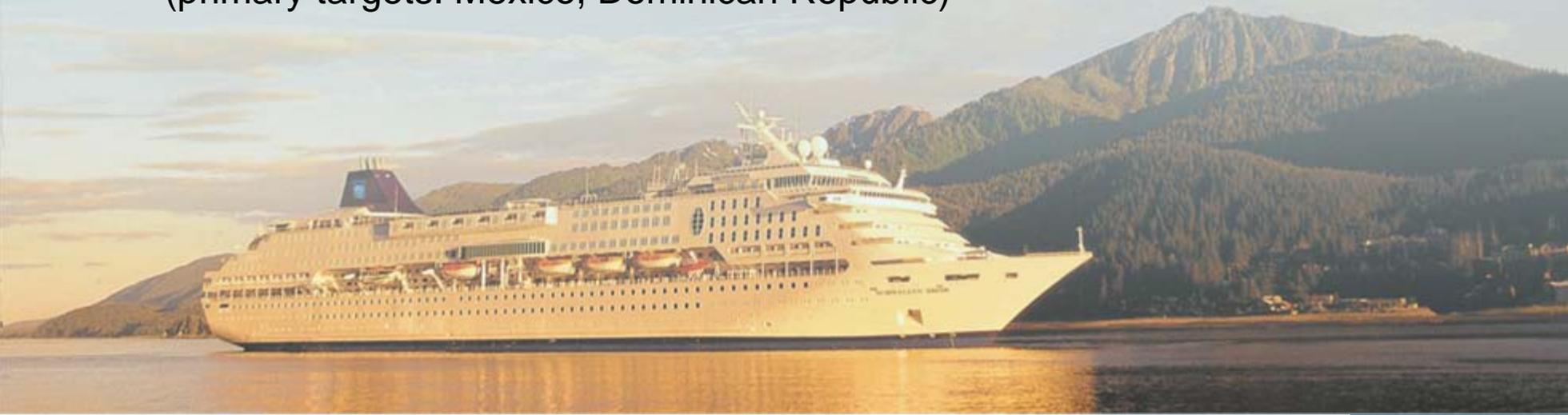
- Air Transat (wholly-owned)
 - Largest international charter carrier in Canada
 - Solid performance (on-time, reliability, customer service)
- Agreement with WestJet (from Canada)
 - Renewed to 2010 (min. 200,000 seats/year)
- Other agreements/other carriers
 - Agreement with Sunquest for 3 years in Canada
 - Agreements with Thomas Cook Airlines (UK) and others from France and Canada
 - Seats purchased from more than 50 carriers





Accommodation and Cruises

- Agreements with more than 1,000 hotels worldwide
- 25 all-inclusive Clubs Lookéa in 16 countries 2007, Lookéa cruise on the Nile...
- Comprehensive portfolio of cruises all over the world
- Currently working on acquiring equity in hotel partnership or joint venture (primary targets: Mexico, Dominican Republic)





Distribution

- Multi-channel distribution in Canada, France, UK
 - Travel agencies (corporate, franchised, independent)
 - Web sites and call centers (B2C, B2B)
 - Network of partners and GSAs in Europe
- 410+ travel agencies in Canada, 69 in France

exitnow.ca

club★voyages™

VOYAGES
EN LIBERTÉ

travel★plus™

marlin★travel

tripcentral.ca



Sales by Distribution Channel (Canada)

