



Notice of Meeting and Management Proxy Circular in respect of the  
**2019 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

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

On April 30, 2019 at 10:00 a.m. (Eastern time)



Transat A.T. Inc.

March 19, 2019

## GLOSSARY

Terms and abbreviations used in this Circular:

ANI	Adjusted net income <sup>1</sup> , expressed as a percentage of revenue
Board	Board of Directors of Transat A.T. Inc.
Director	Director sitting on the Board
DPSP	Deferred profit sharing plan
DSUs	Deferred Share Units
EY	EY, Chartered Professional Accountants
HRCC	Human Resources and Compensation Committee
IBITDA	Income before income tax, interest, depreciation and amortization
IBITI	Income before income tax and interest
LTIP	Long-term incentive plan
Meeting	Annual and special meeting of shareholders of Transat A.T. Inc.
NEO	Named Executive Officer
Option	Stock Option
PCI	PCI – Perrault Consulting Inc.
President and CEO	President and Chief Executive Officer
PSUs	Performance-Based Share Units
RMCGC	Risk Management and Corporate Governance Committee
RRSP	Registered retirement savings plan
RSUs	Restricted Share Units
STIP	Short-term incentive plan
SVP	Senior Vice-President
TSR	Total shareholder return
TSX	Toronto Stock Exchange
VP	Vice-President

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<sup>1</sup> This is a non-IFRS financial measure. It is defined as the net income attributable to shareholders before net income from discontinued operations, changes in the fair value of fuel-related derivatives and other derivatives, gains (losses) on the transfer of a subsidiary, restructuring charges, lump-sum payments related to collective agreements, asset impairments and other significant unusual items, including premiums linked to fuel-related derivatives and other derivatives matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results.

## SUMMARY OF THE MANAGEMENT PROXY CIRCULAR

### Matters to be brought before the Meeting

Item #1: Election of the nominees as Directors.

Item #2: Appointment of EY as external auditors for 2019.

Item #3: To consider, and if deemed appropriate, adopt a special resolution set forth in Schedule A, in order to approve a plan of arrangement in order to amend Transat's articles to align the voting restrictions applicable to the Variable Voting Shares to the Transportation Modernization Act.

Item #4: Advisory resolution regarding the Corporation's approach to executive compensation.

Items #5 and #6: To examine and, if deemed appropriate, reject Proposals No. 1 and No. 2 presented by a shareholder and reproduced in Schedule G to this Management Proxy Circular.

### 2018 at a Glance

This year, Transat became the first major international tour operator to earn the Travelife certification for the full range of its activities (distribution, outgoing and incoming tour operating). This recognition is the culmination of a 12-year commitment and confirms Transat's leadership in sustainable development. As well, we have established our hotel division and acquired a parcel of land to build our first hotel resort, and we have undertaken the transition to an all Airbus fleet.



"Over that last 12 months, we have moved forward on all aspects of our plan and constructed a solid foundation upon which we will build our future success."

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

### Achievements

The first year of our five-year strategic plan was far from being the easiest, but we are now well positioned to eventually achieve our planned objectives.

Revenues  
\$3 B

Operating Loss  
(\$44.5 M)

Adjusted Net Loss  
(\$24.5 M)

Net Income  
\$7.3 M

## Highlights - Compensation

-  All awards of share-based LTIPs are subject to performance
-  Variable compensation clawback in place
-  Annual bonus caps and payout threshold
-  Three-year vesting period for LTIPs
-  Floor price for determining number of options to grant while limiting dilution
-  Shareholding requirements for management and Directors
-  Use of external independent compensation advisors
-  Options outstanding and options available for future grants capped at 7%
-  Large proportion of NEO compensation is variable (43% - 65%)

## Highlights - Governance

-  12 nominees proposed for election as Directors, 11 of whom are independent
-  Independent Lead Director
-  Committee members are all independent (except for the members of the Executive Committee)
-  Majority voting guidelines for Directors
-  Comprehensive Board orientation and training program
-  Code of business conduct for employees and Directors
-  No multiple voting share class
-  Board and senior management diversity policy, including the 30% target for the number of Board seats to be held by women
-  Annual advisory vote on executive compensation
-  Annual performance review of Board members and operation



- World's Best Leisure Airline at the Skytrax World Airline Awards
- First major international tour operator to be Travelife Certified for all its activities
- Ranked first airline in Canada and amongst the world's Top 30 airlines for energy efficiency and greenhouse gas emissions reduction according to Atmosfair
  - Ranked among Canada's Best Employers on Forbes magazine's annual list and by Randstad
  - Favorite leisure airline and favorite tour operator at the Agents' Choice Awards by Baxter Travel Media
    - Best vacation packages at the 2018 Solo Travel Awards of Solo Traveler
  - Best Reservations Department and Best Groups Department at the TravelPulse Canada Readers' Choice Awards
- Best Customer Experience in Québec in the Tourism, Leisure and Entertainment category at the Flèche d'or gala of the Association du marketing relationnel



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## NOTICE OF THE 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of the holders of Class A variable voting shares and Class B voting shares (collectively, the "Voting Shares") of Transat A.T. Inc. (the "Corporation" or "Transat" or the terms "we," "us", "our" and "ours" also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) will be held at McGill University's New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, on April 30, 2019 at 10:00 a.m. (Eastern time) (the "Meeting").

The following items of business will be brought before the Meeting:

1. To receive the financial statements of the Corporation for the year ended October 31, 2018, and the external auditors' report thereon;
2. To elect the Directors;
3. To appoint the external auditors for the ensuing year and to authorize the Directors to fix their remuneration;
4. To consider and approve, in an advisory, non-binding capacity, a resolution regarding the Corporation's approach to executive compensation (the full text of which is attached as Schedule F to this Management Proxy Circular);
5. To consider and, if deemed appropriate, reject Proposal No. 1 reproduced as Schedule G to this Management Proxy Circular;
6. To consider and, if deemed appropriate, reject Proposal No. 2 reproduced as Schedule G to this Management Proxy Circular; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The following item of business will be brought forth for special consideration before the Meeting:

1. To consider and, if deemed appropriate, adopt a special resolution, the full text of which is attached as Schedule A to this Management Proxy Circular, to approve a plan of arrangement under section 192 of the Canada Business Corporations Act in order to amend Transat's articles to align the voting restrictions applicable to the Variable Voting Shares to the voting restrictions set forth in the definition of "Canadian" in subsection 55(1) of the Canada Transportation Act, as amended in the Transportation Modernization Act.

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

We invite you to read the information provided in the Circular about the matters mentioned above. It is important that you exercise your vote, either in person at the Meeting or by proxy by completing and returning the form of proxy. This Meeting gives you the opportunity to ask questions and meet with our management and Board as well as your fellow shareholders. At the Meeting, the Corporation will also report on the conduct of its business during the year ended October 31, 2018. This Circular is furnished in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting of holders of Transat's Voting Shares.

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

Montréal, Québec, March 19, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

Transat A.T. Inc.

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

Bernard Bussières  
Vice-President, General Counsel and Corporate Secretary



## MANAGEMENT PROXY CIRCULAR

### INFORMATION REGARDING THE MEETING

To ensure representation of your shares at the annual and special meeting of the holders of Class A variable voting shares (the "Variable Voting Shares") and Class B voting shares (the "Class B Voting Shares" and collectively with the Variable Voting Shares, the "Voting Shares") of Transat A.T. Inc. (the "Corporation" or "Transat" or the terms "we," "us", "our" and "ours" also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) (the "Meeting"), please select the most convenient way for you to deliver your voting instructions (by fax, by mail, on the Internet, by phone or in person) and follow the relevant instructions. Unless otherwise indicated, the information included herein is given as at March 1, 2019. In this Circular, any mention of "dollars" or "\$" refers to Canadian dollars, unless otherwise indicated. The following questions and answers provide guidance on how to vote your shares.

### YOUR QUESTIONS AND OUR ANSWERS ON PROXY VOTING

1. Q: WHO IS SOLICITING MY PROXY?

A: Transat's management is soliciting your proxy for use at the annual and special Meeting to be held at McGill University's New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, on Tuesday, April 30, 2019 at 10:00 a.m. (Eastern time).

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

A: The election of each of the Directors, the appointment of the external auditors, the adoption of the resolution regarding the approach to executive compensation and the adoption of Shareholder Proposals No. 1 and No. 2 must obtain a majority of the votes cast by all of our shareholders present in person or represented by proxy at the Meeting. In order to be approved, the special resolution specified in this Circular must obtain two thirds of the votes cast on the special resolution by all of the shareholders of Transat, present in person or represented by proxy at the Meeting.

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

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

Pursuant to the Canada Transportation Act, S.C. 1996, c.10 (the "CTA"), Air Transat A.T. Inc. ("Air Transat"), a wholly-owned subsidiary of the Corporation, must at all times be able to establish that it is "Canadian" within the meaning of such act (hereinafter, a "Qualified Canadian") to be entitled to hold the licences necessary to operate an air service. Because Air Transat is a wholly-owned subsidiary of Transat, Transat must qualify as "Canadian" in order for Air Transat to qualify as "Canadian". Currently, we must ensure that no more than 25% of voting rights attaching to our shares are owned or controlled by non-Canadians.

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

The holders of Class B Voting Shares and Variable Voting Shares vote together at the Meeting, except if the holders of a given class are entitled to vote as a class, as provided in the Canada Business Corporations Act. Only shareholders present in person or represented by proxy at a meeting and legally entitled to vote thereat can exercise or cast votes attaching to their Voting Shares.

The board of directors of Transat (the "Board of Directors" or the "Board"), pursuant to its powers under Transat By-law 2012-2 and the regulations under the Canada Business Corporations Act, and in accordance with the provisions of Transat's Articles and the CTA, has implemented a series of administrative measures to ensure that the Class B Voting Shares are owned and controlled by Canadians and the Variable Voting Shares are owned or controlled by non-Canadians at all times (the "Ownership Restrictions"). These measures are more particularly reflected in the form of declaration of ownership and control. Shareholders wishing to vote at the Meeting either by: (i) completing and delivering a form of proxy or a voting instruction form, or (ii) by attending and voting in person at the Meeting, will be required to complete a declaration of ownership and control in order to enable Transat to comply with the Ownership Restrictions. If you do not duly complete the declaration or if Transat or its transfer agent, AST Trust Company (Canada) ("AST"), determines that you indicated (inadvertently or otherwise) that you own or control the wrong class of shares, the automatic conversion provided for in our Articles shall be triggered. Where a statement made in a declaration of ownership appears inconsistent (inadvertently or otherwise) with the information held by Transat, Transat may take any action that it deems appropriate to ensure compliance with the Ownership Restrictions. Further, if a declaration of ownership and control is not completed or if it is determined by the Corporation or its transfer agent, AST, that it is incorrectly indicated (through inadvertence or otherwise) that the shares represented by the proxy are owned and controlled by a Canadian, the shares represented by such proxy will be deemed to be owned and controlled by a person that is not a Canadian. Such declaration is contained in the accompanying form of proxy (or in the voting instruction form provided to you if you are a non-registered shareholder).

