Transat A.T. Inc.
First Quarterly Report
Period ended January 31, 2008

transat

This Management's Discussion and Analysis ("MD&A") provides a review of Transat A.T. Inc.'s operations, performance and financial position for the quarter ended January 31, 2008 compared with the quarter ended January 31, 2007 and should be read in conjunction with the unaudited consolidated interim financial statements for the first quarters of fiscal 2008 and 2007, the notes thereto and the 2007 Annual Report including the MD&A and the section on risks and uncertainties. The purpose of this document is to provide a first-quarter update to the information contained in the MD&A section of our 2007 Annual Report. The risks and uncertainties set out in the MD&A of the 2007 Annual Report are herein incorporated by reference and remain substantially unchanged. The information contained herein is dated as of March 12, 2008. You will find more information about us on Transat's website at www.transat.com and on SEDAR at www.sedar.com, including the Attest Reports for the quarter ended January 31, 2008 and Annual Information Form for the year ended October 31, 2007.

We prepare our financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). We will occasionally refer to non-GAAP financial measures in the MD&A. These non-GAAP financial measures have no meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures reported by other issuers. They are furnished to provide additional information and should not be considered as a substitute for measures of performance prepared in accordance with GAAP. All dollar figures are in Canadian dollars unless otherwise indicated. The terms "Transat," "we," "us," "our" and the "Corporation" mean Transat A.T. Inc. and its subsidiaries, unless otherwise indicated.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking statements with respect to the Corporation. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", as well as the negative of these terms and similar terminology, including references to assumptions. All such statements are made pursuant to applicable Canadian securities legislation. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

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. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, extreme weather conditions, armed conflicts, terrorist attacks, energy prices, general industry, market and economic conditions, disease outbreaks, changes in demand due to the seasonal nature of the business, the ability to reduce operating costs and employee counts, labour relations, labour negotiations and disputes, pension issues, exchange and interest rates, changes in laws, adverse regulatory developments or proceedings, pending litigation and actions by third parties, and other risks detailed from time to time in the Corporation's continuous disclosure documents.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to put undue reliance on forward-looking statements.

The Corporation made a number of assumptions in making forward-looking statements in this MD&A such as certain economic assumptions, market assumptions, operational and financial assumptions and assumptions about transactions and forward-looking statements.

Examples of such forward-looking statements include, but are not limited to, statements concerning:

- *The Corporation's expectation that winter-season demand will be higher than in the 2007.*
- *The Corporation's expectation that bookings for the winter season, in Europe, will continue to be higher than in 2007.*
- *The Corporation's expectation that cash flows from operations, existing funds and borrowings under its credit facilities will be sufficient to support ongoing working capital requirements.*

In making these statements, the Corporation has assumed that the trends in reservations will continue throughout the remainder of the season, that credit facilities will continue to be made available as in the past, and that management will continue to manage cash flow variations to fund working capital requirements for the full fiscal year. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this MD&A.

The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable.

These statements reflect current expectations regarding future events and operating performance and speak only as of the date of release of this MD&A, and represent the Corporation's expectations as of that date. 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.

Financial highlights

Quarters ended January 31
(In thousands of dollars)

	2008 $	2007 Restated[2] $	Variance $	Variance %
Consolidated Statements of Income				
Revenues	**787,389**	712,337	75,052	10.5
Margin[1]	**15,944**	26,202	(10,258)	(39.1)
Net income (loss)	**(10,094)**	2,014	(12,108)	(601.2)
Basic earnings (loss) per share	**(0.30)**	0.06	(0.36)	(600.0)
Diluted earnings (loss) per share	**(0.30)**	0.06	(0.36)	(600.0)
Dividend – Class A and B shares	**0.09**	0.07	0.02	28.6
Consolidated Statements of Cash Flows				
Operating activities	**128,062**	103,822	24,240	23.3
	As at January 31, 2008	As at January 31, 2007 Restated[2]		
Consolidated Balance Sheets				
Cash and cash equivalents	**171,950**	166,768	5,182	3.1
Cash and cash equivalents in trust or otherwise reserved	**274,927**	168,196	106,731	63.5
Investments in ABCP	**118,300**	142,346	(24,046)	(16.9)
	565,177	477,310	87,867	18.4
Assets	**1,329,828**	1,080,523	249,305	23.1
Debt (short-term and long-term)	**144,315**	91,837	52,478	57.1
Total debt[1]	**416,444**	371,146	45,298	12.2
Net debt[1]	**126,194**	62,032	64,162	103.4

[1]See Non-gaap financial measures
[2]See Changes to accounting policies

[1]Non-gaap financial measures

The terms “margin”, “operating cash flows”, “total debt” and “net debt” have no standard definition prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures reported by other issuers. However, these terms are presented on a consistent basis from year to year as management uses them to measure the Corporation’s financial performance.

Margin is used by management to assess Transat’s ongoing and recurring operational performance. This term is represented by revenues less operating expenses, according to the unaudited Consolidated Statements of Income.

Operating cash flows are used by management to assess the Corporation’s operating performance and its capacity to meet its financial obligations. Operating cash flows are defined as cash flows from operating activities excluding the net change in non-cash working capital balances related to operations, net change in other assets and liabilities and net change in deposits, expenses and provision for engine and airframe overhaul, according to the Consolidated Statements of Cash Flows.

Total debt is used by management to assess the Corporation’s future cash requirements. It represents the combination of balance sheet debt (long-term debt and debentures) and off-balance sheet arrangements, excluding arrangements with suppliers presented on p. 10.

Net debt is used by management to assess the Corporation’s cash position. It represents the total debt (described above) less cash and cash equivalents not held in trust or otherwise reserved, and investments in asset backed commercial paper [“ABCP”].

Overview

Transat is one of the largest fully integrated world-class tour operators in North America. We do business in a single industry (holiday travel) and we mainly market our products in two geographic areas (North America and Europe). Transat's core business involves developing and marketing vacation travel services in air-only or package formats, including airline seats. We operate as both an outgoing and incoming tour operator by bundling services bought in Canada and abroad and reselling them in Canada, France, the U.K. and elsewhere, mainly through travel agencies, some of which we own. Transat is also a major retail distributor with a total of approximately 500 travel agencies and a multi-channel distribution system that incorporates Web-based sales. Transat leverages on its subsidiary Air Transat, Canada's largest international charter air carrier, to meet a substantial portion of its airline seat needs. We also offer destination, hotel management and airport services.

The international tourism market is growing, and international tourists have increasingly varied origin markets and travel destinations. Transat's vision is to maximize shareholder value by entering new markets, increasing our market share and maximizing the benefits of vertical integration. We maintain a leadership position in the Canadian market, where we operate as an outgoing and incoming tour operator and as the country's leading charter airline. We are also a well-established outgoing tour operator in France and the U.K. and an incoming tour operator in Greece. We offer our customers a broad range of international destinations spanning some 60 countries. Over time, we want to expand our business into other countries where we believe there is high growth potential for an integrated player specializing in holiday travel, namely the United States and additional European countries.

Our three-year strategic plan (2006-2008) focuses on growth and profitability. We anticipate that increased international tourism will speed our growth in North America and Europe. To this end, we will be making new acquisitions while pursuing an intensive pace of internal growth. Our key strategic focuses are as follows:

- In Canada, bolster our presence in Ontario by adding new destinations and expanding our distribution network to remain the market leader in all regions of the country.
- In Europe, grow our market share and continue our vertical integration in France and the U.K. while moving forward to expand into other European countries as a tour operator specializing in travel to Canada, as well as other destinations.
- Invest in new markets and, in particular, become a tour operator in the U.S., while continuing to study opportunities to enter other North American markets.
- Step up development of destination services and assume a portion of our accommodation needs.
- Pursue our ongoing technology and training initiatives and investments.

Our objectives for fiscal 2008:

- Strengthen our leadership position in Canada and the relationships between Transat Tours Canada and our European subsidiaries active in the Transatlantic market.
- Become more competitive and strengthen our position as a European tour operator.
- Tap into new outgoing markets.
- Capitalize on vertical integration at destination.
- Provide additional resources to managers to actively ensure employee development from the perspective of long-term retention and knowledge management.
- Develop and implement an integrated information management infrastructure that supports development and actively contributes to profitable growth.
- Enhance our structures, processes and strategies to adapt to fast-changing trends in the tourism industry, particularly those resulting from expectations and challenges relating to social responsibility

The key performance drivers are market share, revenue growth and margin. They are essential to successfully implement our strategy and achieve our objectives.

Our ability to deliver on our objectives is dependent on our financial and non-financial resources, both of which have contributed to the success of our strategies and the achievement of our objectives in the past. Our financial resources consist primarily of cash, our investments and our credit facilities. Our non-financial resources include our brand, structure, employees and relationships with suppliers.

Acquisitions

On December 10, 2007, the Corporation acquired a 35% ownership interest in Caribbean Investments B.V., a company operating five hotels in Mexico and the Dominican Republic, for $50.6 million [US$50.1 million] in cash and additional payments totalling $5.0 million contingent on meeting certain specific terms and conditions by 2009. This acquisition was recorded using the purchase method, and the share of net income of the acquired company has been accounted for as of December 10, 2007. The final purchase price allocation is expected to be completed as soon as the Corporation's management has gathered all the significant information it deems necessary.