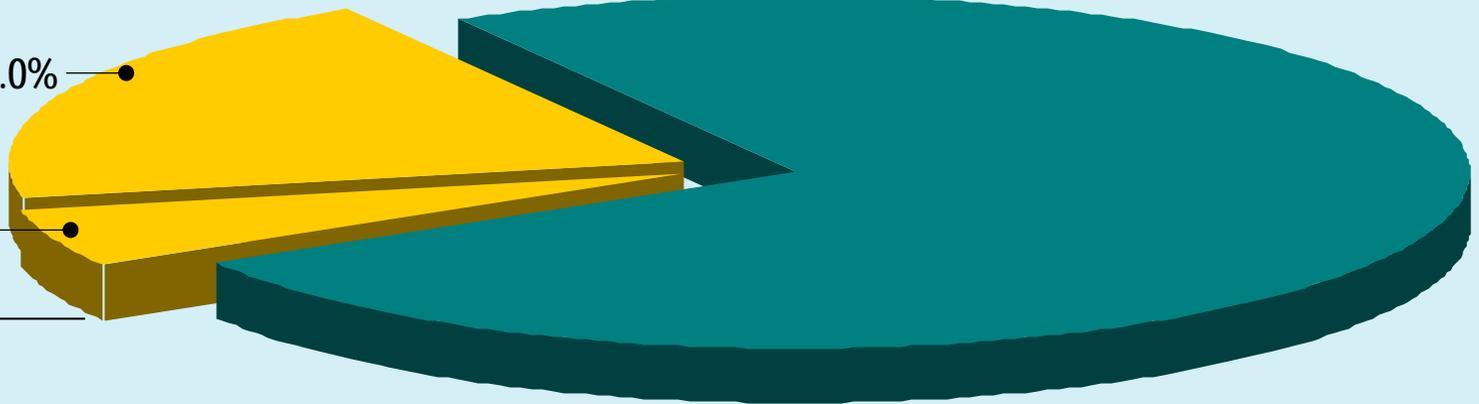
Fiscal 2007 year-to-date

Controlled sales 25.5%

Third party sales 74.5%

Travel agencies 20.0%

Internet
B2C sales 5.5%





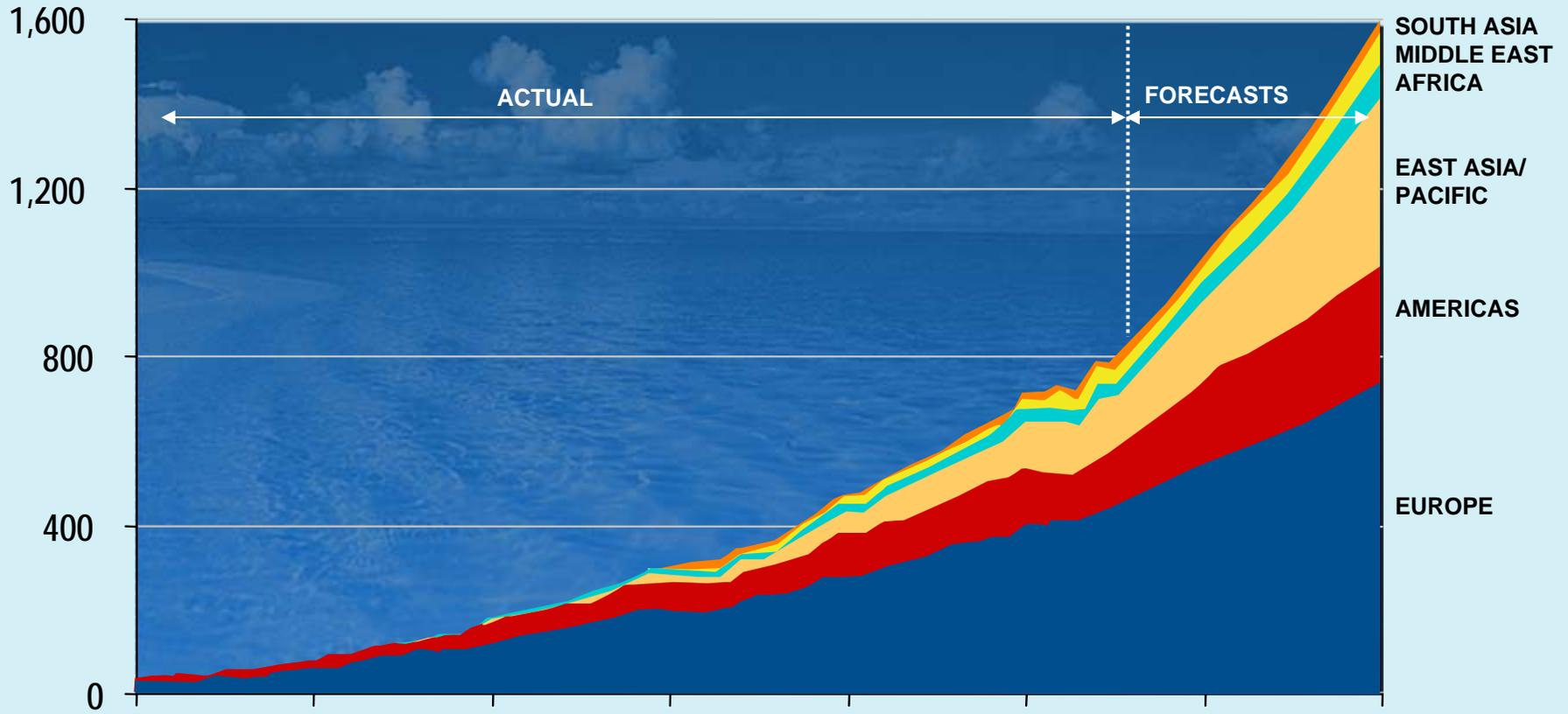
Tourism Market: Challenges and Opportunities

- Market resilient & growing (good demographics), but evolving and very competitive
- More diversified source- and destination-markets, new expectations, powerful consumer
- International tourism dominated by handful of large players (consolidation made Transat 5th in the world)
- Pressure on airline travel (environment, taxes and fees, security constraints, etc.)