On May 23, 2018, the Parliament of Canada adopted the Transportation Modernization Act, which amended the definition of "Canadian" in the CTA, changing the threshold for foreign ownership of Canadian air carriers up from 25% to 49%. This new foreign ownership threshold is subject to two restrictions: (1) no more than 25% of the voting interests can be owned directly or indirectly by a single "non-Canadian" entity or individual; and (2) no more than 25% of the voting interests can be

owned by one or more “non-Canadians” authorized to provide an air service. An amendment to the Articles of Transat will be required to adjust the current restrictions on the issuance of shares in order to retain the status of “Canadian” corporation. This amendment to the Articles is subject to the approval of the Corporation’s shareholders and is described in more detail below under section “3. Plan of Arrangement to Amend Transat’s Articles of Incorporation”.

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

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

A: As at March 1, 2019, a total of 37,640,280 Class B Voting Shares and Variable Voting Shares of the share capital of Transat were issued and outstanding. You are entitled to receive notice of, and vote at the Meeting or at any adjournment thereof if you were a holder of Transat’s Voting Shares on March 1, 2019, the record date for the Meeting.

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

5. Q: WHO ARE OUR PRINCIPAL SHAREHOLDERS?

A: To the knowledge of our Directors and officers, and based on publicly available information, as at March 1, 2019, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Class B Voting Shares and Variable Voting Shares are:

- (i) Letko Brosseau, which held 6,832,043 Class B Voting Shares and Variable Voting Shares, representing approximately 18.15% of all issued and outstanding Class B Voting Shares and Variable Voting Shares; and
- (ii) Fonds de solidarité FTQ, which held 4,360,426 Class B Voting Shares and Variable Voting Shares, representing approximately 11.58% of all issued and outstanding Class B Voting Shares and Variable Voting Shares.

6. Q: HOW DO I VOTE?

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



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



On AST's website: [www.astvotemyproxy.com](http://www.astvotemyproxy.com).



By mail, in the prepaid envelope provided for this purpose; or by personal delivery at 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6, Attention: Proxy Department.



By completing and signing the enclosed form of proxy and forwarding it by fax at (416) 368-2502, Attention: Proxy Department.

If you vote by telephone or on the Internet, you will need your 13-digit control number that you will find on your form of proxy.

The cut-off time for voting is 5:00 p.m. (Eastern time) on April 26, 2019, or if the Meeting is adjourned or postponed, before 5:00 p.m. (Eastern time) two (2) business days (excluding Saturdays, Sundays and holidays) before the time on which the Meeting is reconvened. The time limit for the deposit of proxies may be waived by the Chair of the Meeting at his discretion without notice.

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

7. Q: CAN I VOTE BY PROXY?

A: Whether or not you attend the Meeting, you can appoint a proxyholder to vote for you at the Meeting. You can use the enclosed form of proxy, or any other proper form of proxy, to appoint your proxyholder. The persons named in the enclosed form of proxy are Directors or officers of Transat. However, you can choose another person to be your proxyholder, including someone who is not a shareholder of Transat, by crossing out the names printed on the form of proxy and inserting the name of the person of your choice in the blank space provided, or by completing another proper form of proxy.

If your shares are held by a nominee, please refer to the instructions below under the heading, "HOW CAN A NON-REGISTERED SHAREHOLDER VOTE IN PERSON AT THE MEETING?" if you wish to attend in person or appoint someone else to attend and vote at the Meeting.

8. Q: HOW WILL MY PROXY BE VOTED?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your shares, or you can let your proxyholder decide for you. If you have not specified on the form of proxy how you want your shares to be voted on a particular matter, your proxyholder can then vote in accordance with his or her best judgment.

Unless contrary instructions are provided in writing, the shares represented by proxies received by management will be voted:

- (i) FOR the election as Directors of each of the nominees listed under the heading "Governance of the Board and Nominees" of this Circular;
- (ii) FOR the appointment of EY as external auditors of Transat;
- (iii) FOR the adoption of the proposed special resolution reproduced in Schedule A;
- (iv) FOR the adoption of the non-binding advisory resolution regarding the Corporation's approach to executive compensation;
- (v) AGAINST Shareholder Proposal No. 1; and
- (vi) AGAINST Shareholder Proposal No. 2.

9. Q: WHAT IF THERE ARE AMENDMENTS OR IF OTHER MATTERS ARE BROUGHT BEFORE THE MEETING?

A: The enclosed form of proxy gives the persons named on it the authority to use their discretion and best judgment in voting on amendments or variations to matters set out in the notice of the Meeting or any other matter duly brought before the Meeting.

At the date of printing this Circular, management is not aware of any amendments to the matters set out in the notice of the Meeting or of any other matter to be presented at the Meeting.

10. Q: CAN I CHANGE MY MIND AND REVOKE MY PROXY?

A: You can revoke your proxy at any time before it is acted upon. To do so, you must clearly state, in writing, that you want to revoke your proxy and deliver this written notice to the attention of the Corporation's VP, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 Léo-Pariseau Street, Suite 600, Montréal, Québec, H2X 4C2, no later than two business days before the Meeting, namely by April 26, 2019 at 5:00 p.m. (Eastern time), or to the chair of the Meeting at the opening of the Meeting or any adjournment thereof, or in any other manner permitted by law.

11. Q: WHO COUNTS THE VOTES?

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

12. Q: HOW ARE PROXIES SOLICITED?

A: Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Transat has retained D.F. King Canada, a proxy solicitation firm, for assistance in connection with the solicitation of proxies for the Meeting for a fee of approximately \$25,000 plus additional fees related to telephone calls and other services. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of shares registered in their names and Transat may reimburse them for the reasonable transaction and clerical expenses they will incur. We will pay for all costs related to this Circular, including printing, postage and delivery costs.

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

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

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

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

15. Q: WHY IS THIS MANAGEMENT PROXY CIRCULAR SENT TO MY ATTENTION?

A: These securityholder materials are being sent to both registered and non-registered owners of Voting Shares. If you are a non-registered owner, and Transat or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding these shares on your behalf.

By choosing to send these materials to you directly, Transat (and not the intermediary holding the shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

16. Q: WHO DO I ASK IF I HAVE QUESTIONS ABOUT THE MEETING OR REQUIRE ASSISTANCE WITH VOTING?

A: Please contact our Proxy Solicitation Agent, D.F. King Canada, toll-free at 1-866-822-1239 or by collect call at 212-771-1133 or by email at [inquiries@dfking.com](mailto:inquiries@dfking.com) with any questions you may have regarding the Meeting.

17. Q: CAN I NOMINATE A CANDIDATE FOR A DIRECTOR POSITION?

A: Only persons nominated in accordance with the procedure set out in the Advance Notice By-Law, as set forth in Schedule H to this Circular, are eligible for election as Directors of the Corporation. The By-Law sets a deadline by which shareholders must submit a notice of Director nominations to the Corporation prior to an annual or special meeting of shareholders at which Directors must be elected. It also sets forth the information that a shareholder must include in the notice for it to be valid. The By-Law allows the Corporation and its shareholders to receive adequate prior notice of Director nominations, as well as sufficient information on all the nominees. The Corporation and its Shareholders will thus be able to evaluate the proposed nominees' qualifications and suitability as Directors.



PLEASE REMEMBER - IF YOU DO NOT WANT TO VOTE IN PERSON,  
THE DEADLINE FOR VOTING IN RESPECT OF THE MEETING IS  
APRIL 26, 2019 AT 5:00 P.M. (EASTERN TIME)

## MATTERS TO BE BROUGHT BEFORE THE MEETING

### FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended October 31, 2018 and report of the external auditors thereon, and the comparative financial statements for the years ended October 31, 2017 and 2018, which will be presented to our shareholders at the Meeting, are included in the Corporation's Annual Report that has been mailed to our shareholders. They can also be promptly provided upon written request and are available at [www.sedar.com](http://www.sedar.com). No vote is required on this matter.

### 1. NOMINEES FOR ELECTION AS DIRECTORS

Pursuant to the Articles of the Corporation, the Board must consist of a minimum of nine (9) and a maximum of fifteen (15) Directors. In 2018, the members of the Board welcomed Mr. Ian Rae as Director during the October 25, 2018 Board meeting, and they also resolved that the number of Directors to be elected to the Board of Directors be fixed at twelve (12). Therefore, the Board of Directors currently consists of twelve (12) Directors and, in accordance with a resolution adopted by the Board of Directors on March 19, 2019, the number of Directors to be elected at the Meeting was fixed at twelve (12).

Twelve (12) Directors will be put forward at the Meeting as nominees for election to the Board, of which eleven (11) are independent from the Corporation. As you will note in the form of proxy, the shareholders may vote for each Director individually. Moreover, the Corporation has adopted a majority voting policy, which is described under the heading "Governance of the Board and Nominees".

Our management does not anticipate that any of the nominees among the persons named below will be unable or unwilling to act as a Director, but if such should be the case prior to his or her election at the Meeting, the persons named in the enclosed form of proxy will vote in favour of the election as director(s) of any other person(s) whom the management of the Corporation may, upon the advice of the RMCGC, recommend to replace such nominee, unless a shareholder indicates in his form of proxy his intention to abstain from voting at the election of Directors. Each Director will remain in office until the next Meeting or until his or her successor is elected or appointed.

Unless a shareholder indicates his intention to abstain from voting for the nominees, the voting rights attaching to the shares represented by the form of proxy enclosed herewith will be voted FOR the election of each of the twelve (12) nominees described under the heading "Governance of the Board and Nominees".

### 2. APPOINTMENT OF OUR EXTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board proposes that EY be reappointed as external auditors of the Corporation, to hold office until the next Meeting and that their remuneration be fixed by the Audit Committee.

Unless a shareholder indicates that he intends to abstain from voting, the voting rights attaching to the shares represented by the form of proxy will be voted FOR the appointment of EY as external auditors of the Corporation.

The aggregate fees charged for professional services that the external auditors provided to the Corporation and its subsidiaries in 2018, and a comparison with the fees charged in 2017, are presented below:

	Audit Services	Audit-Related Services	Tax Services	Total
2018	\$855,000	\$28,000	\$317,000	\$1,200,000
2017	\$865,000	\$58,000	\$729,000	\$1,652,000

During those two years, no amounts were billed as fees for any other service not related to the foregoing. "Audit fees" are fees for professional services provided for the audit of the Corporation's consolidated financial statements, for services that are normally provided by the Corporation's external auditors in connection with statutory and regulatory filings or engagements and for other services performed by the external auditors to comply with generally accepted auditing standards; "audit-related fees" are fees billed for assurance mandates and related services. "Tax fees" are fees billed for services relating, among other things, to the transactions completed by the Corporation in 2017 and in 2018 (namely the sale of its interest in the Ocean hotels and the sale of Jonview Canada Inc.), as well as for tax compliance, tax advice and tax planning services. For 2017, the amount of \$729,000 relating to "tax fees" breaks down as follows: \$616,000, which represents 85% of such fees, was paid for services provided in the context of the divestiture projects, and \$113,000, which represents 15% of such fees, was paid for other tax services.