Consolidated operations

Revenues

For the quarters ended January 31 (in thousands of dollars)	2008 $	2007 $	Variance $	Variance %
	787,389	712,337	75,052	10.5

We derive our revenues from outgoing tour operators, air transportation, travel agencies, distribution, incoming tour operators and services at travel destinations.

The Corporation's revenues were up $75.1 million compared with the first quarter of 2007. The overall increase was due to revenue growth of 8.9% and 21.2% in North America and Europe, respectively. This was driven primarily by greater business activity, primarily in North America and at Look Voyages, where we expanded our product offering, but also by our 2007 acquisition of Amplitude Internationale ("Amplitude"). Owing to our enhanced product offering in various markets, the volume of travellers was up 23.0% compared with the corresponding quarter of the previous year.

Operating expenses

Our operating expenses consist mainly of direct costs, salaries and employee benefits, aircraft fuel, commissions, aircraft maintenance, airport and navigation fees, and aircraft rent.

Our aggregate operating expenses were up $85.3 million for the first quarter of 2008 compared with the first quarter of 2007. Increases totalled 11.1% and 20.2% for North America and Europe, respectively.

Direct costs include the costs of the various trip components sold to consumers via travel agencies and incurred by our tour operators. They also include hotel room costs and the costs of reserving blocks of seats or full flights with air carriers other than Air Transat. During the quarter ended January 31, 2008, these costs accounted for 56.1% of our revenues compared 53.6% for the same period in 2007. Direct costs were up 15.5% compared with the corresponding quarter of the previous year. The dollar-figure increase was due primarily to increased business and higher per-seat costs, caused in part by growing fuel and hotel room costs.

Salaries and employee benefits were up 11.7% compared with the first quarter of 2007, due to greater business activity and the addition of two aircrafts to our fleet since January 31, 2007, one of which was received during the three-month period ended January 31, 2008.

Aircraft fuel costs climbed $11.9 million, or 21.4%. This rise resulted mainly from increased business and the addition of one aircraft to the fleet in 2007 and higher fuel costs.

Commissions include the fees paid by tour operators to travel agencies for serving as intermediaries between tour operators and consumers. Commission expense fell $6.2 million in the first quarter of 2008, compared with the corresponding period of 2007. During the period ended January 31, 2008, commission expense represented 5.7% of our revenues compared 7.2% for the same period in 2007. This decrease was mainly due to lower commissions in Canada, and to a lesser extent to greater synergies resulting from the expansion of our travel agency network following acquisitions in fiscal 2006 and the increase in direct sales at our European subsidiaries.

Operating expenses

For the quarters ended January 31
(in thousands of dollars)

	2008 $	2007 Restated $	Variance $	Variance %
Direct costs	**441,441**	382,047	59,394	15.5
Salaries and employee benefits	**87,819**	78,652	9,167	11.7
Aircraft fuel	**67,606**	55,682	11,924	21.4
Commissions	**45,046**	51,218	(6,172)	(12.1)
Aircraft maintenance	**21,921**	20,244	1,677	8.3
Airport and navigation fees	**19,293**	17,921	1,372	7.7
Aircraft rent	**11,902**	11,980	(78)	(0.0)
Other	**76,417**	68,391	8,026	11.7
Total	**771,445**	686,135	85,310	12.4

Aircraft maintenance costs relate mainly to the engine and airframe maintenance expenses incurred by Air Transat. These costs rose 8.3% during the quarter compared with the corresponding period of 2007. The increase resulted mainly from the higher pace of business and the addition of an aircraft to our fleet compared with the same period in 2007, which was dampened however by the strength of the Canadian dollar against the U.S. currency.

Airport and navigation fees relate mainly to fees charged by airports. The 7.7% increase in fees compared with the first quarter of the previous year stemmed primarily from business growth.

Aircraft rentals held relatively steady compared with the corresponding period of 2007. The Canadian dollar's strength against its U.S. counterpart was more than sufficient to offset the new lease payments for the aircraft added to the fleet in 2007.

Other expenses were up 11.7% compared with the corresponding period of 2007, primarily as a result of greater business activity. However, as a percentage of revenues, other expenses were only slighter higher, amounting to 9.7% for the quarter compared with 9.6% for the comparable period of 2007.

Margin

In light of the foregoing, our margin narrowed over the quarter to 2.0% from 3.7% for the comparable period of 2007. This slimmer margin resulted primarily from downward price pressure due to excess supply in the marketplace, particularly in North America.

Geographic areas – North America

For the quarters ended January 31 (in thousands of dolars)	2008 $	2007 Restated $	Variance $	Variance %
Revenues	**675,342**	619,890	55,452	8.9
Operating expenses	**651,813**	586,581	65,232	11.1
Margins	**23,529**	33,309	(9,780)	(29.4)

In North America, revenues were up 8.9% during the first quarter of 2008 compared with the same period in 2007. This increase was mainly due a to 19.3% growth in total travellers compared with the corresponding quarter of 2007. For the first quarter of fiscal 2008 our margin decreased to 3.5% compared with 5.4% during the same period in 2007. This lower margin resulted primarily from downward price pressure due to excess supply in the marketplace and an environment that remains highly competitive.

Geographic areas – Europe

For the quarters ended January 31 (in thousands of dollars)	2008 $	2007 $	Variance $	Variance %
Revenues	**112,047**	92,447	19,600	21.2
Operating expenses	**119,632**	99,554	20,078	20.2
Margins	**(7,585)**	(7,107)	(478)	(6.7)

In Europe, revenues were up from the corresponding quarter in the previous year. This increase stemmed from heightened business activity, primarily at our French subsidiaries, and from our acquisition of Amplitude in 2007. However, this increase was slightly offset by the strength of the Canadian dollar against the euro. Compared with the corresponding quarter of 2007, our volume of travellers soared 55.0%. Excluding Amplitude travellers, the increase was 30.5%. Our European operations reported a negative margin of $7.6 million compared with a negative margin of $7.1 million in 2007, mainly due to the seasonal nature of our European business and the acquisition of Amplitude.

Other expenses and revenues

For the quarters ended January 31 (in thousands of dollars)

	2008 $	2007 Restated $	Variance $	Variance %
Amortization	**13,275**	12,252	1,023	8.3
Interest on long-term debt and debentures	**2,351**	1,771	580	32.7
Other interest and financial expenses	**388**	311	77	24.8
Interest income	**(4,427)**	(4,672)	(245)	(5.2)
Unrealized loss on derivative financial instruments used for aircraft fuel purchases	**1,967**	9,716	(7,749)	(79.8)
Foreign exchange loss (gain) on long-term monetary items	**(157)**	1,619	(1,776)	(109.7)
Writedown of investments in ABCP	**14,222**	—	n/a	—
Share of net income of companies subject to significant influence	**(707)**	(202)	(505)	250.0

Amortization is calculated on property, plant and equipment, intangible assets subject to amortization, deferred lease inducements and other assets, consisting mainly of development costs. Amortization expense was up $1.0 million, or 8.3%. This increase was mainly attributable to additions to property, plant and equipment made during fiscal 2007.

Interest on long-term debt and debentures were up $0.6 million, or 32.7%, compared with the first quarter of 2007. This increase resulted from a rise in long-term debt subsequent to entering into an agreement in respect of the $150.0 million unsecured revolving term credit facility.

Other interest and financial expenses remained relatively unchanged during the period, compared with the first quarter of 2007.

Interest income was down $0.2 million during the quarter ended January 31, 2008, compared with the corresponding period of 2007. This decrease was mainly due to lower average balances of cash and cash equivalents compared with the first quarter of 2007.

The unrealized loss on derivative financial instruments used for aircraft fuel purchases represents the change over the period in the fair value of the derivative financial instruments outstanding as at January 31, 2008, used by the Corporation to manage risks linked to fuel price instability. Compared with the corresponding quarter of the previous year, the unrealized loss on derivative financial instruments used for aircraft fuel purchases was down $7.7 million.

The $0.2 million foreign exchange gain on long-term monetary items was mainly due to the favourable effect of foreign exchange rates on our long-term debt, whereas in 2007, foreign exchange rates had an unfavourable effect.

Our share of net income of companies subject to significant influence for the current quarter only represents our share of the net income of Caribbean Investments B.V. (see Acquistion section). On November 1, 2007, we reorganized our incoming tour operators in the Caribbean and became majority shareholders. Subsequent to this reorganization, the companies, which were previously companies subject to significant influence, became subsidiaries and, accordingly, their results have been consolidated in the Corporation's results since the reorganization date. This reorganization had no significant effect on the Corporation's results.

Writedown of investments in ABCP

The Canadian market for third party sponsored ABCP suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montréal Accord (the "Accord"), to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee was subsequently established to oversee the orderly restructuring of these instruments during this standstill period. Participants to the Accord also agreed in principle on December 23, 2007 to the conversion of the ABCP investments into longer-term financial instruments with maturities corresponding to the underlying assets.