Market Growth: International Tourist Arrivals

(In millions of tourists)



Expected average annual growth rate 1995 - 2020: 4.1%

Source: UNWTO



Three-year Review (2004-2006)

For the year ended October 31st

(in millions of C\$ except per share amounts)

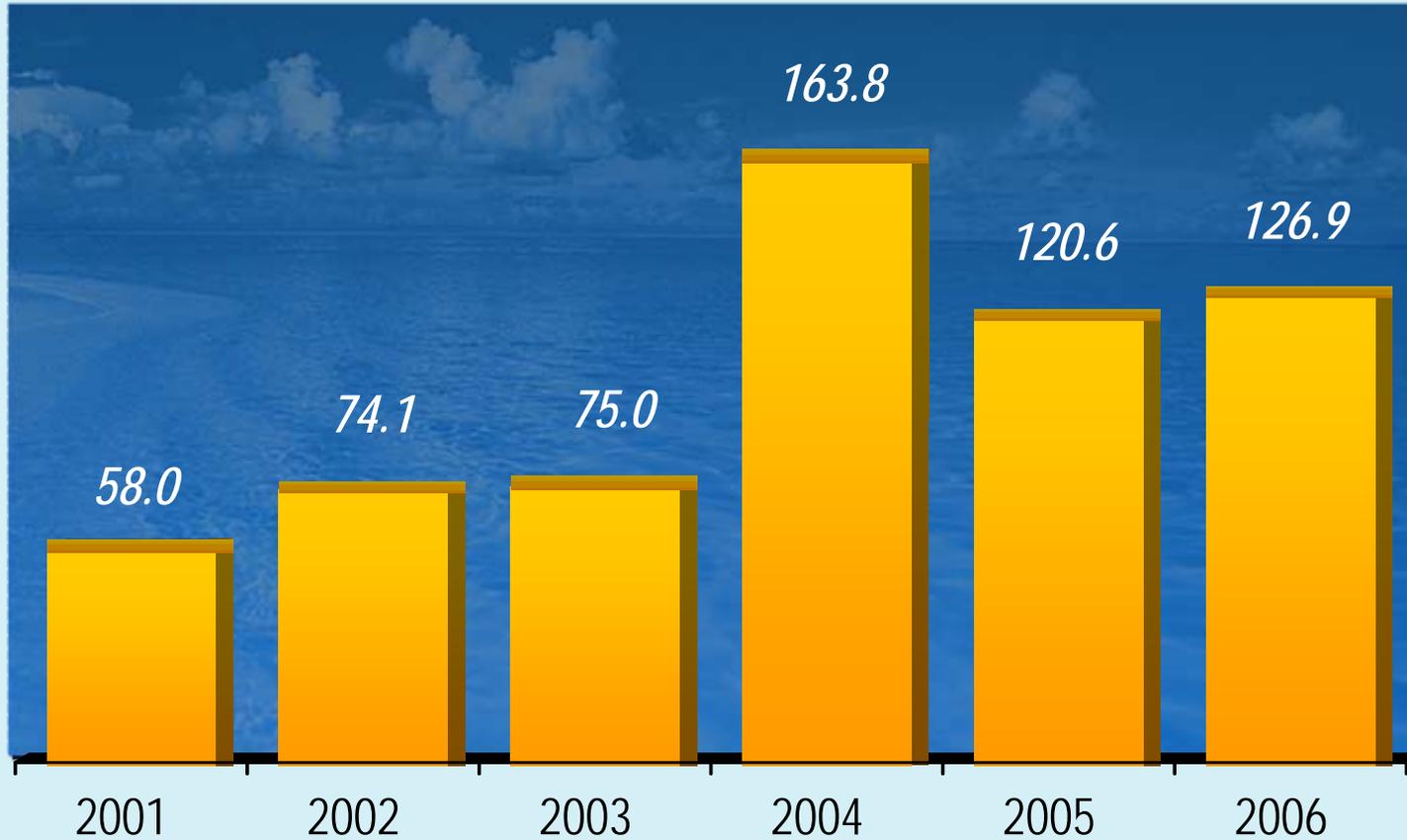
	2004		2005		2006	
REVENUES	2,199.8		2,364.5		2,603.7	
MARGIN (% of revenues)	163.8	7.4%	120.6	5.1%	126.9	4.9%
NET INCOME adjusted*	83.7	3.8%	48.7	2.1%	65.8	2.5%
EPS (diluted) – adjusted*	2.03		1.17		1.85	
CASH FLOW from operations	184.3		74.2		113.3	