#### External Auditors' Independence

In addition to the letter issued by the external auditors regarding their independence, the Corporation and the Audit Committee of the Board have considered whether the services performed by the external auditors were compatible with maintaining the auditors' independence and have concluded that such was the case. In order to better define the limits within which such services are provided to the Corporation, the Board adopted, in addition to the Audit Committee charter, a Policy respecting the Pre-Approval of Audit and Non-Audit Services.

### 3. PLAN OF ARRANGEMENT TO AMEND TRANSAT'S ARTICLES OF INCORPORATION

#### Overview

At the Meeting, holders ("Shareholders") of Voting Shares will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the "Arrangement Resolution") to approve a plan of arrangement (the "Arrangement") under section 192 of the Canada Business Corporations Act (the "CBCA") to effect amendments (the "Amendments") to Transat's Articles of Incorporation (the "Articles") relating to the voting rights of the holders of Variable Voting Shares.

The full text of the Arrangement Resolution is set out in Schedule A to this Circular.

#### Reasons for and Background to the Arrangement

Transat owns all of the issued and outstanding shares of Air Transat which, as an air carrier, is required to comply with the Canada Transportation Act (the "CTA"). Transat proposes to make the Amendments to align the restrictions on the level of non-Canadian ownership and control within the Articles with those prescribed by the definition of "Canadian" in subsection 55(1) of the CTA, as amended by provisions of the Transportation Modernization Act (Canada) which came into effect on June 27, 2018 (the "CTA Amendments").

Section 61(1)(a) of the CTA includes a condition that an applicant for a domestic service operating licence be a "Canadian", as such term is defined in the statute. Prior to the CTA Amendments, the term "Canadian" was

defined to include “a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75%, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians”.

The Government of Canada’s stated purpose in proposing the CTA Amendments was to attract more foreign investment and encourage growth in the aviation sector by increasing the permitted level of foreign ownership in respect of Canadian air carriers to 49% from 25%. At the same time, the CTA Amendments introduced two new limitations on voting control with respect to single non-Canadians and non-Canadian air service providers, in each case either individually or in affiliation with another person. The applicable definition of “Canadian” following the CTA Amendments is now as follows:

A corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where

- (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and
- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.

As was the case prior to the CTA Amendments, there is nothing in the CTA that restricts non-Canadians from acquiring shares or voting interests in Transat. The CTA does not provide a statutory remedy to act against the Shareholders who exceed the applicable threshold. Rather, section 63(1) of the CTA provides that the Canadian Transportation Agency (the “Agency”) shall suspend or cancel the domestic licence of an air carrier where the Agency determines that, in respect of the service for which the licence is issued, the person ceases to meet any of the requirements in the CTA requiring that the carrier meet the definition of Canadian.

As described in more detail below under “The Arrangement and Amendments – Transat’s Current Articles”, to address this issue as it applied in the CTA prior to the CTA Amendments, the Articles include provisions which require that only Canadians are to own and control Class B Voting Shares, and only non-Canadians are to own and control Variable Voting Shares, as well as provisions which cause the automatic conversion of Class B Voting Shares owned or controlled by non-Canadians into Variable Voting Shares (and vice versa). The Articles also include a provision which reduces the voting power of Variable Voting Shares (and therefore the voting power of non-Canadians in aggregate) to 25% of the aggregate votes attached to all outstanding Voting Shares, or any higher percentage that the Governor in Council may specify pursuant to the CTA. Accordingly, even if non-Canadians acquire a number of Voting Shares in excess of the statutory threshold, the voting power of all non-Canadians will be limited to 25% or a higher percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of Transat.

Following the implementation of the CTA Amendments, management and the Board of Transat considered appropriate measures to ensure that Transat realized the benefits of potentially increasing foreign investor interest arising from the increased limit on voting power by non-Canadians generally, while at the same time ensuring that voting power by non-Canadians and non-Canadians authorized to provide an air service, either individually or in affiliation with another person, do not exceed the applicable 25% thresholds. Management of Transat noted that while the aggregate 25% limitation on voting power of holders of Variable Voting Shares remains in place under Transat’s existing Articles, the existing Articles do not have a mechanism for addressing circumstances where a non-Canadian holder of Variable Voting Shares, in affiliation with another person holding Class B Voting Shares, hold in the aggregate more than 25% of the voting interests. As noted, if any of

the applicable thresholds is exceeded, Transat may not be considered “Canadian” for the purposes of the CTA and the Agency would be required to suspend or cancel Air Transat’s licence to operate a domestic air service.

After considering potential alternative approaches and after consulting with legal counsel, management and the Board have determined that the most effective approach to addressing the changes to the new limitations on voting control by non-Canadians under the CTA Amendments would be to amend the Articles to align the voting restrictions of the Variable Voting Shares to the voting restrictions set forth in the definition of “Canadian” in the revised subsection 55(1) of the CTA and to effect the Amendments through the Arrangement. The proposed amendments to the Articles are substantially the same as amendments to the articles which are being proposed by other publicly listed Canadian air carriers or their holding companies, specifically Air Canada, Chorus Aviation Inc. and WestJet Airlines Ltd. (collectively with Transat, the “Air Carrier Group”) at their respective meetings of shareholders in 2019.

During December 2018 and January 2019, the Air Carrier Group consulted with the Agency to advise it of the proposed amendments to their respective articles and to confirm that the Agency did not have any objections to the approach or concerns that such approach would not provide an effective mechanism for restricting non-resident ownership and control as contemplated by the amended definition of “Canadian” in the CTA.

At a meeting of the Board on January 23, 2019, the Board unanimously approved the Amendments and the Arrangement, and recommends that Shareholders vote in favour of the Arrangement Resolution.

#### The Arrangement and Amendments

Transat intends to implement the Amendments by way of a court supervised and Shareholder approved Arrangement pursuant to section 192 of the CBCA. The full text of the Arrangement is set forth in Schedule B to this Circular. If adopted, the Amendments will allow Transat to effectively regulate the ownership and voting control of Class B Voting Shares in compliance with the Canadian ownership and control requirements of the CTA.

#### Transat's Current Articles

The Articles of the Corporation currently provide for two classes of voting shares, the Class B Voting Shares and the Variable Voting Shares.

Prior to the CTA Amendments, the definition of “Canadian” in the CTA prescribed a maximum 25% level of non-Canadian ownership and control. To address this limitation, Transat's Articles currently provide as follows:

- the Class B Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians;
- the Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians;
- unless the foreign ownership restrictions of the CTA are repealed and not replaced with similar provisions, each outstanding Class B Voting Share automatically converts into a Variable Voting Share if such Class B Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a person who is not a Canadian;

- each outstanding Variable Voting Share automatically converts into a Class B Voting Share if such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian, or if the provisions in the CTA relating to foreign ownership restrictions are repealed and not replaced with similar provisions;
- each Class B Voting Share always carries one vote per share; and
- each Variable Voting Share carries one vote per share unless either:
  - o the number of issued and outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Voting Shares; or
  - o the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting exceeds 25% of the total number of votes that may be cast at such meeting,

in either of which case, the votes attached to each Variable Voting Share shall decrease proportionately and automatically so that the Variable Voting Shares as a class never carry more than 25% of the aggregate votes attached to all Voting Shares, nor 25% of the votes which holders of Voting Shares may be entitled to cast at any meeting of Shareholders.

#### Proposed Amendments to the Articles

The CTA Amendments increased the overall maximum level of non-Canadian ownership and control of voting interests in an air carrier to 49%, while also introducing and prescribing maximum ownership levels of 25% respectively for:

- any single non-Canadian, either individually or in affiliation with another person, and
- any one or more non-Canadian authorized to provide an air service in any jurisdiction (in the aggregate), either individually or in affiliation with another person.

In response to these new legislative thresholds, the Amendments will:

- increase the current single 25% proportional voting limitation with respect to the Variable Voting Shares as a class to 49%;
- add a 25% voting limitation to any single non-Canadian, either individually or in affiliation with another person; and
- add a 25% aggregate voting limitation to all non-Canadians authorized to provide an air service, either individually or in affiliation with another person.

The Amendments provide for an automatic reduction of the voting rights attached to the Variable Voting Shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to Variable Voting Shares will be affected as follows:

- first, if required, a reduction of the voting rights of any single non-Canadian (including a single non-Canadian authorized to provide an air service) carrying more than 25% of the votes to ensure that such non-Canadian never carries more than 25% of the votes which holders of Voting Shares may cast at any meeting of Shareholders;

- second, if required and after giving effect to the first proration set out above, a further proportional reduction of the voting rights of all non-Canadians authorized to provide an air service to ensure that such non-Canadians authorized to provide an air service, in the aggregate, never carry more than 25% of the votes which the holders of Voting Shares may cast at any meeting of Shareholders;
- third, if required and after giving effect to the first two prorations set out above, a proportional reduction of the voting rights for all non-Canadians as a class to ensure that non-Canadians never carry, in the aggregate, more than 49% of the votes which the holders of Voting Shares may cast at any meeting of Shareholders.

A copy of the Articles, as amended by the Amendments, marked to show the changes to the current Articles, is attached as Schedule C to this Circular.

### Implementation of the Amendments by way of the Arrangement

The Amendments will be implemented by way of the Arrangement. Transat determined that the use of a plan of arrangement under Section 192 of the CBCA is the most effective way to achieve Parliament's objectives for the CTA Amendments to increase foreign ownership in Canadian air carriers while simultaneously maintaining Canadian control of such carriers.

Using the amendment provisions of sections 173 and following of the CBCA would import the requirement that dissent rights be provided to holders of Variable Voting Shares under section 190 of the CBCA. This seems neither appropriate nor necessary in the circumstances of the proposed Amendments, which are required to address a legislative change and do not affect the economic interest of any holders of Variable Voting Shares, and accordingly such rights are not provided pursuant to the Arrangement. In accordance with the Interim Order, holders of Class B Voting Shares and Variable Voting Shares will vote together as a single class in respect of the Arrangement Resolution.

In addition, the fact that the Arrangement must be approved by the Superior Court of Québec (the "Court"), at both the interim and final stages (see "Description of the Arrangement – Court Approval" below) will allow the Court to ensure than an appropriate balancing of rights of all Shareholders, in view of the CTA Amendments, has been achieved.

The Board has unanimously concluded that the Arrangement is in the best interest of Transat and is fair to all Shareholders and unanimously recommends that all Shareholders vote in favour of the Arrangement Resolution and thereby approve the implementation of the Arrangement.

### Board Approval and Recommendation

On January 23, 2019, the Board unanimously approved the Arrangement subject to the receipt of necessary Shareholder and Court approvals, and authorized submission of the Arrangement to the Shareholders for consideration and, following approval by the Shareholders, to the Court for consideration and approval.