Key elements of the restructuring plan include a comprehensive restructuring with distinct solutions. ABCP backed by traditional securitized assets will be restructured on a series-by-series basis, with each trust or series maintaining its separate assets. ABCP backed by synthetic assets or a combination of synthetic and traditional securitized assets will be restructured into floating rate notes with maturities based upon the maturities of the underlying pooled assets, expected to be an average of seven years. Investors should receive senior and subordinated pooled notes in exchange for their ABCP. Finally, ABCP backed by U.S. sub-prime assets will be restructured on a series-by-series basis, with each series maintaining its separate exposure to its own assets. According to a February 29, 2008 press release, the Accord Restructuring Plan is expected to close toward the end of April 2008. The Corporation is not a signatory to the Accord.

In light of the information made available during the three-month period ended January 31, 2008, particularly regarding the Accord Restructuring Plan and changes in credit market conditions, the Corporation remeasured the fair value of its investments in ABCP as at January 31, 2008 and concluded at that date that its investments in ABCP would not be realized within one year. As a result, the Corporation has reclassified them outside of current assets in the balance sheet. Since there is no active market for ABCP securities, the Corporation's management has estimated the fair value of these assets by discounting future cash flows determined using a valuation model that incorporates management's best estimates of credit risk attributable to underlying assets, relevant market interest rates, amounts to be received, maturity dates and the assumption that the Accord restructuring process will be successfully completed in the spring of 2008. For the purposes of estimating future cash flows, the Corporation estimated that the long-term financial instruments arising from the conversion of its ABCP would generate interest returns ranging from 3.55% to 4.05%, depending on the type of series. These future cash flows were discounted, according to the type of series, over five- to seven-year periods using discount rates ranging from 5.35% to 8.90%, which factor in liquidity. The Corporation also took into account its estimated share of the restructuring costs associated with the Accord. As a result of this valuation, the Corporation recognized an additional $14.0 million writedown in respect of its investments in ABCP during the three-month period ended January 31, 2008, for a total writedown of $25.2 million. As at January 31, 2008, the fair and face values of the Corporation's investments in ABCP amounted to $118.3 million and $143.5 million, respectively. Based on the three types of series contemplated under the Accord, this face value is allocated as follows: $16.0 million is invested in securities backed solely by traditional securitized assets, $114.8 million is invested in securities backed by synthetic assets or a combination of synthetic and traditional securitized assets, for which we considered that most of the securities will be restructured into senior notes, and $12.7 million is invested in securities backed mainly by U.S. subprime assets. The writedown of the investments in ABCP also includes a $0.2 million loss on disposal of an investment with a face value of $11.0 million for which for a cash consideration of $10.8 million was received.

The Corporation's estimate of the fair value of its ABCP investments as at January 31, 2008 is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions could substantially affect the value of ABCP securities in the coming quarters. The resolution of these uncertainties could result in the ultimate value of these investments varying significantly from management's current best estimates and the extent of that difference could have a material effect on our financial results.

The liquidity crisis in the Canadian market for third party sponsored ABCP has had no significant impact on the Corporation's operations. The Corporation holds or has access to sufficient available cash to meet all of its financial, operational and regulatory obligations. Cash in trust, representing deposits from customers, as well as available cash, are held either as cash or invested in liquid instruments (mainly cash and term deposits) with a broad range of large financial institutions and have no exposure whatsoever to the current ABCP market disruption.

Income taxes

Our income tax recovery for the quarter ended January 31, 2008 amounted to $1.5 million compared with $3.3 million for the corresponding quarter of the previous year. Excluding the share in net income of companies subject to significant influence, the effective tax rate was 12.9% for the quarter ended January 31, 2008, compared with 63.1%, for the quarter ended January 31, 2007. These rates resulted primarily from our 2004 decision not to recognize the income tax recovery on losses arising from our French operations and, for the period ended January 31, 2008, from the tax treatment of the writedown of the investments in ABCP.

Net loss

As a result of the items discussed in *Consolidated Operations*, our net loss for the quarter ended January 31, 2008 amounted to $10.1 million, or $0.30 per share, compared with $2.0 million, or $0.06 per share, for the corresponding quarter of the previous year. The weighted average number of shares outstanding used to establish the per share amounts was 33,639,000 for the first quarter of 2008 compared with 33,757,000 for first quarter of 2007.

On a diluted per share basis, the loss per share for the first quarter of 2008 amounted to $0.30 compared with diluted earnings of $0.06 per share for the corresponding period of 2007. The adjusted weighted average number of shares used to compute the diluted loss per share was 33,639,000 for the current quarter and 34,267,000 for the corresponding quarter of 2007. *See note 8 to the unaudited Consolidated Interim Financial Statements.*

Selected unaudited quarterly financial information

The Corporation's operations are seasonal in nature; consequently, interim operating results do not proportionately reflect the operating results for a full year. Overall, revenues are up (compared with the corresponding quarters of previous years) mainly as a result of growth in total travellers and acquisitions since fiscal 2006. From a margin perspective, there have been fluctuations during each quarter, owing primarily to competition that exerted pressure on prices, and to higher fuel prices since 2006. In light of the foregoing, the following quarterly financial information may vary significantly from quarter to quarter.

Liquidity and capital resources

As at January 31, 2008, cash and cash equivalents totalled $172.0 million compared with $166.8 million as at October 31, 2007. Cash and cash equivalents in trust or otherwise reserved amounted to $275.0 million as at the end of the first quarter of 2008 compared with $168.2 million as at October 31, 2007. Our balance sheet reflected a working capital deficit of $25.8 million, for a ratio of 0.97, compared with working capital of $71.5 million, for a ratio of 1.11, as at October 31, 2007. This decline resulted from the reclassification of our investments in ABCP in long-term assets.

On November 16, 2007, the Corporation entered into an agreement with a financial institution for a $150.0 million unsecured revolving credit facility, as well as a $60.0 million revolving credit facility for purposes of issuing letters of credit, in respect of which the Corporation must pledge cash as security for 105% of the letters of credit issued. This agreement expires on November 16, 2012. Under the terms and conditions of this agreement, funds may be drawn down by way of bankers' acceptances and bank loans in Canadian dollars, U.S. dollars, euros or pounds sterling. Under this agreement, interest is charged at bankers' acceptance rates, at the financial institution's prime rate or at LIBOR, plus a premium based on certain financial ratios calculated on a consolidated basis. As at January 31, 2008, a total of $90.0 million had been drawn down from the revolving credit facility.

With regard to our French operations, we also have access to undrawn lines of credit totaling €11.8 million ($18.1 million).

Selected unaudited quarterly financial information

(In thousands of dollars, except per share data)

	Q2		Q3		Q4		Q1	
	2007 Restated	2006	**2007 Restated**	2006	**2007 Restated**	2006	**2008**	2007 Restated
Revenues	**911,400**	791,569	**741,762**	611,107	**680,418**	619,494	**787,389**	712,337
Margin	**64,839**	68,487	**25,907**	15,606	**21,169**	28,821	**15,944**	26,202
Net income (net loss)	**53,757**	42,845	**16,106**	4,205	**6,626**	13,552	**(10,094)**	2,014
Basic earnings (loss) per share	**1.59**	1.27	**0.48**	0.12	**0.20**	0.40	**(0.30)**	0.06
Diluted earnings (loss) per share	**1.57**	1.24	**0.47**	0.12	**0.20**	0.39	**(0.30)**	0.06

Cash flows

For the quarters ended January 31
(in thousands of dollars)

	2008 $	2007 Restated $	Variance $
Cash flows relating to operating activities	**128,062**	103,822	24,240
Cash flows relating to investing activities	**(161,149)**	(67,587)	(93,562)
Cash flows relating to financing activities	**43,179**	(4,947)	48,126
Effect of exchange rate changes on cash and cash equivalents	**(4,910)**	(4,012)	(898)
Net change in cash and cash equivalents	**5,182**	27,276	(22,094)

Total assets amounted to $1,329.8 million as at January 31, 2008, up $249.3 million (23.1%) from $1,080.5 million as at October 31, 2007. This increase was mainly due to increased business coupled with the seasonal nature of our operations, which in turn resulted in a $106.7 million increase in cash and cash equivalents in trust or otherwise reserved and a $78.3 million increase in prepaid expenses. Shareholders' equity amounted to $316.7 million as at January 31, 2008, up $33.2 million from $283.5 million as at October 31, 2007. This increase arose mainly from the change in a $42.2 million change in fair value of the derivatives designated as cash flow hedges, offset however by the $10.1 million net loss.

Operating activities

Cash flows totalling $128.1 million were generated from operating activities in the first quarter, up $24.2 million compared with the first quarter of fiscal 2007. This increase was primarily attributable to the net change in working capital balances related to operations for 2007, which was up $38.2 million compared with the corresponding period of 2007, mainly as a result of the favourable change in customer deposit balances and deferred revenues in the current quarter.

Investing activities

During the quarter, cash flows used for investing purposes totalled $161.1 million, up $93.6 million from $67.6 million for the same period in 2007. This increase resulted mainly from the acquisition of 35% ownership interest in Caribbean Investments B. V. for $50.6 million and the change in cash and cash equivalents in trust or otherwise reserved for the quarter, which was up $46.5 million compared with the corresponding quarter of 2007. In addition, additions to property, plant and equipment, consisting mainly of aircraft maintenance and the Look Voyages administrative building, were up $7.2 million compared with the first quarter of 2007.