* Excluding restructuring charges and gain on disposal of Star Airlines and Anyway



Margin

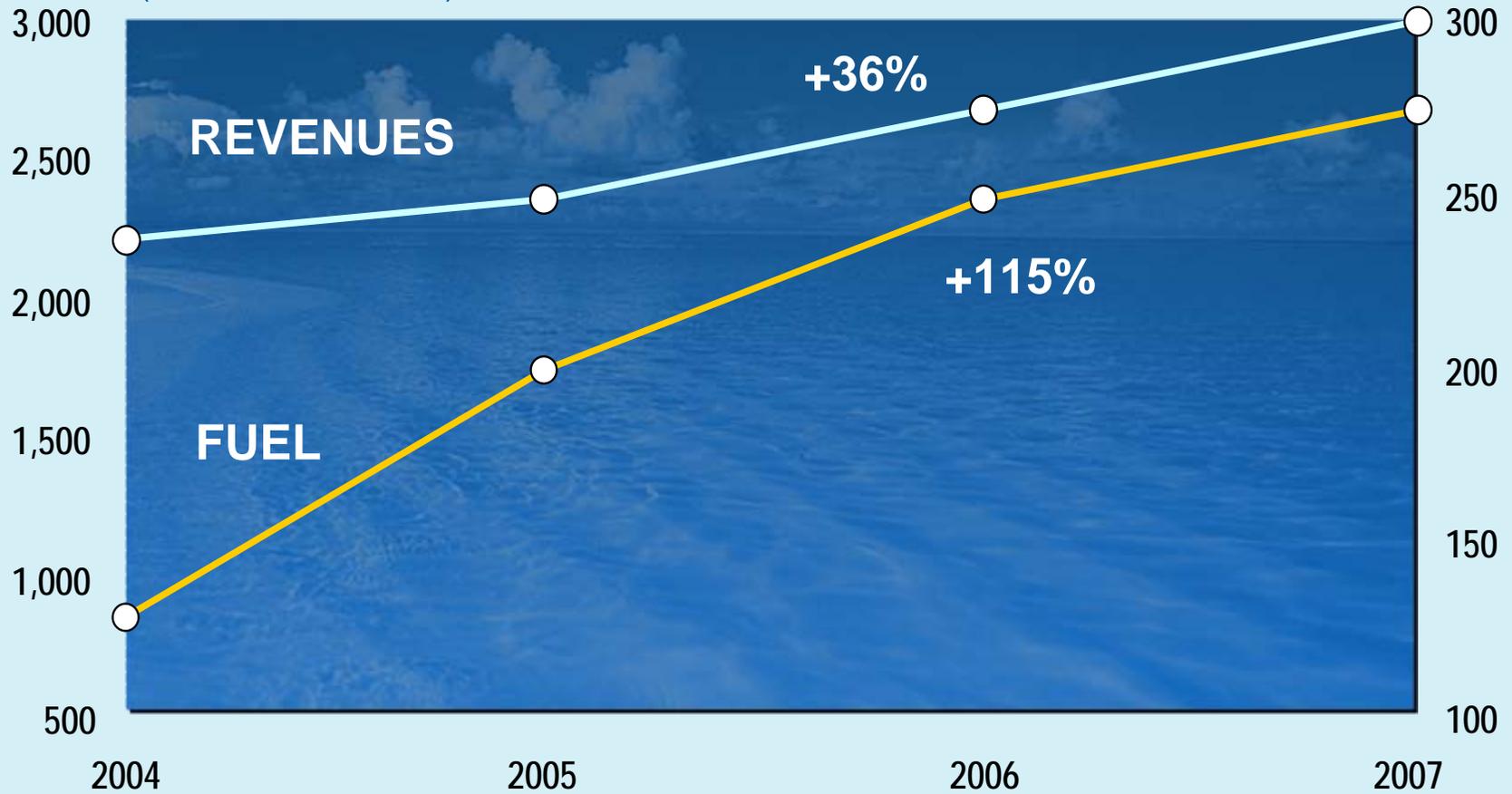
(In millions of dollars)





High Fuel Prices

(In millions of dollars)