The decision to approve the Arrangement was reached by the Board after consideration of many factors, including the following:

- The Amendments contemplated by the Arrangement will provide the most effective means to address the stated purpose of the CTA Amendments in increasing foreign investment in the Canadian air transportation industry while maintaining Canadian control of Transat.

- The Amendments contemplated by the Arrangement will provide Transat with a necessary and effective mechanism for restricting non-resident ownership and control as contemplated by the definition of “Canadian” in the CTA.
- The approach taken in respect of the Amendments to the Articles is substantially the same as that being taken by other publicly listed air carriers, or their respective holding companies in Canada.
- Management and the Board considered other potential alternatives to address the foreign ownership restrictions in the CTA and determined that the Amendments contemplated by the Arrangement represent the most effective approach.
- The fact that the involvement of any single non-Canadian or any non-Canadians authorized to provide an air service, individually or in affiliation with another person exceeding 25% voting control, without a means to proportionally limit such voting control, may result in the required suspension or cancellation of Air Transat’s licences to operate a domestic air service.
- Completion of the Arrangement is subject to approval by 66⅔% of the votes cast by Shareholders.
- Completion of the Arrangement is subject to approval by the Court, which will consider, among other things, the fairness of the Arrangement for all Shareholders.

Transat has been advised that its directors and officers intend to vote all Shares held by them in favour of the Arrangement Resolution.

#### Description of the Arrangement

If the Arrangement Resolution is passed and the Arrangement is approved by the Court, the effective date of the Arrangement will be May 9, 2019, or such other date as may be determined by Transat. The Arrangement may, at any time before or after the holding of the Meeting and prior to filing the articles of arrangement under the CBCA to give effect to the Arrangement, be terminated by the Board without further notice to or action on the part of the Shareholders. Upon such termination, the Arrangement will not proceed.

#### Conditions for the Arrangement to Become Effective

In order for the Arrangement to become effective, the following must occur:

- the required approval of the Shareholders shall have been obtained; and
- the final order of the Court (the “Final Order”) shall have been obtained in form and substance satisfactory to Transat acting reasonably.

Neither of these conditions may be waived. If such conditions are not satisfied, the Arrangement will not be consummated.

#### Regulatory Matters

Approval of the Arrangement by the Agency is not required; however, Transat along with the other members of the Air Carrier Group, have each provided drafts of the documents relating to the Amendments and have engaged in discussions with the Agency. Following discussions with the Agency, on February 4, 2019, staff of

the Agency confirmed that they had completed their review of the Amendments and were of the opinion that the Amendments would not affect the Canadian status of Transat should the Amendments be adopted.

Any amendment to the articles of a listed issuer must be pre-cleared with the Toronto Stock Exchange (the "TSX"), and accordingly, Transat along with the other members of the Air Carrier Group have each provided notice to the TSX regarding the Amendments. On January 31, 2019, the TSX accepted the notice of the Amendments, subject to the satisfaction of certain customary conditions, including its review of the final form of the Amendments and the approval of the Amendments by the Shareholders.

#### Required Shareholder Approval

The interim order of the Court dated February 15, 2019 (the "Interim Order") provides that for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least 66⅔% of the votes cast by the holders of Class B Voting Shares and Variable Voting Shares, voting together as a single class, present in person or represented by proxy in respect of the Arrangement Resolution at the Meeting.

Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the Arrangement Resolution.

#### Court Approval

##### Interim Order

On February 15, 2019, the Court granted the Interim Order authorizing the calling and holding of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Schedule D to this Circular.

##### Final Order

The CBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, Transat will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for May 8, 2019 at 12:00 p.m. (Montréal time), or as soon thereafter as counsel may be heard, before the Superior Court of Québec in Montréal, 1 Notre-Dame Street East, Montréal, Québec Canada, H2Y 1B6. At the hearing, any Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or arguments may do so, subject to filing with the Court and serving upon Transat on or before 4:30 p.m. (Montréal time) on May 3, 2019, a Notice of Presentation setting out their address for service and indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. Service of such notice shall be effected by service upon the solicitors of Transat: Fasken Martineau DuMoulin LLP, 800 Victoria Square, Suite 3700, P.O. Box 242, Montréal, Québec H4Z 1E9 Canada, Attention: Marie-Josée Neveu. The Notice of Presentation in respect of the Final Order is attached as Schedule E to this Circular.



Transat has been advised by its counsel that the Court has broad discretion under the CBCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness and reasonableness of the Arrangement for the Shareholders and any other interested party as the Court determines appropriate, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems appropriate. Depending upon the nature of any required amendments, Transat may determine not to proceed with the Arrangement.

#### 4. APPROACH TO EXECUTIVE COMPENSATION

The section entitled “Executive Compensation Discussion and Analysis” provides a detailed explanation of the Corporation’s executive compensation approach, which is premised on the three-pronged underlying principle that compensation should be rooted in the Corporation’s performance, be competitive within the market and be aligned with the shareholders’ best interests.

Upon the recommendation of the Human Resources and Compensation Committee, the Board recommends that shareholders vote FOR the following non-binding advisory resolution, the text of which is also reproduced in Schedule F to this Circular:

“BE IT RESOLVED:

THAT on an advisory basis and without diminishing the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached to this resolution.”

Whilst this is an advisory vote and the results will not be binding upon the Board, the members of the Board and the Human Resources and Compensation Committee will review and analyze the voting results. In 2018, this resolution received 24,294,450 votes for (95.80%) and 1,064,802 votes against (4.20%).

Unless a shareholder indicates that he intends to abstain from voting, the voting rights attaching to the shares represented by the form of proxy will be voted FOR the Corporation’s approach to executive compensation.

#### 5. SHAREHOLDER PROPOSALS

The Corporation has reproduced in Schedule G to this Circular the full text of two proposals and the related arguments submitted by one of the Corporation’s shareholders. The Schedule also provides detailed information on the Corporation’s position with respect to the proposal received, as well as a voting recommendation. In addition, proposals relating to any matter that the persons entitled to vote at the 2020 shareholder meeting wish to submit at the meeting must be received by the Corporation at the latest on December 20, 2019.

Unless a shareholder indicates that he intends to abstain from voting, the voting rights attaching to the shares represented by the form of proxy will be voted AGAINST Shareholder Proposals No. 1 and No. 2.

## GENERAL CORPORATE GOVERNANCE PRACTICES

As a Canadian reporting issuer with securities listed on the TSX, the Corporation has in place corporate governance practices that are consistent with the requirements of Policy Statement 58-201 – Corporate Governance Guidelines and Regulation 58-101 Respecting Disclosure of Corporate Governance Practices, which were adopted by the Canadian Securities Administrators (“CSA”) and replace the previous TSX corporate governance guidelines.

The Corporation is regularly adjusting its corporate governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its corporate governance practices, if need be.

### RISK MANAGEMENT AND CORPORATE GOVERNANCE INITIATIVES

The RMCGC regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the RMCGC will reassess our corporate governance practices and recommend the implementation of changes, where appropriate. The Corporation’s Corporate Governance Manual has been updated to reflect, amongst others, new legislative and regulatory developments in governance and securities law. Transat’s corporate governance practices meet or exceed Regulation 58-101 Respecting Disclosure of Corporate Governance Practices adopted by the Canadian Securities Administrators and ensure transparency and effective governance of the Corporation.

Pursuant to its mandate, the RMCGC reviews on a continuous basis a number of emergency measures and measures related to the Corporation’s operations. In December 2016, the RMCGC identified a list of risks and classified them according to their impact, while establishing risk assessment criteria. As at the date of this Circular, fifty-six (56) risks are identified. For example, the risks are those related to management of information systems, tour operators, airline and aircraft activities, third-party hotels where Transat books rooms for travellers, exchange rate and fuel price hedging, insurance coverage and the financial approval processes. Risk management is shared among the Corporation’s executive officers to eliminate compartmentalized risk management. They are called upon to present these risks to the Directors of the Corporation every year. In 2018, human resources risks, computer and cybersecurity risks, air travel risks and risks related to the Corporation’s 2018-2022 strategic plan were presented to the RMCGC. It is therefore estimated that this approach supports a risk management culture within the Corporation.

Oversight of the risks relating to the Corporation is ensured by the RMCGC and HRCC. The RMCGC is responsible for carrying out the risk mapping and monitoring protection measures in accordance with pre-established priorities. The RMCGC then reports back to the Board. The risks and uncertainties that are likely to have a material adverse effect on the Corporation are disclosed quarterly in the financial statements included in the Corporation’s management discussion & analysis of the financial condition and results of operations.

### ETHICS

Directors are expected to comply with our Charter of Expectations for Directors in order to promote best practices and ensure ethical business conduct. This Charter sets out the professional and personal competencies and characteristics expected from Transat Directors; these include, amongst others, high ethical standards, attendance at meetings, diligence, international experience and accountability. In addition, the Corporate Governance Manual clearly states the parameters for the disclosure and management of potential conflicts of interest, guidelines that apply to all Directors.

As well, our Directors, officers and employees are subject to the provisions of our Code of Ethics, which is made available to every employee of Transat and is posted on the Corporation's website. The Code of Ethics provides a framework for Directors, officers and employees on the conduct and ethical decision-making integral to their work; it has been implemented throughout Transat and most of its subsidiaries.

The Board, through its RMCGC, reviews the implementation of, and compliance with, of the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the RMCGC receives from our VP, General Counsel and Corporate Secretary, and from our VP, Internal Audit and Risk Management, on a quarterly basis, a written declaration as to any complaints received during the said quarter pursuant to our Code of Ethics. The Corporation requires its Directors, officers and employees to acknowledge that they have read the Code and agree to comply with it. This Code must be signed by every new employee after hiring and every year by each employee at the time of his or her annual performance evaluation.

No material change report has been filed since the beginning of our most recently completed fiscal year pertaining to the conduct of a Director or executive officer of Transat that constitutes a departure from the Charter of Expectations or the Code of Ethics.

Our Code of Ethics clearly states that Directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a Director or executive officer has a material interest, full disclosure to the Board is required and such Director must abstain from voting on any such matter.

Transat's Code of Ethics, Charter of Expectations for Directors and best governance practices (set out in its Corporate Governance Manual) together with statements set out in the Board and Committee charters encourage and promote an overall culture of ethical business conduct. The Board's ongoing review of and adherence to these measures and principles also fosters an ethical business conduct throughout the Corporation.

In addition, both the annual Board evaluation questionnaire and the Director peer feedback survey contain specific questions pertaining to ethical business conduct.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our current or former Directors, executive officers and employees is indebted to us, or has contracted any loan that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement on our part. Pursuant to our Corporate Governance Manual, it is our policy not to grant any loans to our Directors, executive officers, employees or nominees for the position of Director of Transat. This policy also applies to our subsidiaries.

#### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

We have taken out an insurance policy at our own expense that covers the liability of our Directors and officers, in their capacities as such. This insurance policy also covers the Directors and officers of our subsidiaries. For the twelve-month period ending April 30, 2019, our insurance policy provides a maximum coverage of \$50,000,000 per claim, subject to a \$350,000 deductible payable by Transat, as well as an additional coverage of \$50,000,000. The premium paid under the policy for twelve months of coverage is \$411,220.