Financing activities

During the quarter, cash flows generated by financing activities amounted to $43.2 million, up $48.1 million from the $4.9 million in cash flows used for the same period in 2007. This increase resulted from a $50.0 million rise in long-term debt subsequent to entering into an agreement in respect of the $150.0 million unsecured revolving term credit facility.

Off-balance sheet arrangements

In the normal course of business, Transat enters into arrangements and incurs obligations that will impact the Corporation's future operations and liquidity, some of which are reflected as liabilities in the unaudited Consolidated Interim Financial Statements as at January 31, 2008. These obligations amounted to $144.3 million and $91.8 million, as at January 31, 2008 and October 31, 2007, respectively. Obligations that are not reported as liabilities are considered off-balance sheet arrangements. These contractual arrangements are entered into with non-consolidated entities and are made up of:

- Guarantees
- Operating leases

Off-balance sheet debt, excluding agreements with service providers, that can be estimated amounted to approximately $272.1 million as at January 31, 2008, compared with $279.3 million as at October 31, 2007, and are as follows:

	As at January 31, 2008 $	As at October 31, 2007 $
Guarantees		
Irrevocable letters of credit	**12,592**	10,751
Security contracts	**848**	848
Operating leases		
Commitments under operating leases	**258,689**	267,710
	272,129	279 309

In the normal course of business, guarantees are required in the travel industry to provide indemnifications and guarantees to counterparties in transactions such as operating leases, irrevocable letters of credit and security contracts. Historically, Transat has not made any significant payments under such guarantees. With operating leases, the Corporation can lease certain items rather than acquire them.

We believe that the Corporation will be able to meet its obligations with existing funds, cash provided from operations and borrowings under existing credit facilities.

Debt levels

Debt levels as at January 31, 2008 were higher than as at October 31, 2007.

Compared with October 31, 2007, balance sheet debt totalled $144.3 million, up $52.5 million from $91.8 million, and our off-balance sheet debt totalled $272.1 million, down $7.2 million from $279.3 million, collectively representing a $45.3 million increase in total debt. The increase in balance sheet debt was mainly due to our new revolving term credit facility from which a total of $90.0 million had been drawn down as at January 31, 2008. The decrease in our off-balance sheet debt resulted from repayments of our commitments.

Net of cash and cash equivalents and our investments in ABCP, the Corporation reported $126.2 million in net debt as at January 31, 2008, up 103.4% from $62.0 million as at October 31, 2007. This rise resulted primarily from the increase in long-term debt.

Outstanding shares

As at January 31, 2008, there were three authorized classes of shares: an unlimited number of Class A Variable Voting Shares, an unlimited number of Class B Voting Shares and an unlimited number of preferred shares. The preferred shares are non-voting and issuable in series, with each series including the number of shares, designation, rights, privileges, restrictions and conditions as determined by the Board of Directors.

In accordance with its normal course issuer bid renewed on June 15, 2007, the Corporation repurchased, during the period ended January 31, 2008, a total of 152,100 voting shares, consisting of Class A Variable Voting Shares and Class B Voting Shares, for a cash consideration of $4.2 million.

As at January 31, 2008, there were 1,810,477 Class A Variable Voting Shares outstanding and 31,714,254 Class B Voting Shares outstanding.

Stock options

As at January 31, 2008, there were a total of 464,917 stock options outstanding, 209,827 of which were exercisable.

Dividends

During the period ended January 31, 2008, the Corporation declared and paid dividends totalling $3.0 million.

Changes to accounting policies

Aircraft overhaul expenses

On November 1, 2007, the Corporation changed its method for accounting for aircraft overhaul expenses. Up until October 31, 2007, the Corporation accounted for its expenses using the accrue-in-advance method, as set out in note 2 of the audited financial statements as at October 31, 2007, in accordance with the accounting methods suggested in the Audits of Airlines guide issued by the American Institute of Certified Public Accountants.

On September 8, 2006, the Financial Accounting Standards Board ["FASB"] issued FASB Staff Position ["FSP"] AUG AIR-1, Accounting for Planned Major Maintenance Activities. This FSP amended the Audits of Airlines guide to preclude the use of accruals as an acceptable method. This FSP is applicable to all entities for fiscal years beginning on or after December 15, 2006.

As a result, effective November 1, 2007, the Corporation discontinued use of the accrue-in-advance method and began accounting for aircraft overhaul expenses as follows:

Leased aircraft

Under the terms of the leases, the Corporation is required to maintain the aircraft in serviceable condition and follow the maintenance plan. The Corporation accounts for its leased aircraft maintenance obligation based on utilization until the next maintenance activity. The obligation is adjusted to reflect any change in the related maintenance expenses anticipated. Depending on the type of maintenance, utilization is determined based on the cycles, logged flight time or time between overhauls. The excess of the maintenance obligation over maintenance deposits made to lessors and unclaimed is included in liabilities under "Provision for overhaul of leased aircraft."

Owned aircraft

When aircraft are acquired, a portion of the cost is allocated to "major maintenance activities," which is related to airframe, engine and landing gear overhaul costs. The aircraft and major maintenance activities are amortized taking into account their expected estimated residual value. The aircraft are amortized on a straight-line basis over seven to ten year periods, while major maintenance activities are amortized according to the type of maintenance activity on a straight-line basis or based on the use of the corresponding aircraft until the next related major maintenance activity. Subsequent major maintenance activity expenses are capitalized as major maintenance activities and are amortized according to their type. Expenses related to other maintenance activities, including unexpected repairs, are recognized in net income as incurred.

This change in accounting policy has been adopted retroactively with restatement of prior periods. The adoption of these new standards translated into a $2.6 million increase in retained earnings on November 1, 2006, and into the following changes as at October 31, 2007: a $17.0 million net decrease in property, plant and equipment, a $17.8 million decrease in the provision for aircraft overhaul, a $0.3 million increase in future income tax liabilities and a $0.6 million increase in retained earnings. For the period ended January 31, 2007, the adoption of these new standards translated into the following changes: a $1.5 million decrease in maintenance expense, a $1.7 million increase in amortization of property, plant and equipment and a $0.1 million decrease in future income tax expense, for a $0.1 million decrease in net earnings, whereas there was no impact on diluted earnings per share. Also for the period ended January 31, 2007, the adoption of these new standards translated into a $1.5 million increase in cash flows related to operating activities and a $1.5 million decrease in cash flows related to investing activities.

Although the Corporation could have chosen to account for maintenance expenses in net income for owned aircraft as incurred, it believes that the policies adopted provide better information to users of financial statements.

Other standards

The CICA has issued the following accounting standards that took effect on November 1, 2007 for the Corporation: Section 3862, *Financial Instruments – Disclosures*, Section 3863, *Financial Instruments – Presentation*, Section 1535, *Capital Disclosures*, and Section 1506, *Accounting Changes*.

Sections 3862 and 3863 replace Section 3861, Financial Instruments – Disclosure and Presentation, and increase emphasis on disclosure of the risks arising from financial instruments, including hedging instruments, and how the entity manages such exposure.

Section 1535 requires supplementary disclosure regarding the Corporation's capital management and compliance with any externally imposed capital requirements.

Section 1506 provides guidance, in particular, on the criteria for changing accounting policies, the appropriate accounting treatment in specific circumstances and the required disclosure.

The Corporation refers the reader to note 5 to the *Consolidated Interim Financial Statements* for the first quarter ended January 31, 2008 for further details regarding the adoption of these standards.

Controls and procedures

In accordance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Corporation has filed certificates signed by the President and Chief Executive Officer and the Vice-President, Finance and Administration and Chief Financial Officer that, among other things, deem the design of disclosure controls and procedures and the design of internal control over financial reporting ("ICFR") to be adequate. The financial disclosure controls and procedures provide reasonable assurance that material financial information has been duly disclosed by the Corporation and its subsidiaries. Furthermore, ICFR is designed to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and its compliance with Canadian GAAP in its financial statements.

The President and Chief Executive Officer and the Vice-President, Finance and Administration and Chief Financial Officer of the Corporation have also evaluated whether there were changes to its ICFR during the three-month period ended January 31, 2008 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation.

Outlook

For the winter season, Transat expects demand to remain higher than in 2007 on all markets. However, in Canada, heightened competition and excess capacity continue to exert pressure on selling prices. For the summer, bookings are generally tracking ahead compared with 2007, especially for our European subsidiaries.