New Accounting Standards on Hedge Accounting

- Fuel hedging based on heating oil futures contract (no jet-fuel based derivatives)
- Imperfect correlation (jet fuel vs heating oil) led to obligation to reflect mark-to-market fluctuations
- Non-cash fuel gain of \$3.9 million before tax in Q3 2007 (cumulative 9 months: gain of \$12.9 million)



Third Quarter (Adjusted)

ended July 31

(In millions of dollars)

	2007	2006
REVENUES	741.8	611.1
MARGIN	24.7	15.6
NET INCOME (2007 adjusted)*	14.1	4.2
EPS (diluted) (2007 adjusted)*	0.41	0.12
CASH FLOW (from operations)	33.6	62.1

* Results in 2007 adjusted to exclude the impact of new accounting rules on fuel edges, relating to financial instrument.



9-month period (Adjusted)

ended July 31

(In millions of dollars)

	2007	2006
REVENUES	2,365.5	1,984.3
MARGIN	112.6	98.1
NET INCOME (2007 adjusted)	64.2	52.2
EPS (diluted) (2007 adjusted)	1.88	1.45
CASH FLOW (from operations)	178.2	144.6



Cash and Asset-backed Commercial Paper (ABCP)

- Available cash \$340 million (August 21, 2007) notwithstanding ABCP situation
- \$154.5 million in 10 ABCP trusts recommended by National Bank of Canada
- Rest of cash invested in highly rated, liquid instruments
- Sufficient cash available to meet all obligations
- Working on alternatives, to regain full flexibility



2006-2008 Strategic Plan and Update

- Market leader for all-inclusive winter packages in Ontario (now No. 1 in all regional markets)
- Actively pursuing acquisition targets for a tour operator in United States and hotel partnership in the South
- Actively looking at other acquisition opportunities to enhance footprint/vertical integration model
- Costs remain very much under control in all units



Acquisition of Amplitude Internationale

- Tunisia specialist (80,000 packages/year) acquired for \$5 million plus cash on hand
- Adds to our Look Voyages 50,000 packages/4 Lookéa Clubs, making us a top player in France/Tunisia market
- Profitable business with sales of 35 million euros (\$50 million), immediately accretive
- Amplitude/Look Voyages: complementary product lines and distribution networks, potential to gain from shared procurement efforts



Other developments

- Turnaround completed at Look Voyages, stellar results in all our French units in Q3
- First full summer season with Canadian Affair: we sold 162,000 seats on the Canada-UK market in Q3 (94,000 in Q3 2006)
- 3-year, 240,000-seat pooling agreement with Sunquest Vacations starting next winter: added flexibility and fleet optimization
- ACE now a wholly-owned subsidiary (acquired remaining 30%)



Tour Operators: Valuation metrics

(In C\$ millions, except per share data)

TOUR OPERATORS	SHARE PRICE	EQUITY VALUE	ENTERPRISE VALUE	ADJ. EV / EBITDAR		
	19-Sept.-07	C\$ MILLION	C\$ MILLION	LTM	2007E	2008E
TUI Travel	€2.48	5,440	15,120	7.0x	6.9x	6.6x
Thomas Cook	£2.79	5,523	8,734	7.2x	7.0x	6.6x
Kuoni Travel Holding	CHF535	1,463	1,575	8.5x	8.0x	7.2x
GROUP AVERAGE				7.6x	7.3x	6.8x
Club Méditerranée	€47.75	1,310	1,599	14.3x	9.7x	7.7x
Transat A.T. Inc.	C\$35.81	1,214	1,334	7.0x	6.9x	5.9x



Tour Operators: Valuation metrics

(In C\$ millions, except per share data)

TOUR OPERATORS	P / E			EBITDAR	EBITDA	RENT	NET INCOME
	LTM	2007E	2008E				
TUI Travel	N / A	14.8x	12.2x	8.8%	4.4%	4.4%	N / A
Thomas Cook	13.8x	16.2x	13.7x	7.2%	4.2%	3.0%	2.4%
Kuoni Travel Holding	14.3x	13.1x	11.2x	5.0%	4.1%	0.9%	2.6%
GROUP AVERAGE	14.1x	13.8x	12.5x	7.0%	4.2%	2.8%	2.5%
Club Méditerranée	183.8x	63.5x	33.1x	4.7%	4.7%	0.0%	0.3%
Transat A.T. Inc.	16.1x	15.1x	12.5x	6.4%	4.7%	1.6%	2.6%



Transat A.T. Inc.

- Volatile, but growing tourism market
- International, vertically integrated platform
- More efficient, agile and innovative
- Solid financial position and cash generation
- Emphasis on growth and profitability
- Strong focus on strategic plan

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