## BOARD GOVERNANCE AND NOMINEES

The Board, either directly or through Board committees, is responsible for the management and supervision of the business and affairs of the Corporation with the objective of enhancing the value for shareholders and other stakeholders. The Board's mandate and role consist of, among other things, (i) approving and overseeing the corporate strategy and its implementation; (ii) reviewing and, where appropriate, give effect to the proposals of the President and CEO on the appointment of Transat's executive officers; (iii) setting goals for the President and CEO and reviewing those of executive officers with him, monitoring their performance and implementing corrective measures as appropriate; (iv) informing shareholders of the performance of the Corporation, its Board and Board Committees; and (v) approving and ensuring the performance of the Corporation's legal obligations.

The Board assumes the responsibility of defining the main risks related to the Corporation's operations and the implementation of appropriate systems allowing management of these risks.

The roles and responsibilities of the Board and of each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request and is available on SEDAR at [www.sedar.com](http://www.sedar.com)). These charters are generally reviewed every two (2) years to ensure they reflect best practices and are in compliance with any applicable regulatory requirements. The Audit Committee charter is also available in Schedule I to the Corporation's Annual Information Form.

### NOMINATION OF DIRECTORS

The selection process for new candidates to the Board is conducted by the RMCGC. RMCGC's responsibilities, powers and activities are described in more detail in the Committee's report enclosed in this Circular as well as in the Committee's charter which is also filed with SEDAR at [www.sedar.com](http://www.sedar.com).

The RMCGC and, in particular, the nominations committee are responsible for identifying and recommending to the Board suitable nominees for election to the Board. When making its recommendations, the RMCGC shall consider the fact that the members of the Board should have diversified backgrounds, experience and aptitudes. Directors are selected for their integrity and character, fair and independent judgment, breadth of experience, insight and knowledge, and strong business acumen. Directors are expected to bring these personal qualities to their role as a Director of the Corporation, and apply sound business judgment to help the Board make wise decisions and provide thoughtful and informed advice to senior management.

To accomplish this duty, the RMCGC:

- assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience and competencies of the Directors;
- identifies the challenges facing the Corporation;
- identifies the profile of a nominee;
- recommends to the Board a list of nominees for election as Directors; and
- approaches competent nominees.

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

The RMCGC is composed entirely of independent Directors.

## DIVERSITY

The Corporation considers that decisions regarding the appointment of Directors and executive officers should be based on merit and it continues to be determined to select the best people to perform these roles. At the same time, the Corporation recognizes that diversity is important to ensure that the Director and executive officer profiles provide the range of points of view, experience and expertise necessary for Efficient governance and management. The Corporation considers that diversity is a commercial, social and ethical imperative. The people with whom the Corporation does business expect the Corporation to favour the creation and maintenance of an inclusive workplace.

The ability to draw from a wide range of perspectives, areas of expertise, competencies and experience is essential to the Corporation's success. Diversity makes it possible to ensure there are enough perspectives to better discern the issues, while increasing the possibilities that the proposed solutions are nuanced and complete. The Corporation considers diversity to be a necessary advantage for an effective Board and executive team. The Corporation also considers that establishing a diversified Board and executive team is a critical step to building an inclusive and diverse work environment for all of the Corporation's employees.

The Corporation believes that diversity, particularly gender diversity, on the Board and among the executive officers, can provide many benefits, including:

- access to a large pool of relevant talent that is eventually likely to contribute to various technical and functional fields and direct them;
- the unique and concrete contribution that can result from different points of view, different experiences and different concerns and perceptions, in product development, marketing, customer relations, mentoring and employee relations in a world of diversified customers and personnel;
- the possibility of having substantive discussions and debates within the Board and management (and at other levels of management), which could eventually lead to greater effectiveness in the decision-making process and in the duties of the Board;
- the fact that the more varied the backgrounds of management teams and boards of directors are, the more chances there are that the points of view and concerns of all stakeholders will be represented in the discussions; and
- the possibility of demonstrating the Corporation's values to the various stakeholders, including personnel at all levels, shareholders, customers, communities, regulatory bodies and other government representatives, and the public.

The RMCGC is responsible for recommending qualified candidates to the Board who have the talent, business and financial experience, expertise, leadership and level of engagement required of a Director to fulfill the responsibilities required by a Board. The Committee has developed a set of criteria for the selection of Board members, which seeks to obtain a variety of experience and competencies on the Board. In the process of searching for qualified candidates to serve on the Board, the RMCGC seeks to include a wide range of groups, knowledge and points of view. To accomplish this task, the RMCGC may retain the services of a specialized executive search firm to help it meet the objectives regarding diversity of the Board. In the course of its efforts to create and maintain a diverse Board, the RMCGC:

- (a) develops recruitment protocols that seek to include varied candidates in any search for Directors. These protocols consider that qualified candidates can be found in a wide range of organizations,

- including academic institutions, the private sector, non-profit organizations and professional associations, as well as the traditional channels for recruiting senior officers and Board members;
- (b) aspires to use the current network of organizations and professional associations that could help it identify diverse candidates;
  - (c) periodically reviews the Board's recruitment and selection protocols to ensure that diversity remains a component of any search for Directors; and
  - (d) to support a specific gender-diversity objective, considers the level of representation of women on the Board by identifying and nominating candidates in view of their election and reelection to the Board.

#### POLICY ON DIVERSITY OF THE BOARD

The Policy on Diversity of the Board provides that the RMCGC, in its duty to recommend Director nominees to the Board shall:

- (a) evaluate the effectiveness and the contribution of each Director of the Board;
- (b) evaluate the effectiveness of the designation and/or nomination process in achieving the Corporation's diversity objectives, as described in this Policy;
- (c) measure the annual and cumulative progress of the gender diversity objectives;
- (d) evaluate the tools used in the identification and recruitment of new candidates for nomination to the Board, while taking this Policy into account;
- (e) review the best practices concerning the methods for achieving and maintaining diversity on the Board and among the executive officers;
- (f) review this Policy, including the evaluation of this Policy's effectiveness, and recommend to the Board any change to this Policy;
- (g) supervise the implementation of this Policy; and
- (h) review, supervise, measure and evaluate any other element it considers appropriate in order to encourage diversity, renewal of the Board and compliance with best corporate governance practices.

On December 13, 2017, the Board raised the 25% target for the number of Board seats to be held by women to 30%. The Corporation will continue to exceed this target (33% of Board seats, which represents 4 out of 12) after the April 30, 2019 Meeting if all of the proposed nominees are elected. The full text of the diversity policy is available at [www.transat.com](http://www.transat.com).

## PROPOSED NOMINEES

The following tables present each of the Directors who will be nominated for a Board seat during the Meeting. Information in the tables is based on the statements made by the persons concerned and updated on a yearly basis. The term of the solicited mandates is one year, which will end at the next Meeting.

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

### Retirement of Directors

The Board has adopted a mandatory retirement policy for Directors, which requires Directors to resign from the Board upon attaining age 75, said resignation taking effect the following annual meeting of shareholders. We are of the opinion that this policy ensures the natural evolution of the Board. Notwithstanding the foregoing, the Board maintains its full discretion in the application of the criteria regarding the retirement age, which will take into account, in particular, the years of service of the members of the Board and the expertise required from the Board at that time.



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

Raymond Bachand – Director since March 2014



Age: 71  
Mandatory retirement:  
2022  
Québec, Canada  
Independent<sup>(1)</sup>

Principal occupation (2014):  
Strategic Advisor, Norton Rose Fulbright  
Global law firm

Other occupations:

- President  
Institut du Québec (2014-)
- Director  
National Bank of Canada (2014-)  
- Member of the Risk Management Committee and member of the Corporate Governance Committee  
Tourisme Montréal (2014-2018)  
- Chairman of the Board
- Deputy of Outremont  
Québec National Assembly (2005-2013)
- Minister  
Revenue (2010-2013)  
Finance (2009-2012)  
Responsible for the Montréal region (2007-2012)  
Economic Development, Innovation and Export Trade (2006-2009)  
Tourism (2007-2008)
- President and Chief Executive Officer  
Fonds de solidarité des travailleurs du Québec (1997-2001)  
Secor Consulting (2002-2005)
- Vice-President  
Métro-Richelieu (1981-1989)  
Culinar (1990-1993)
- Special Secretary  
Office of the Premier of Québec (1979-1981)
- Chief of Staff  
Québec Minister of Labour and Manpower (1977-1979)
- Professor  
École des Hautes Études Commerciales de Montréal (1972-1977)

Education:

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

Other boards of publicly traded companies:

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

Awards and Recognitions:

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

Meeting Attendance <sup>(8)</sup>				Votes in favour in 2018	Board Interlocks
Board (LD)	11 of 11	100%		24,693,797 (98.03%)	None
Executive Committee <sup>(4)(9)</sup>	2 of 2	100%			
Audit Committee	5 of 5	100%			
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Financial services, tourism, professional services, consumer goods and retail, academic community, community involvement, risk management, corporate governance, corporate management, finance and accounting, operations, strategic planning, board service for other public companies, marketing and sales, international, business development and mergers-acquisitions.	
0	45,148	\$329,129	\$375,000		

Louis-Marie Beaulieu – Director since March 2013



Age: 64  
 Mandatory retirement:  
 2029  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation (1987):  
 President and Chief Executive Officer, Groupe Desgagnés  
 Conglomerate that engages in maritime and land  
 operations

Other occupations:

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

Education:

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

Other boards of publicly traded companies:

- None

Awards and Recognitions:

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

Meeting Attendance <sup>(B)</sup>			Votes in favour in 2018		Board Interlocks
Board	10 of 11	90.90%	24,644,222 (97.83%)		None
HRCC	6 of 7	85.71%			
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Transportation and air transportation, professional services, community involvement, corporate management, risk management, corporate governance, finance and accounting, operations, strategic planning, human resources.	
20,000	29,601	\$377,055	\$250,000		

Lucie Chabot – Director since October 2015



Age: 59  
 Mandatory retirement:  
 2034  
 (Québec) Canada  
 Independent<sup>(1)</sup>

Principal occupation (2018):  
 Corporate Director

Other occupations:

- Director  
 Albecour Inc. (2019-)  
 CDMV Inc. (2017-)  
 - Chair of the Board, chair of the Audit Committee,  
 chair of the Information Technology Committee and  
 member of the Human Resources Committee
- VP and Chief Financial Officer  
 SAIL Outdoors Inc. (2014-2018)
- President  
 Distribution Vinarius Inc. (2010-2014)
- General Manager, Operations and Managed Services  
 Intertrade Systems Inc. (2004-2007)
- Co-Shareholder  
 Strator Consulting Group Inc. (1994-2014)
- VP, Finance  
 Sports Experts Inc. (1986-1994)

Education:

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

Other boards of publicly traded companies:

- None

Awards and Recognitions:

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

Meeting Attendance <sup>(8)</sup>				Votes in favour in 2018		Board Interlocks	
Board	11 of 11	100%	24,700,243 (98.05%)		None		
Audit Committee	5 of 5	100%					
Shareholding Guidelines				Expertise			
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>		Financial services, technology, marketing, communications and advertising, consumer goods and retail, corporate management, risk management, human resources, finance and accounting, business development and mergers-acquisitions, strategic planning.		
6,290	18,158	\$201,462	\$250,000				

Lina De Cesare - Director since May 1989



Age: 67  
 Mandatory retirement:  
 2026  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation (2015):  
 Corporate Director

Other occupations:

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

Education:

- Certificate in Management, UQAM

Other boards of publicly traded companies:

- None

Awards and Recognitions:

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

Meeting Attendance <sup>(8)</sup>			Votes in favour in 2018		Board Interlocks
Board	11 of 11	100%	24,216,044		None
RMCGC	4 of 5	80%	(96.13%)		
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>		
35,576	19,476	\$340,637	\$250,000		
				Tourism, transportation and air transportation, hotel industry, consumer goods and retail, community involvement, corporate management, risk management, operations, international.	