Notice

The Corporation's independent auditors have not performed a review of the accompanying financial statements in accordance with the Canadian Institute of Chartered Accountants' standards for a review of interim financial statements by the entity's auditors.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars) (Unaudited)	As at January 31, 2008 $	As at October 31, 2007 [restated — note 2] $
ASSETS		
Current assets		
Cash and cash equivalents	**171,950**	166,768
Cash and cash equivalents in trust or otherwise reserved *[note 3]*	**274,927**	168,196
Investments in ABCP *[note 4]*	**—**	142,346
Accounts receivable	**137,793**	109,128
Income taxes receivable	**9,842**	13,037
Future income tax assets	**20,147**	25,250
Inventories	**10,840**	8,931
Prepaid expenses	**124,267**	45,981
Derivative financial instruments *[note 5]*	**26,079**	26,997
Current portion of deposits	**34,911**	31,077
Total current assets	**810,756**	737,711
Investments in ABCP *[note 4]*	**118,300**	—
Deposits	**20,045**	17,191
Future income tax assets	**4,917**	9,341
Property, plant and equipment *[note 2]*	**165,421**	163,018
Goodwill and other intangible assets	**150,689**	148,515
Derivative financial instruments *[note 5]*	**3,788**	316
Other assets *[note 6]*	**55,912**	4,431
	1 329,828	1,080,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**288,295**	281,985
Income taxes payable	**2,994**	8,757
Future income tax liabilities *[note 2]*	**8,347**	298
Customer deposits and deferred income	**453,456**	237,898
Derivative financial instruments *[note 5]*	**33,775**	88,469
Payments on current portion of long-term debt	**49,688**	48,794
Total current liabilities	**836,555**	666,201
Long-term debt *[note 7]*	**91,471**	39,887
Debenture	**3,156**	3,156
Provision for aircraft overhaul *[note 2]*	**30,568**	31,701
Other liabilities	**33,050**	32,189
Derivative financial instruments *[note 5]*	**568**	6,135
Future income tax liabilities *[note 2]*	**17,784**	17,802
	1,013,152	797,071
Shareholders' equity		
Share capital *[note 8]*	**157,328**	156,964
Retained earnings *[note 2]*	**174,537**	191,118
Contributed surplus	**2,189**	1,871
Accumulated other comprehensive income *[note 9]*	**(17,378)**	(66,501)
	316,676	283,452
	1,329,828	1,080,523

See accompanying notes to consolidated interim financial statements

Consolidated statements of income

Three (3) months ended January 31 (in thousands of dollars except per share amounts) (Unaudited)	2008 $	2007 [restated — note 2] $
Revenues	**787,389**	712,337
Operating expenses		
Direct costs	**441,441**	382,047
Salaries and employee benefits	**87,819**	78,652
Aircraft fuel	**67,606**	55,682
Commissions	**45,046**	51,218
Aircraft maintenance *[note 2]*	**21,921**	20,244
Airport and navigation fees	**19,293**	17,921
Aircraft rent	**11,902**	11,980
Other	**76,417**	68,391
	771,445	686,135
	15,944	26,202
Amortization *[note 2]*	**13,275**	12,252
Interest on long-term debt and debentures	**2,351**	1,771
Other interest and financial expenses	**388**	311
Interest income	**(4,427)**	(4,672)
Unrealized loss on derivative financial instruments related to aircraft fuel purchases	**1,967**	9,716
Foreign exchange (gain) loss on long-term monetary items	**(157)**	1,619
Writedown of investments in ABCP *[note 4]*	**14,222**	—
Share of net income of companies subject to significant influence	**(707)**	(202)
	26,912	20,795
Income (loss) before the following items	**(10,968)**	5,407
Income taxes (recovery)		
Current	**4,529**	7,364
Future	**(6,039)**	(4,025)
	(1,510)	3,339
Income (loss) before non-controlling interest in subsidiaries' results	**(9,458)**	2,068
Non-controlling interest in subsidiaries' results	**(636)**	(54)
Net income (loss) for the period	**(10,094)**	2,014
Basic earnings (loss) per share *[note 8]*	**(0.30)**	0.06
Diluted earnings (loss) per share *[note 8]*	**(0.30)**	0.06

See accompanying notes to consolidated interim financial statements

Consolidated statements of comprehensive income

Three (3) months ended January 31 (in thousands of dollars except per share amounts) (Unaudited)	2008 $	2007 [restated — note 2] $
Net income (loss) for the period	**(10,094)**	2,014
Other comprehensive income		
Change in the fair value of derivatives designated as cash flow hedges (net of income taxes of $21,482)	**42,247**	12,022
Losses on derivatives designated as cash flow hedges before November 1, 2006, included in net income during the period (net of income taxes of $87)	**177**	4,237
Foreign exchange gain on the conversion of financial statements of self-sustaining foreign subsidiaries due to the depreciation of the Canadian dollar compared to the euro and the pound sterling	**6,699**	6,398
	49,123	22,657
Net comprehensive income for the period	**39,029**	24,671

Consolidated statements of retained earnings

Three (3) months ended January 31 (in thousands of dollars except per share amounts) (Unaudited)	2008 $	2007 [restated — note 2] $
Retained earnings, beginning of period, balance already reported	**190,534**	142,116
Changes in accounting policies *[note 2]*	**584**	2,561
Retained earnings, beginning of period	**191,118**	144,677
Net income (loss) for the period	**(10,094)**	2,014
Premium paid on share repurchase *[note 8]*	**(3,459)**	(2,489)
Dividends	**(3,028)**	(2,360)
Retained earnings, end of period	**174,537**	141,842

See accompanying notes to consolidated interim financial statements

Consolidated statements of cash flows

Three (3) months ended January 31
(in thousands of dollars except per share amounts) (Unaudited)

	2008	2007 [restated — note 2]
	$	$
OPERATING ACTIVITIES		
Net income (loss) for the period	**(10,094)**	2,014
Operating items not involving an outlay (receipt) of cash:		
Amortization	**13,275**	12,252
Unrealized loss on derivative financial instruments related to the purchase of aircraft fuel	**1,967**	9,716
Foreign exchange loss (gain) on long term monetary items	**(157)**	1,619
Changes in the fair value of investments in ABCP	**14,000**	—
Loss on disposal of investments in ABCP	**222**	—
Share of net income of companies subject to significant influence	**(707)**	(202)
Non-controlling interest in subsidiaries' results	**636**	54
Future income taxes	**(6,039)**	(4,025)
Pension expense	**772**	625
Compensation expense related to stock option plan	**567**	271
	14,442	22,324
Net change in non-cash working capital balances related to operations	**117,342**	79,188
Net change in other assets and liabilities related to operations	**(2,589)**	(13)
Net change in provision for aircraft overhaul	**(1,133)**	2,323
Cash flows relating to operating activities	**128,062**	103,822
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(14,575)**	(7,361)
Consideration paid for acquired company	**(50,621)**	—
Disposal of investments in ABCP	**10,778**	—
Net change in cash and cash equivalents in trust or otherwise reserved	**(106,731)**	(60,226)
Cash flows relating to investing activities	**(161,149)**	(67,587)
FINANCING ACTIVITIES		
Increase in long-term debt	**50,000**	—
Repayment of long-term debt	**(450)**	(3,460)
Proceeds from issuance of shares	**829**	3,815
Share repurchase	**(4,172)**	(2,942)
Dividends	**(3,028)**	(2,360)
Cash flows relating to financing activities	**43,179**	(4,947)
Effect of exchange rate changes on cash and cash equivalents	**(4,910)**	(4,012)
Net change in cash and cash equivalents for the period	**5,182**	27,276
Cash and cash equivalents, beginning of period	**166,768**	214,887
Cash and cash equivalents, end of period	**171,950**	242,163

See accompanying notes to consolidated interim financial statements

[[The amounts are expressed in thousands, except for share capital, stock options, warrants and amounts per option or per share] [Unaudited]

NOTE 1 BASIS OF PRESENTATION

The unaudited consolidated interim financial statements were prepared by the Corporation in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods of their application as the most recent annual financial statements, except for the new accounting policies described in note 2. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the consolidated interim financial statements. Such adjustments are of a normal and recurring nature. The Corporation's operations are seasonal in nature; consequently, interim operating results do not necessarily proportionately reflect the operating results for a full year. The unaudited consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in the Corporation's 2007 Annual Report. Certain comparative figures were reclassified to conform to the presentation adopted in the current year.

NOTE 2 NEW ACCOUNTING POLICIES

Aircraft overhaul expenses

On November 1, 2007, the Corporation changed its method for accounting for aircraft overhaul expenses. Up until October 31, 2007, the Corporation accounted for its expenses using the accrue-in-advance method, as set out in note 2 in the 2007 audited consolidated financial statements, in accordance with the accounting methods suggested in the U.S. *Audits of Airlines* guide issued by the American Institute of Certified Public Accountants.

On September 8, 2006, the Financial Accounting Standards Board ["FASB"] issued FASB Staff Position ["FSP"] AUG AIR-1, *Accounting for Planned Major Maintenance Activities*. This FSP amended the Audits of Airlines guide to preclude the use of accruals as an acceptable method. This FSP is applicable to entities in all industries for fiscal years beginning after December 15, 2006.

As a result, effective November 1, 2007, the Corporation discontinued use of the accrue-in-advance method and began accounting for aircraft overhaul expenses as follows:

Leased aircraft

Under the terms of the leases, the Corporation is required to maintain the aircraft in sound working order and follow the maintenance plan. This commitment creates an implicit obligation for the lessor whose past events arise from the use of leased aircraft. The Corporation accounts for its leased aircraft maintenance obligation based on utilization until the next maintenance activity. The obligation is adjusted to reflect any change in the related maintenance expenses anticipated. Depending on the type of maintenance, utilization is determined based on the cycles, logged flight time or time between overhauls. The excess of the maintenance obligation over maintenance deposits made to lessors and unclaimed is included in liabilities under "Provision for overhaul of leased aircraft."

Owned aircraft

When aircraft are acquired, a portion of the cost is allocated to "major maintenance activities," which is related to airframe, engine and landing gear overhaul costs. The aircraft and major maintenance activities are amortized taking into account their expected estimated residual value. The aircraft are amortized on a straight-line basis over seven to ten year periods, while major maintenance activities are amortized according to the type of maintenance activity on a straight-line basis or based on the use of the corresponding aircraft until the next related major maintenance activity. Subsequent major maintenance activity expenses are capitalized as major maintenance activities and are amortized according to their type. Expenses related to other maintenance activities, including unexpected repairs, are recognized in net income as incurred.

This change in accounting policy was adopted retroactively with restatement of prior fiscal years. The adoption of these new standards translated into the following changes: as at November 1, 2006, a $2,561 increase in retained earnings and, as at October 31, 2007, a $16,982 net decrease in property, plant and equipment, a $17,826 decrease in the provision for aircraft overhaul, a $260 increase in future income tax liabilities and a $584 increase in retained earnings. For the period ended January 31, 2007, the adoption of these new standards translated into the following changes: a $1,528 decrease in maintenance expenses, an $1,705 increase in amortization of property, plant and equipment and a $59 decrease in future income tax expense, for a $118 decrease in net income and had no impact in diluted earnings per share. For the period ended January 31, 2007, the adoption of these new standards also translated into the following changes: a $1,519 increase in cash flows relating to operating activities and a decrease in cash flows related to investing activities of the same amount.

The Corporation could have chosen to account for maintenance expenses for owned aircraft in net income as incurred. Management believes that the adopted standards provide better information to users of financial statements.

Other standards

The CICA has issued the following accounting standards that were effective on November 1, 2007 for the Corporation: Section 3862, *Financial Instruments – Disclosures*, Section 3863, *Financial Instruments – Presentation*, Section 1535, Capital Disclosures, and Section 1506, *Accounting Changes*.

Sections 3862 and 3863 replaced section 3861, *Financial instruments – Disclosure and Presentation*, and increase emphasis on disclosure of the risks arising from financial instruments, including hedging instruments, and how the entity manages such exposure.

Section 1535 requires supplementary disclosure regarding the Corporation's capital management and compliance with any externally imposed capital requirements.

Section 1506 provides guidance, in particular, on the criteria for changing accounting policies, the appropriate accounting treatment in specific circumstances and the required disclosure.

NOTE 3 CASH AND CASH EQUIVALENTS IN TRUST OR OTHERWISE RESERVED

As at January 31, 2008, cash and cash equivalents in trust or otherwise reserved included $237,897 [$168,196 as at October 31, 2007] in funds received from customers for services not yet rendered and $37,030 [nil as at October 31, 2007] which was pledged as collateral security against letters of credit and foreign exchange contracts.

NOTE 4 INVESTMENTS IN ABCP

The Canadian market for third party sponsored ABCP suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montréal Accord (the "Accord"), to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee was subsequently established to oversee the orderly restructuring of these instruments during this standstill period. Participants to the Accord also agreed in principle on December 23, 2007 to the conversion of the ABCP investments into longer-term financial instruments with maturities corresponding to the underlying assets.

Key elements of the restructuring plan include a comprehensive and contemporaneous restructuring with distinct solutions. ABCP backed by traditional securitized assets will be restructured on a series-by-series basis, with each trust or series maintaining its separate assets. ABCP backed by synthetic assets or a combination of synthetic and traditional securitized assets will be restructured into floating rate notes with maturities based upon the maturities of the underlying pooled assets, expected to be an average of seven years. Investors should receive senior and subordinated pooled notes in exchange for their ABCP. Finally, ABCP backed by U.S. sub-prime assets will be restructured on a series-by-series basis, with each series maintaining its separate exposure to its own assets. According to a February 29, 2008 press release, the Accord Restructuring Plan is expected to close toward the end of April 2008. The Corporation is not a signatory to the Accord.

In light of the information made available during the three-month period ended January 31, 2008, particularly regarding the Accord Restructuring Plan and changes in credit market conditions, the Corporation remeasured the fair value of its investments in ABCP as at January 31, 2008 and concluded at that date that its investments in ABCP would not be realized within one year. As a result, the Corporation has reclassified them outside of current assets in the balance sheet. Since there is no active market for ABCP securities, the Corporation's management has estimated the fair value of these assets by discounting future cash flows determined using a valuation model that incorporates management's best estimates of credit risk attributable to underlying assets, relevant market interest rates, amounts to be received, maturity dates and the assumption that the Accord restructuring process will be successfully completed in the spring of 2008. For the purposes of estimating future cash flows, the Corporation estimated that the long-term financial instruments arising from the conversion of its ABCP would generate interest returns ranging from 3.55% to 4.05%, depending on the type of series. These future cash flows were discounted, according to the type of series, over five- to seven-year periods using discount rates ranging from 5.35% to 8.90%, which factor in liquidity. The Corporation also took into account its estimated share of the restructuring costs associated with the Accord. As a result of this valuation, the Corporation recognized an additional $14,000 writedown in respect of its investments in ABCP during the three-month period ended January 31, 2008, for a total writedown of $25,200. As at January 31, 2008, the fair and face values of the Corporation's investments in ABCP amounted to $118,300 and $143,500, respectively. Based on the three types of series contemplated under the Accord, this face value is allocated as follows: $16,000 is invested in securities backed solely by traditional securitized assets, $114,848 is invested in securities backed by synthetic assets or a combination of synthetic and traditional securitized assets, for which we considered that most of the securities will be restructured into senior notes, and $12,652 is invested in securities backed mainly by U.S. subprime assets. The writedown of the investments in ABCP also includes a $222 loss on disposal of an investment with a face value of $11,000 for which for a cash consideration of $10,778 was received.

The Corporation's estimate of the fair value of its ABCP investments as at January 31, 2008 is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions could substantially affect the value of ABCP securities in the coming quarters. The resolution of these uncertainties could result in the ultimate value of these investments varying significantly from management's current best estimates and the extent of that difference could have a material effect on our financial results.

The liquidity crisis in the Canadian market for third party sponsored ABCP has had no significant impact on the Corporation's operations. The Corporation holds or has access to sufficient available cash to meet all of its financial, operational and regulatory obligations. Cash in trust, representing deposits from customers, as well as available cash, are held either as cash or invested in liquid instruments (mainly cash and term deposits) with a broad range of large financial institutions and have no exposure whatsoever to the current ABCP market disruption.

NOTE 5 FINANCIAL INSTRUMENTS

Classification of financial instruments

As at January 31, 2008, the classification of the financial instruments, other than financial derivative instruments designated as hedges, as well as their carrying amounts and fair values, are shown in the table below.

Fair value of financial instruments

As at January 31, 2008, the carrying amounts of the financial assets designated as loans and receivables, consisting primarily of receivables and short-term financial liabilities classified as other financial liabilities, approximate their fair value given that they are expected to be realized or settled in the short term. The carrying amounts of other long-term financial liabilities approximate their fair value given that they are subject to terms and conditions, such as variable interest rates, similar to those available to the Corporation for instruments with comparable terms.

The fair value of the derivative financial instruments represents the amount of the consideration that could be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The Corporation determines the fair value of its derivative financial instruments using the purchase or selling price, as appropriate, in the most advantageous active market to which the Corporation has immediate access. When the market for a derivative financial instrument is not active, the Corporation establishes fair value by applying valuation techniques, such as using information on recent market transactions involving other instruments that are substantially the same, discounted cash flow analysis or other techniques, where appropriate. The Corporation ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that it is consistent with accepted economic methods for pricing financial instruments.

The carrying amounts of the financial instruments as at January 31, 2008 are as follows:

	Assets $	Liabilities $
Derivative financial instruments designated as cash flow hedges		
Foreign exchange forward contracts	5,400	32,002
Derivative financial instruments designated as fair value hedges		
Foreign exchange forward contracts	—	2,226
Derivative financial instruments designated as held-for-trading		
Fuel purchasing forward contracts	24,467	115

			Carrying amount	Fair value
	Held-for-trading $	Loans and receivables $	Total $	$
Financial assets				
Cash and cash equivalents	171,950	—	171,950	171,950
Cash and cash equivalents in trust or otherwise reserved	274,927	—	274,927	274,927
Investments in ABCP	118,300	—	118,300	118,300
Accounts receivable	—	137,793	137,793	137,793
Derivative financial instruments – Fuel purchasing forward contracts	24,467	—	24,467	24,467
	589,644	137,793	727,437	727,437

			Carrying amount	Fair value
	Held-for-trading $	Other financial liabilities $	Total $	$
Financial liabilities				
Accounts payable and accrued liabilities	—	288,295	288,295	288,295
Long-term debt	—	141,159	141,159	141,159
Debenture	—	3,156	3,156	3,156
Derivative financial instruments – Fuel purchasing forward contracts	115	—	115	115
	115	432,610	432,725	432,725

Management of risks arising from financial instruments

In the normal course of business, the Corporation has market exposure, primarily consisting of the risk of changes in certain foreign exchange rates, the risk of changes in fuel prices and interest rate risk. The Corporation manages these risk exposures on an ongoing basis. In order to limit the effects of changes in foreign exchange rates, fuel prices and interest rates on its revenues, expenses and cash flows, the Corporation can avail itself of various derivative financial instruments. The Corporation's management is responsible for determining the acceptable level of risk and only uses derivative financial instruments to manage existing or anticipated risks, commitments or obligations based on its past experience.