W. Brian Edwards – Director since June 2010



Age: 69  
 Mandatory retirement:  
 2024  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation:  
 Corporate Director

Other occupations:

- Director  
 Aimia Inc. (2018-)  
 Camso (2004-2018)  
 - Chairman of the Compensation Committee  
 Atrium Innovations Inc. (2014-2018)  
 AtmanCo (2012-2016)  
 - Chairman of the Board  
 Pethealth (2010-2014)  
 Miranda technologies Inc. (2004-2012)  
 - Chairman of the Board
- Founder and Chief Executive Officer  
 BCE Emergis (1988-2002)
- Organizations and associations  
 - Director, Concordia University Foundation  
 - Director, Adaptive Sports Foundation

Education:

- Bachelor of Commerce  
 Concordia University (1972)

Other boards of publicly traded companies:

- Aimia Inc. (TSX: AIM)

Awards and Recognitions:

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

Meeting Attendance <sup>(8)</sup>				Votes in favour in 2018	Board Interlocks
Board	10 of 11	90.90%	25,028,882 (99.36%)	None	
Executive Committee <sup>(4)</sup>	8 of 8	100%			
HRCC (C)	7 of 7	100%			
RMCGC	5 of 5	100%			
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Technology, marketing, communications and advertising, professional services, community involvement, risk management, human resources, operations, strategic planning, business development, marketing/sales.	
18,790	48,287	\$467,335	\$250,000		

Jean-Marc Eustache - Director since February 1987



Age: 71  
 Mandatory retirement:  
 2023  
 Québec, Canada  
 Not independent<sup>(6)</sup>  
 (Executive officer)

Principal occupation (1987):  
 Chair of the Board, President and Chief Executive Officer  
 and Chair of the Executive Committee of the Corporation

Other occupations:

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

Education:

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

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- One of the three founding members of Transat

Meeting Attendance <sup>(8)</sup>				Votes in favour in 2018		Board Interlocks	
Board (C)	11 of 11	100%	24,558,917 (97.49%)		None		
Executive Committee (C) <sup>(4)</sup>	8 of 8	100%					
Shareholding Guidelines				Expertise			
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(5)</sup>	Tourism, transportation and air transportation, consumer goods and retail, community involvement, corporate management, risk management, operations, board service for other public companies, business development and mergers-acquisitions, international, corporate governance.			
437,247	10,331	\$4,523,561	\$2,766,390				

Susan Kudzman – Director since March 2014



Age: 56  
 Mandatory retirement:  
 2037  
 Québec, Canada  
 Independent <sup>(1)</sup>

Principal occupation (2018):  
 Corporate Director

Other occupations:

- Director  
 Médavie Inc. (2018-)  
 - Member of the Audit Committee and member of the Risk and Human Resources Committee
- Yellow Pages Group (2014-)  
 - Chair of the Board
- Montréal Heart Institute Foundation (2012-)  
 - Vice Chair of the Board
- AtmanCo (2013-2015)  
 - Member of the Audit Committee
- Executive Vice-President, Corporate Affairs, and Chief Risk Officer  
 Laurentian Bank of Canada (2014-2018)
- Practice Leader, Risk Management  
 Mercer Canada (2011-2014)
- EVP, Chief Risk Officer  
 Caisse de dépôt et placement du Québec (2005-2010)
- Chief Human Resources Officer and Chief Corporate Officer  
 BCE Emergis (2000-2005)
- Vice-Chair of the Board of Directors and the Executive Committee and a member of the Audit Committee  
 Grands Ballets canadiens de Montréal (2000-2015)
- Chair of the Board of Directors  
 Quartier International de Montréal (2006-2013)

Education:

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

Other boards of publicly traded companies:

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

Meeting Attendance <sup>(8)</sup>			Votes in favour in 2018		Board Interlocks
Board	11 of 11	100%	24,941,056 (99.01%)		None
HRCC	7 of 7	100%			
RMCGC	5 of 5	100%			

Shareholding Guidelines				Expertise
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Financial services, technology, professional services, community involvement, corporate governance, finance and accounting, board service for other public companies, international, business development and mergers-acquisitions, risk management, strategic planning, human resources.
0	45,240	\$335,228	\$250,000	

Jean-Yves Leblanc – Director since December 2008



Age: 72  
 Mandatory retirement:  
 2021  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation:  
 Corporate Director

Other occupations:

- **Director**  
 Emballage St-Jean Ltée (2016-)  
 - Chairman of the Board, Chair of the Audit Committee,  
 and the Human Resources and Corporate  
 Governance Committee  
 METIX Inc. (2016-)  
 B-CITI Inc. (2016-)  
 Premier Tech (2005-)  
 - Lead Director, Chair of the Audit Committee and Risk  
 Management Committee, and Acquisition Committee  
 and Innovation Committee Member  
 Pomerleau Inc. (2003-)  
 - Chair of the Compensation and Human Resources  
 Committee  
 Groupe Kéolis S.A.S (France) (2007-2018)  
 - Chair of the Audit and Ethics Committee, the  
 Compensation and Human Resources Committee,  
 and the Risk Management and Safety Committee  
 Conseil du Patronat du Québec (2010-2014)  
 Desjardins Securities (2004-2013)  
 - Chair of the Audit Committee  
 IPL Inc. (2006-2010)  
 - Chair of the Human Resources and Corporate  
 Governance Committee  
 Théâtre du Nouveau Monde (2005-2010)  
 - Chairman of the Board of Directors  
 Montréal Heart Institute Foundation (2003-2009)  
 Institut de Cardiologie de Montréal (2001-2011)  
 ADS Inc. (2004-2009)  
 - Chair of the Human Resources and Corporate  
 Governance Committee, and Audit and Risk  
 Management Committee Member  
 Montréal Archaeology and History Complex,  
 Pointe-à-Callière (2001-2009)  
 - Chairman of the Board of Directors  
 Univalor Inc. (2002-2008)  
 Bombardier Transportation (2001-2004)  
 - Chairman of the Board of Directors
- **President and Chief Operating Officer**  
 Bombardier Transportation (1986-2001)

Education:

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

Other boards of publicly traded companies:

- Advanced Inflight, Alliance AG (2010-2014)

Meeting Attendance <sup>(8)</sup>			Votes in favour in 2018	Board Interlocks
Board	11 of 11	100%	24,646,869 (97.84%)	None
Executive Committee <sup>(4)</sup>	8 of 8	100%		
HRCC	7 of 7	100%		
Audit Committee (C)	5 of 5	100%		

Shareholding Guidelines				Expertise
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Transportation and air transportation, academic community, engagement, corporate governance, risk management, marketing and sales, corporate management, finance and accounting, business development and mergers-acquisitions, board service for other public companies, operations, international, strategic planning, human resources, community involvement.
13,000	29,493	\$389,048	\$250,000	

Ian Rae – Director since October 2018

	<p>Principal Occupation (2005-):                  Founder and Chief Executive Officer of CloudOps Inc.                  Consultancy offering cloud computing products to infrastructures-as-a-service (IaaS) and e-commerce companies.</p> <p>Other occupations:</p> <ul style="list-style-type: none"> <li>▪ <u>Director</u> Genome Canada (2017-)</li> <li>▪ <u>Founder</u> Cloud.ca (2014-)</li> <li>▪ <u>Partner</u> Year One Labs (2010-2013)</li> <li>▪ <u>Chief engineer</u> Coradant (2000-2002)</li> <li>▪ <u>Member</u> Council of Canadian Innovators Entrepreneurs' Organization Government of Canada's Economic Strategy – Digital Industries Table</li> <li>▪ <u>Angel Investor</u> Startup community</li> </ul>	<p>Education:</p> <ul style="list-style-type: none"> <li>▪ B.Sc. (Honours) in biology, with a major in Evolutionary Genetics McGill University</li> </ul> <p>Other boards of publicly traded companies:</p> <ul style="list-style-type: none"> <li>▪ None</li> </ul>
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Age: 47  
 Mandatory retirement:  
 2047  
 Québec, Canada  
 Independent<sup>(1)</sup>

Meeting Attendance <sup>(8)</sup>		Votes in favour in 2018		Board Interlocks
Board	1 of 1 <sup>(7)</sup>	100%	N/A	None

Shareholding Guidelines				Expertise
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Technology, professional services, community involvement, corporate management, risk management, corporate governance, marketing and sales, operations, business development and mergers-acquisitions, strategic planning.
0	3,949	\$22,865	\$250 000	

Jacques Simoneau – Director since November 2000



Age: 61  
 Mandatory retirement:  
 2032  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation (2012-):  
 President, CEO and Director, Gestion Univalor, LP  
 University technology transfer association

Other occupations:

- Director  
 Edilex Inc. (2017-)  
 Genome Canada (2016-)  
 DiagnoCure (2012-2016)  
 - Chair of the Board  
 Sustainable Development Technology Canada (2003-2016)  
 Canada's Venture Capital & Private Equity Association (2006-2011)
- Executive Vice-President, Investment  
 Business Development Bank of Canada (2006-2010)
- President, CEO and Director  
 Hydro-Québec CapiTech Inc. (2004-2006)
- Senior Vice-President  
 Fonds de solidarité FTQ (1999-2004)
- President, CEO and Director  
 Société Innovatech du sud du Québec (1995-1999)
- Member  
 Ordre des ingénieurs du Québec  
 Professional Engineers Ontario  
 Institute of Corporate Directors (ICD.D certified)  
 Conseil de la science et de la technologie du Québec (2004-2011)

Education:

- Bachelor of Mechanical Engineering  
 Université Laval (1980)
- Master of Mechanical Engineering  
 Université Laval (1984)
- Doctor of Mechanical Engineering  
 Queen's University (1991)
- Directors Education Program  
 McGill University (2011)

Other boards of publicly traded companies:

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

Meeting Attendance <sup>(8)</sup>				Votes in favour in 2018	Board Interlocks
Board	11 of 11	100%	24,271,304 (96.35%)	None	
Executive Committee <sup>(4)</sup>	8 of 8	100%			
Audit Committee	5 of 5	100%			
RMCGC (C)	5 of 5	100%			
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>	Financial services, technology, transportation and air transportation, marketing, communications and advertising, academic community, corporate governance, finance and accounting, risk management, strategic planning, operations, human resources, business development and mergers-acquisitions, corporate management, board service for other public companies.	
18,280	21,658	\$356,811	\$250,000		

Louise St-Pierre – Director since October 2017



Age: 63  
 Mandatory retirement:  
 2030  
 Québec, Canada  
 Independent<sup>(1)</sup>

Principal occupation (2017-):  
 Corporate Director

Other occupations:

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

Education:

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

Other boards of publicly traded companies:

- None

Awards and Recognitions:

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

Meeting Attendance <sup>(8)</sup>			Votes in favour in 2018		Board Interlocks
Board	11 of 11	100%	25,029,346 (99.36%)		None
Shareholding Guidelines (2021)				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>		
0	7,523	\$54,015	\$250,000		
				Technology, marketing, community involvement, corporate management, risk management, corporate governance, marketing and sales, professional services, operations, business development, strategic planning, consumer/retail, academia, human resources.	