Foreign exchange risk

Transat is exposed, due to its many arrangements with foreign-based suppliers, its long-term debt and its revenues in foreign currencies, to fluctuations in exchange rates mainly concerning the U.S. dollar, the euro and the pound sterling against the Canadian dollar and the euro. Approximately 30% of the Corporation's costs are incurred in a currency other than the functional currency of the reporting unit incurring the costs, whereas a negligible percentage of revenues are incurred in a currency other than the functional currency of the reporting unit making the sale. In accordance with its foreign currency risk management policy and to safeguard the value of anticipated commitments and transactions, the Corporation enters into foreign exchange forward contracts, expiring generally in less than two years, for the purchase and/or sale of foreign currencies based on anticipated foreign exchange rate trends.

The net financial assets and net financial liabilities, in Canadian dollars, of the Corporation and its subsidiaries denominated in currencies other than the functional currency of the financial statements as at January 31, 2008, based on their financial statement functional currency, are summarized in the table below:

On January 31, 2008, a 5% rise or fall in the Canadian dollar against the other currencies, assuming that all other variables had remained the same, would have resulted in a $4,540 increase or decrease, respectively, in the Corporation's net income for the three-month period ended January 31, 2008, whereas other comprehensive income would have increased or decreased by $36,829, respectively.

Risk of fluctuations in fuel prices

Transat is particularly exposed to fluctuations in fuel prices. Due to competitive pressures in the industry, there can be no assurance that the Corporation would be able to pass along any increase in fuel costs to its customers by increasing prices, or that any eventual price increase would fully offset higher fuel costs, which could in turn adversely impact its business, financial position or operating results. To hedge against sharp increases in fuel prices, the Corporation has implemented a fuel price risk management policy that authorizes it to enter into foreign exchange forward contracts expiring generally in less than two years.

On January 31, 2008, a 10% increase or decrease in fuel prices, assuming that all other variables had remained the same, would have resulted in a $16,500 increase or decrease, respectively, in the Corporation's net income for the three-month period ended January 31, 2008, whereas other comprehensive income would have been unchanged.

As at January 31, 2008, 56% of estimated fuel requirements for fiscal 2008 and 13% of estimated requirements for fiscal 2009 were covered by fuel purchasing contracts [50% of estimated requirements for fiscal 2008 and 2% of estimated requirements for fiscal 2009 were covered as at October 31, 2007].

Interest rate risk

The Corporation is exposed to interest rate fluctuations, primarily due to its variable-rate long-term debt. The Corporation manages its interest rate exposure and could potentially enter into swap agreements consisting in exchanging variable rates for fixed rates.

Furthermore, interest rate fluctuations could have an affect on the interest income the Corporation derives from its cash and cash equivalents. The Corporation has implemented an investment policy designed to safeguard its capital and instrument liquidity and generate a reasonable return. The policy sets out the types of permissible investment instruments, their concentration, acceptable credit rating and maximum maturity.

	U.S. dollar $	Euro $	Pound sterling $	 $	Other currencies $	Total $
Financial statement functional currency of the group's companies						
Canadian dollar	(75,667)	4,682	2,252	—	(5,706)	(74,439)
Euro	(6,056)	—	—	582	(1,601)	(7,075)
Pound sterling	406	872	—	1,306	—	2,584
Total	(81,317)	5,554	2,252	1,888	(7,307)	(78,930)

On January 31, 2008, a 25 b.p. rise or fall in interest rates, assuming that all other variables had remained the same, would have resulted in a $83 increase or decrease, respectively, in the Corporation's net income for the three-month period ended January 31, 2008, whereas other comprehensive income would have been unchanged.

Credit risk

Credit risk stems primarily from the potential inability of clients to discharge their obligations. Accounts receivable generally arise from the sale of vacation packages to individuals through retail travel agencies and the sale of seats to tour operators, which are dispersed over a wide geographic area. No account represented more than 10% of total accounts receivable. Historically, the Corporation has never made any significant write-off of its accounts receivables. Except for the investments in ABCP, the Corporation does not believe it is exposed to a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at January 31, 2008 represents the fair value of cash equivalents, investments in ABCP and accounts receivable.

Pursuant to their respective terms, accounts receivable are aged as follows as at January 31, 2008:

	$
Up to date	58,253
Under 30 days past due	50,965
30–60 days past due	15,841
61–90 days past due	5,602
Over 91 days past due	7,132
Total	137,793

Counterparty risk

The Corporation is exposed to the risk that the parties with which it enters into agreements could be unable to fulfill their commitments. Counterparty risks include the risk related to the securities issuer, the settlement risk on derivative financial instruments and the credit risk related to cash and cash equivalents. The Corporation minimizes its exposure to issuer risk by investing solely in products that are rated R1-Mid or better by Dominion Bond Rating Service (DBRS), A1 by Standard & Poor's or P1 by Moody's and that are rated by at least two rating firms. In addition, the Corporation strives to minimize risk by entering into agreements solely with large financial institutions with suitable credit ratings. Exposure to these risks is closely monitored and maintained within the limits set out in the Corporation's various policies. The Corporation revises these policies on a regular basis.

Management believes the credit risk related to financial instruments to be adequately controlled, as the Corporation enters into agreements solely with large financial institutions with suitable credit ratings. The risk to which the Corporation is exposed in respect of financial instruments is limited to the replacement cost of contracts at market prices in the event of a counterparty default. Cash and cash equivalents are invested on a diversified basis in investment-grade corporations. Over 90% of the Corporation's investments in ABCP are in funds whose assets are rated AAA in the most recent DBRS report, dated November 6, 2007.

Liquidity risk

The Corporation is exposed to the risk of being unable to honour its financial commitments by the deadlines set out under the terms of such commitments and at a reasonable price. The Corporation has a Treasury Department in charge, among other things, of ensuring sound management of available cash resources, financing and compliance with deadlines within the Corporation's consolidated perimeter. With senior management oversight, the Treasury Department manages the Corporation's cash resources based on financial forecasts and anticipated cash flows.

The maturities of the Corporation's financial liabilities as at January 31, 2008 are summarized in the following table:

	Current maturity $	Maturing in 1 to 2 years $	Maturing in 2 to 5 years $	Total $
Derivative financial instruments	33,775	568	—	34,343
Long-term debt	49,688	1,471	90,000	141,159
Debenture	—	3,156	—	3,156
Total	83,463	5,195	90,000	178,658

Capital risk management

The Corporation's capital management objectives are first to ensure the longevity of its capital so as to support continued operations and shareholder returns, generate benefits for its other stakeholders, and maintain the most optimal capital structure possible with a view to keeping capital costs to a minimum.

The Corporation manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Corporation may elect to adjust the amount of the dividends paid to shareholders, return capital to its shareholders and repurchase its shares in the marketplace or issues new shares.

The Corporation monitors its capital structure using the adjusted debt/equity ratio. This ratio is calculated as follows: net debt/adjusted shareholders' equity. Net debt is equal to the aggregate of long-term debt, the debenture and off-balance sheet arrangements, excluding agreements with suppliers less cash and cash equivalents (not held in trust or otherwise reserved) and investments in ABCP. Adjusted shareholders' equity represents shareholders equity net of the amounts recognized in calculating other comprehensive income related to cash flow hedges.

The Corporation's strategy is to maintain its debt/equity ratio below 1. The calculation of the debt/equity ratio as at January 31, 2008 is summarized as follows:

	$	$
Net debt		
Long-term debt	141,159	
Debenture	3,156	
Off-balance sheet arrangements	272,129	
Cash and cash equivalents	(171,950)	
Investments in ABCP	(118,300)	126,194
Adjusted shareholders' equity		
Shareholders' equity		316,676
Amounts recognized in calculating other comprehensive income related to cash flow hedges		18,851
Capital		335,527
Debt/equity ratio		37.6%

Note 6 Other assets

	2008 $	2007 $
Investments in companies subject to significant influence and other investments	**51,784**	628
Deferred costs, unamortized balance	**2,956**	2,701
Other	**1,172**	1,102
	55,912	4,431

On December 10, 2007, the Corporation acquired a 35% interest in Caribbean Investments B.V., a company that operates five hotels in Mexico and in the Dominican Republic, for a cash consideration of $50,621 [US$50,100] and additional contingent payment of $5,000, subject to specific conditions until 2009. This acquisition was recorded using the equity method and Transat's share of the results of the acquired company was included in the Corporation's results as of December 10, 2007. The final purchase price allocation is expected to be completed as soon as the Corporation's management has gathered all the significant information it deems necessary.

Note 7 Long-term debt

On November 16, 2007, the Corporation entered into an agreement with a financial institution for an unsecured revolving credit facility of $150,000 as well as a revolving credit facility of $60,000 for the purposes of issuing letters of credit, in respect of which the Corporation must pledge cash as collateral security against 105% of letters of credit issued [see note 3]. This agreement expires on November 16, 2012. Under the terms and conditions of this agreement, funds may be drawn down by way of bankers' acceptances and bank loans in Canadian dollars, US dollars, euros or pound sterling. Under this agreement, interest is charged at bankers' acceptance rates, at the financial institution's prime rate or at LIBOR (London Interbank Offered Rate), plus a premium based on certain financial ratios calculated on a consolidated basis.

As at January 31, 2008 the balance of the revolving credit facility amounted to $90,000.

Note 8 Share capital

a) Share capital

Authorized

Class A variable voting shares

An unlimited number of Class A Variable Voting Shares ["Class A Shares"], participating, which may be owned or controlled by non-Canadians as defined by the Canada Transportation Act ["CTA"], carrying one vote per Class A Share unless (i) the number of issued and outstanding Class A Shares exceeds 25% of the total number of all issued and outstanding voting shares (or any higher percentage that the Governor in Council may specify pursuant to the CTA); or (ii) the total number of votes cast by or on behalf of holders of Class A Shares at any meeting exceeds 25% (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the total number of votes that may be cast at such meeting.

If either of the above-noted thresholds is surpassed, the vote attached to each Class A Share will decrease automatically, without further act or formality. Under the circumstance described in subparagraph (i) above, the Class A Shares as a class cannot carry more than 25% (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation. Under the circumstance described in subparagraph (ii) above, the Class A Shares as a class cannot, for a given shareholders' meeting, carry more than 25% (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the total number of votes that can be exercised at the said meeting.

Each issued and outstanding Class A Share shall be automatically converted into one Class B Voting Share without any further act on the part of the Corporation or of the holder if: (i) the Class A Share is or becomes owned and controlled by a Canadian as defined by the CTA; or (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

Class B voting shares

An unlimited number of Class B Voting Shares ["Class B Shares"], participating, which may be owned and controlled by Canadians as defined by the CTA only and shall confer the right to one vote per Class B Share at all meetings of shareholders of the Corporation.

Each issued and outstanding Class B Share shall be converted into one Class A Share automatically without any further act on the part of the Corporation or the holder if the Class B Share is or becomes owned or controlled by a non-Canadian as defined by the CTA.

Preferred shares

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

Issued and outstanding

As at January 31, 2008, the number of Class A Shares and Class B Shares amounted to 1,810,477 and 31,714,254 respectively.

The changes affecting the Class A Shares and the Class B Shares were as follows:

Three months ended January 31, 2008	Number of shares	Amount ($)
Balance as at October 31, 2007	33,628,386	156,964
Issued from treasury	7,279	829
Exercise of options	41,166	248
Repurchase of shares	(152,100)	(713)
Balance as at January 31, 2008	33,524,731	157,328

Normal course issuer bid

In accordance with its normal course issuer bids, the Corporation repurchased, during the 3 months period ended January 31, 2008, a total of 152,100 voting shares, consisting of Class A Shares and Class B Shares, for a cash consideration of $4,173.

b) Options

	Number of options	Weighted average price ($)
Balance as at October 31, 2007	506,083	22.70
Exercised	(41,166)	14.09
Balance as at January 31, 2008	464,917	23.46
Exercisable options as at January 31, 2008	209,827	14.85

c) Earnings (loss) per share

Earnings (loss) per share and the diluted earnings (loss) per share were computed as follows:

Three (3) months ended January 31 [In thousands, except amounts per share]	**2008** $	2007 [restated — note 2] $
Numerator		
Income (loss) attributable to voting shareholders and used to calculate diluted earnings per share	**(10,094)**	2,014
Denominator		
Weighted average number of outstanding shares	**33,639**	33,757
Stock options	**—**	315
Warrants	**—**	195
Adjusted weighted average number of outstanding shares used in computing diluted earnings per share	**33,639**	34,267
Basic earnings (loss) per share	**(0.30)**	0.06
Diluted earnings (loss) per share	**(0.30)**	0.06

The debenture that may be settled in shares was excluded from the computation of diluted earnings per share for the three-month periods ended January 31, 2008 and 2007, because of its antidilutive effect. The potential impact of this security on the denominator is 89,000 shares for the three-month period ended January 31, 2008 [104,000 shares for the three-month period ended January 31, 2007]. Given the loss recorded for the three-month period ended January 31, 2008, the 464,917 stock options outstanding were excluded from the computation of diluted earnings per share because of their antidilutive effect.

Note 9 Accumulated other comprehensive income

Three (3) months ended January 31	2008 $	2007 $
Accumulated other comprehensive income		
Balance beginning of period	**(66,501)**	(12,413)
Other comprehensive income for the period	**49,123**	22,657
Balance end of period	**(17,378)**	10,244

Note 10 Segmented information

The Corporation has determined that it conducts its activities in a single industry segment, namely holiday travel. Therefore, the consolidated statements of income include all the required information. With respect to geographic areas, the Corporation operates mainly in North America and in Europe.

Three (3) months ended January 31, 2008	North America $	Europe $	Total $
Revenues	**675,342**	**112,047**	**787,389**
Operating expenses	**651,813**	**119,632**	**771,445**
	23,529	**(7,585)**	**15,944**
Property, plant and equipment, goodwill and other intangible assets[1]	**190,302**	**125,808**	**316,110**

Three (3) months ended January 31, 2007 [restated — note 2]	North America $	Europe $	Total $
Revenues	619,890	92,447	712,337
Operating expenses	586,581	99,554	686,135
	33,309	(7,107)	26,202
Property, plant and equipment, goodwill and other intangible assets[2]	194,236	117,297	311,533

[1] As at January 31, 2008
[2] As at October 31, 2007

Note 11 Guarantees

In the normal course of business, the Corporation has entered into agreements that contain features which meet the definition of a guarantee. These agreements provide for indemnification and guarantees to counterparties in transactions such as operating leases, irrevocable letters of credit, and security contracts.

These agreements may require the Corporation to compensate the counterparties for costs and losses incurred as a result of various events including breaches of representations and warranties, loss of or damages to property, claims that may arise while providing services and environmental liabilities.

Notes 4, 11, 12, 13 and 21 to the 2007 audited consolidated financial statements provide information relating to some of these agreements. The following constitutes additional disclosure.

Operating leases

The Corporation's subsidiaries have general indemnity clauses in many of their airport and other real estate leases whereby they, as lessee, indemnify the lessor against liabilities related to the use of the leased property. These leases mature at various dates until 2034. The nature of the agreements varies based on the contracts and therefore prevents the Corporation from estimating the total potential amount its subsidiaries would have to pay to lessors. Historically, the Corporation's subsidiaries have not made any significant payments under such agreements and have liability insurance protecting them for the obligations undertaken.

Irrevocable letters of credit

The Corporation has entered into irrevocable letters of credit guarantees with some of its suppliers. The Corporation guarantees the payment of certain tourist services such as hotel rooms that it has undertaken to pay for whether it sells the services or not. These agreements, which are entered into for significant blocks of tourist services, typically cover a one year period and are renewed annually. The corporation has also issued letters of credit to provincial regulatory agencies in Ontario and British Columbia guaranteeing amounts to the Corporation's clients for the performance of its obligations. The amount guaranteed totals $410 as at January 31, 2008. Historically, the Corporation has not made any significant payments under such letters of credit.

Security contracts

The Corporation has entered into security contracts whereby it has guaranteed a prescribed amount to its clients at the request of regulatory agencies for the performance of the obligations given in mandates by its clients during the term of the licenses granted to the Corporation for its travel agent and wholesaler activities in the province of Quebec. These agreements typically cover a one-year period and are renewed annually. The amount guaranteed totals $848 as at January 31, 2008. Historically, the Corporation has not made any significant payments under such agreements.

As at January 31, 2008, no amounts have been accrued with respect to the above-mentioned agreements.

OUTGOING TOUR OPERATORS

Transat Tours Canada (TTC)

Transat Holidays
Caribbean, Latin America and Mexico from Canada, Canada-Europe market and cruises

Nolitours
Caribbean, Latin America, Mexico and Florida from Canada

Look Voyages
Mediterranean Basin, Africa, Asia, Caribbean, Mexico, etc. from France, and Lookéa clubs

Amplitude Internationale
Tunisia from France

Vacances Transat (France)
Americas, Caribbean, Asia, Africa from France. Tours in Eastern Europe, Scandinavia, Scotland, Ireland under the Bennett brand

Brokair
Group tours from France

Canadian Affair
British tour operator specializing in travel to Canada

Rêvatours
Eastern Europe, Asia, North Africa, etc. from Canada

Merika Tours
North American destinations from Canada

Air Consultants Europe (ACE)
TTC's representative in Germany, the Netherlands, Belgium, Luxembourgand Austria

INCOMING TOUR OPERATORS AND DESTINATION SERVICES

Jonview Canada
Tours and packages to Canada

Tourgreece
Tours and packages to Greece

Trafic Tours
Excursions and destination services in Mexico

Turissimo
Excursions and destination services in the Dominican Republic

Transat Holidays USA
Destination services and travel agency in Florida

ACCOMMODATION

Ocean Hotels
3 hotels in Mexico and 2 hotels in the Dominican Republic (with H10 Hotels)

RETAIL DISTRIBUTION

Transat Distribution Canada
More than 400 travel agencies in Canada (Marlin Travel, TravelPlus, tripcentral.ca, Club Voyages, Voyages en Liberté) and exitnow.ca

Club Voyages (France)
Network of 72 travel agencies in France (Club Voyages, Look Voyages)

AIR TRANSPORTATION

Air Transat
Charter air carrier specializing in holiday travel

Handlex
Airport ground services in Montréal, Toronto and Vancouver

transat

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