Philippe Sureau – Director since February 1987



Age: 69  
Mandatory retirement:  
2024  
Québec, Canada  
Independent<sup>(1)</sup>

Principal occupation (2015):  
Corporate Director

Other occupations:

- Advisor to the President  
Transat A.T. Inc. (2009-2014)
- President, Distribution  
Transat (2002-2009)
- President and Chief Executive Officer  
Air Transat A.T. Inc. (1997-2000)
- Chair of the Executive Committee  
ESG-UQAM's Transat Chair in Tourism (2014-)
- Director  
Tourisme Montréal (2017-)  
- Chairman of the Board  
Vitrine Culturelle de Montréal (2013-2018)  
- Chairman of the Board  
Corporation du Théâtre Outremont (2011-)  
- Chairman of the Board  
Air Transport Association of Canada (1996-1997)  
- Chair of the Association  
Association québécoise des agences de voyages (ACTA-Québec) (1986-1987)  
- Chairman of the Board
- Director  
Manoir Richelieu (1999-2005)  
Groupe Riôtel hospitalité Inc.

Education:

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

Other boards of publicly traded companies:

- None

Awards and Recognitions:

- One of the three founding members of Transat

Meeting Attendance <sup>(8)</sup>			Votes in favour in 2018		Board Interlocks
Board	10 of 11	90.90%	24,381,433 (96.79%)		None
Shareholding Guidelines				Expertise	
Shares	DSUs	Value <sup>(2)</sup>	Value Required <sup>(3)</sup>		
323,209	25,548	\$1,951,810	\$250,000		
				Technology, tourism, transportation and air transportation, marketing, communications and advertising, consumer goods and retail, corporate management, risk management, corporate governance, mergers-acquisitions, strategic planning, public relations, operations and international, marketing and sales, hotel industry, community involvement.	

- (1) "Independent" refers to the standards of independence established under section 1.2 of Canadian Securities Administrators' National Instrument 58-101.
- (2) Means (i) the cost of acquiring the shares and DSUs for the Director, or (ii) the market value of the Class B Voting Shares and DSUs held by the Director on March 1, 2019, namely \$5.48, multiplied by the number of Class B Voting Shares and DSUs held on such date, whichever is the greater of the two.
- (3) Under the guidelines adopted by Transat, each director who is not an employee must hold a number of shares or DSUs having a value equivalent to at least five times the annual Board retainer paid in cash to which they are entitled after having served five years as Director. Mr. Bachand has already reached the \$250,000 target established for Directors, and has an additional three-year period from the date of his appointment as Lead Director, namely until September 1, 2021, to reach his new target of \$325,000.
- (4) The Executive Committee meets on an ad hoc basis should a situation requiring particular attention arise. This committee is made up of the CEO, the Lead Director and the Chair of each Board committee.
- (5) The guidelines adopted by the Corporation provide that the President and Chief Executive Officer must hold a number of Class B Voting Shares or DSUs having a value equivalent to three times his or her annual base salary.
- (6) Mr. Eustache is considered to have a material relationship with the Corporation due to the position he holds as an executive officer of the Corporation and his role as founder.
- (7) During the fiscal year ended October 31, 2018, Mr. Rae attended the only Board meeting he could attend, namely the one held October 25, 2018, the day of his appointment.
- (8) Attendance at the meetings indicated above is determined for the November 1, 2017 to October 31, 2018 period, inclusively, namely the fiscal year of the Corporation.
- (9) Mr. Raymond Bachand succeeded Mr. Jean-Yves Leblanc as Lead Director in September 2018. Thus, for the financial year ending October 31, 2018, Mr. Bachand was present at two meetings of the Executive Committee.

To the knowledge of Transat, none of the proposed nominees for election as Directors of the Corporation is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that was subject to a cease-trade or other similar order or was refused the right to avail itself of any exemption under securities legislation that was in effect for a period of more than 30 consecutive days during any of the following periods: (i) while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Transat, none of the proposed nominees for election as Directors of the Corporation (i) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while the nominee was acting in that capacity, or within a year of that nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; and (ii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

#### MAJORITY VOTING POLICY

Our Board adopted a policy providing that, in an uncontested election of the Directors, any nominee for whom the number of "abstentions" from voting exceeds the number of votes "for" his election must tender his resignation to the Board immediately after the Meeting. The RMCGC shall recommend whether the Board should accept or reject it. The Board shall make a final decision in this regard and announce it by press release within ninety (90) days of the Meeting. The Board shall accept the resignation absent exceptional circumstances. If the resignation is not accepted, the press release should fully state the reasons for not accepting the resignation. A Director who tenders his resignation in accordance with this policy does not attend any of the meetings of the Board or of the RMCGC.

#### BOARD INTERLOCKS

No member of our Board serves with another member of our Board on the board of directors of another operating public corporation. However, Messrs. Rae and Simoneau serve on the board of Genome Canada, a not-for-profit organization devoted to funding research projects capacity in genomics.

#### SHAREHOLDING GUIDELINES FOR DIRECTORS

In order to align the interests of the Directors with those of the shareholders, the Board has adopted a minimum equity ownership requirement for Directors. In 2018, the shareholding guidelines and the compensation of Directors were modified to narrow the Directors' compensation gap to the median of the reference market. From now on, after having served five years as Director, each Director must hold a number of Class B Voting Shares or DSUs representing at least five times the annual cash retainer to which he or she is entitled. For the purposes of determining whether the minimum equity ownership requirement for Directors has been met, we use the greater of (i) the acquisition cost of the shares for the Director; and (ii) the market value of shares held as at October 31 of each year.

## DIRECTOR OVERBOARDING

The Board believes that, in order to make a full contribution to the Board, Directors must have sufficient time available to properly prepare for and attend Board meetings. The Committee's general policy is to examine each nominee for the position of Director on a case-by-case basis, and this even if it may deviate from this policy. The Committee's main goal is to propose a nominee to the Board who sits on the following maximum number of boards of directors: three (3) boards of public corporations, including the Board of the Corporation; or only the Board of the Corporation, if the nominee is a full-time employee of the Corporation.

## DIRECTOR QUALIFICATIONS

The inventory below is reviewed, as needed, to detect deficiencies in the desired range of abilities, competencies, skills and qualities required to deliver the overall strategy and the Corporation's vision, and those that are adequately represented on the Board, while accounting for future retirements. The RMC GC uses this evaluation as a basis for determining the competencies, experience, qualifications, diversity and personal qualities desired in eventual new Board members.

Name	Industry Sector									Experience											
	Financial services	Technology	Tourism	Transportation and air transportation	Hotel industry	Marketing, communications and advertising	Professional services	Consumer goods and retail	Academic community	Community involvement	Corporate management	Risk management	Governance	Finance and accounting	Experience on other public companies	Human resources	Marketing and sales	Operations	International	Business development and mergers-acquisitions	Strategic planning
Raymond Bachand	√		√				√	√	√	√	√	√	√	√		√	√	√	√	√	√
Louis-Marie Beaulieu				√			√		√	√	√	√	√		√		√	√	√	√	√
Lucie Chabot	√	√				√		√		√	√		√		√	√				√	√
Lina De Cesare			√	√	√			√		√	√						√	√			√
W. Brian Edwards		√				√	√		√	√	√	√		√	√	√	√	√		√	√
Jean-Marc Eustache			√	√			√		√	√	√	√		√			√	√	√	√	
Susan Kudzman	√	√					√		√		√	√	√	√	√					√	√
Jean-Yves Leblanc				√				√	√	√	√	√	√	√	√	√	√	√	√	√	√
Ian Rae		√					√		√	√	√	√				√	√			√	√
Jacques Simoneau	√	√		√		√		√		√	√	√	√	√	√	√	√	√	√	√	√
Louise St-Pierre		√				√	√	√	√	√	√	√			√	√	√			√	√
Philippe Sureau		√	√	√		√	√			√	√	√					√	√	√	√	√

## PERFORMANCE ASSESSMENT

During the months of January and February, the RMC GC, with the assistance of PCI, conducts an annual formal evaluation of the Board and its committees' effectiveness and will compare the findings with last year's evaluation in order to target and implement suggested improvements. Furthermore, during the same period, the chair of the RMC GC individually interviews each of the Board members and also asks each Director to fill out an annual evaluation. This evaluation takes on the form of a director peer review and feedback survey with the purpose of assessing the performance of each Director and providing candid feedback to individual Directors, thus improving the Board's performance. Such feedback is intended to promote an exchange of ideas, encourage continuing education and enable Directors to enhance their individual contribution to the Board and to committee work. Feedback is collected through the survey and allows for both quantitative ratings and written comments. The feedback is then submitted on a confidential basis to PCI who prepares a report for each Director on his or her performance.

The RMC GC relies on the evaluation process to determine whether a Director should withdraw from the Board.

The Directors are evaluated by the Committee in collaboration with the Chair of the Board, on an annual basis. The following table indicates what is involved in the evaluation process.

Evaluator					
	Board Chair	Lead Director	Chair of Risk Management and Corporate Governance Committee	Each Director	Human Resources and Compensation Committee
Performance of the Board	√	√	√	√	
Performance of the Committees				Committee members	
Performance of the Board Chair <sup>(1)</sup>				√	
Performance of the President and Chief Executive Officer <sup>(1)</sup>					√
Performance of the Committee Chairs				Committee members	
Performance of each Director	√	√	√	√	
Performance of the Lead Director				√	

(1) Mr. Jean-Marc Eustache holds the positions of Board Chair, President and Chief Executive Officer.

In addition to providing invaluable information on the efforts the Board must deploy to improve its performance, the evaluation process established by the Corporation encourages discussion on governance and continuing education initiatives.

#### INDEPENDENCE OF DIRECTORS

As set forth in the Directors' biographies, as at October 31, 2018, all Directors, with the exception of Mr. Eustache (the latter being an executive officer and founding member of the Corporation), were independent within the meaning of section 1.2 of Regulation 58-101 respecting Disclosure of Corporate Governance Practices and the independence standards approved by the Board. The Board, directly or through one of its committees, adopts structures and procedures to ensure the independence of the Board from the Corporation's management.

Directors, at their sole discretion, may hold in camera sessions, in the absence of non-independent Directors or executive officers of the Corporation, at every regularly scheduled Board meeting and also when the need arises. This item is systematically included on the agenda of each Board meeting.

Since September 1, 2018, Mr. Raymond Bachand is acting as Lead Director. As such, he has the power, which he exercises, to call a meeting of the Board on his own. Mr. Bachand is an independent Director of the Corporation since March 2014. He is regularly in contact with the other Directors.

Each year, members of the HRCC assess, in camera, the performance of the Chairman, President and CEO without him being present and subsequently review the results with him and the Board. A report is then made, in camera, at the Board level and further discussed among Board members. Every year, each Director also assesses the Lead Director's performance. A report is subsequently made, in camera, at the Board level and further discussed among Board members.

The Board has developed written position descriptions for the Chairman of the Board, the Lead Director, each Committee Chair and the President and CEO. These are included in the Corporate Governance Manual. Please consult the manual on Transat's website at [www.transat.com](http://www.transat.com) for a detailed description of the positions of Board Chair, Lead Director as well as President and CEO.

#### ORIENTATION AND CONTINUING EDUCATION

The Corporation has in place an orientation program for new Directors. New Directors are invited to attend orientation sessions with members of senior management to improve their understanding of the Corporation's business. Each new Director is also asked to review the Corporate Governance Manual, the Charter of the Board, the Charter of each committee and the position descriptions of the Chairman of the Board, the President and CEO, the Lead Director and the Chair of each committee in order to fully grasp the role he or she is expected to play as a Director and a committee member. Extensive documentation on the Corporation is also provided to the Directors in order to enable them to better understand the Corporation and its role and responsibilities. As part of its mandate, the RMCGC is also responsible for providing a continuous education program for members of the Board. This program provides Directors with opportunities to develop skills that are essential to the directorship at Transat and to ensure that they are up-to-date in their awareness of corporate and industry issues and their duties and responsibilities as Directors. Training sessions facilitated by internal legal and financial advisors and recognized representatives of external organizations on specialized and complex topics related to the Corporation's activities are also provided to Directors to ensure that their knowledge and understanding of the Corporation's business remains current. Occasionally, a presentation on recent trends in corporate governance is delivered to the members of the Board. The Corporation provides

Directors with regular reports on its operations and finances. Management periodically briefs the Board with up-to-date industry studies and benchmarking information.

The members of the RMCGC approved an orientation and training program for new Directors, allowing them to meet certain executive officers individually for initiation and training sessions on the corporate activities of the Corporation and its main subsidiaries. In this context, the new Directors have the opportunity to meet the Chief Operating Officer of the Corporation and the presidents of the subsidiaries and receive a presentation from each of them on the activities of their respective business units.

Since July 2014, the Corporation has been a member of the Institute of Corporate Directors (“ICD”). This allows the Directors to attend all ICD events and discuss matters of current interest. The ICD is a not-for-profit professional association representing Canadian member directors and boards operating in the for-profit, not-for-profit and government sectors and promoting directors’ professionalism and efficiency by making professional development tools available to them, particularly formal education programs, continuing education activities, certification processes, including the process leading to the ICD.D. designation, information and resources, and networking opportunities. The ICD offers a wide range of tools, resources and services to its members, which allow them to become better directors and contribute to the creation of high-calibre boards.

- The following table presents some of the training activities for Directors that took place in 2018

Continuing Education for Directors in 2018		
Topic	Presented by	Directors attending
Presentation – Information technology risk management	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation of air travel risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation – General Data Protection Regulation (“GDPR”)	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation – Governance trends	Norton Rose Fulbright	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on computer and cybersecurity risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Review of human resources risks	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Presentation on yield management	Transat A.T. Inc.	All Directors

## DIRECTOR COMPENSATION

During the year ended October 31, 2018, annual retainers and attendance fees were paid to the members of the Board who are not employees or executive officers of the Corporation (the “External Directors”). To ensure the competitiveness of the compensation offered to the Directors, and given the fact that said compensation had not been revised since 2014, the compensation of the Directors was revised during the fiscal year. The following terms apply since August 1, 2018:

Annual retainer	Last revision: August 2018
Director’s base annual retainer	\$50,000 in cash \$35,000 in DSUs, at \$8,750 per quarter
Additional retainer - Chair of the Audit Committee	\$20,000 in cash
Additional retainer - Other committee chairpersons	\$13,500 in cash
Additional retainer - Committee members	\$5,000 in cash
Additional retainer - Lead Director	\$25,000 in cash
Attendance fees	
Board or committee meeting	
– in person	\$1,500 in cash
– by conference call	\$1,000 in cash

A Director can choose to have between 0% and 100% of the annual and additional cash retainers and fees paid as Deferred Share Units (“DSUs”) pursuant to the DSU Plan for Independent Directors to better link the compensation of Directors to the creation of added value for shareholders and other stakeholders. Each DSU will be valued on the basis of the market price of a Voting Share of the Corporation on the date that such DSU is credited. When the Directors cease serving on the Board, all DSUs credited to their name are redeemed in cash by Transat based on the market price of the shares at that time.

External Directors are reimbursed by the Corporation for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. In addition, travel privileges are granted to our Directors under the same policy as that which applies to all of the Corporation’s employees. The Corporation regularly performs market comparisons of its Directors’ compensation.

## TOTAL COMPENSATION OF EXTERNAL DIRECTORS

The following table sets forth the compensation paid to External Directors during the year ended October 31, 2018.

Name	Paid in dollars (\$)		Paid in DSUs (\$)		All other compensation <sup>(3)</sup> (\$)	Total compensation (\$)
	Base annual retainer <sup>(1)</sup>	Attendance fees	Optional conversion <sup>(2)</sup>	Basic awards		
Raymond Bachand	-	23,000	68,750	20,000	504	112,254
Louis-Marie Beaulieu	26,750	20,000	33,375	20,000	-	100,125
Lucie Chabot	-	21,000	61,875	20,000	1,132	104,007
Lina De Cesare	53,500	20,500	-	20,000	917	94,917
W. Brian Edwards	33,938	38,000	42,188	20,000	-	134,125
Susan Kudzman	-	30,500	71,000	20,000	1,520	123,020
Jean-Yves Leblanc	98,250	40,000	-	27,500	1,384	167,134
Ian Rae	679	1,500	-	8,750	-	10,929
Jacques Simoneau	69,375	37,000	-	20,000	536	126,911
Louise St-Pierre	31,250	14,000	18,750	20,000	1,072	85,072
Philippe Sureau	50,000	13,000	-	20,000	1,074	84,074

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

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

(3) Value of the travel privileges.

## TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each Director, the number and value of share-based awards outstanding at the end of fiscal year 2018 (at a price of \$6.80 per share).

Name	DSUs outstanding as at October 31, 2017	DSUs granted in 2018	DSUs outstanding as at October 31, 2018	Value as at October 31, 2018 (\$)
Raymond Bachand	28,721	10,366	39,087	265,792
Louis-Marie Beaulieu	20,571	6,331	26,902	182,934
Lucie Chabot	4,566	9,706	14,272	97,060
Lina De Cesare	15,461	2,504	17,965	122,162
W. Brian Edwards	37,822	7,367	45,189	307,285
Susan Kudzman	30,474	10,664	41,138	279,738
Jean-Yves Leblanc	24,713	3,269	27,982	190,278
Ian Rae	-	0	0	0

Name	DSUs outstanding as at October 31, 2017	DSUs granted in 2018	DSUs outstanding as at October 31, 2018	Value as at October 31, 2018 (\$)
Jacques Simoneau	17,643	2,504	20,147	137,000
Louise St-Pierre <sup>(1)</sup>	-	4,932	4,932	33,538
Philippe Sureau	21,533	2,504	24,037	162,452

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

## AUDIT COMMITTEE REPORT

  <p>J-Y Leblanc R. Bachand (Chair)</p>	<p>The Audit Committee helps the Board discharge its oversight responsibilities towards shareholders, employees, and all interested parties. Such oversight responsibilities pertain to the financial statements of the Corporation, internal control systems, identification of risks (in collaboration with the RMCGC), the statutory audit of the annual financial statements and compliance with the laws, regulations and codes as established by management and the Board.</p>
  <p>L. Chabot J. Simoneau</p>	<p>For more information on the Audit Committee (including its charter) as well as its powers and mandate, please refer to our 2018 Annual Information Form available at <a href="http://www.transat.com">www.transat.com</a>.</p> <p>The four members of the committee are independent Directors and financially literate within the meaning of the law.</p>
	<p>In 2018, the Audit Committee held five meetings, with an attendance rate of 100%.</p>

Within the performance of its duties, the Audit Committee regularly acts jointly with Transat's management and the external auditors. The committee's main duties and responsibilities over the last year are described below:

### 2018 Highlights

- Recommendation to the Board regarding the selection of external auditors and the determination of their compensation for fiscal 2018.
- Review of the unaudited quarterly financial statements.
- Supervision and monitoring of internal financial control developments and assessment of the internal control measures implemented by management.
- Review of current and potential litigation.

## RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE REPORT

 	<p>The RMCGC closely monitors evolving corporate governance guidelines and best practices. It also evaluates the Board's overall performance annually. The Corporation believes that good corporate governance is an important asset that promotes and enhances performance and preserves the value of shareholder equity.</p>
<p>J. Simoneau (Chair)      L. De Cesare</p>	<p>The RMCGC's Charter can be promptly provided upon written request and is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
 	<p>The four committee members are independent Directors. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.</p>
<p>B. Edwards      S. Kudzman</p>	<p>In 2018, the RMCGC held five meetings, with an attendance rate of 95%.</p>

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

### 2018 Highlights

- Recommendation to the Board of Mr. Ian Rae as a Board nominee.
- Review of air travel risks, computer and cybersecurity risks, and human resource-related risks.
- Review of the computer security measures and compliance with the EU's General data protection regulation ("GDPR").
- Evaluation of the Board.
- Review of governance trends.

## HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT

 B. Edwards (Chair)	 L-M Beaulieu	<p>The HRCC is responsible for establishing the policies regarding the compensation of executive officers and the development and training of their successors, as well as for continuously supervising the implementation of compensation policies with non-unionized employees.</p> <p>The HRCC Charter can be quickly provided on written request and is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
 S. Kudzman	 J-Y Leblanc	<p>The four members of the HRCC are independent Directors. No executive officer of the Corporation serves as a Director or a member of the compensation committee of another issuer, one of whose executive officers also serves as a member of the Board or the HRCC. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the HRCC upon invitation only and withdraws from the meeting upon request or if matters relating to him are discussed.</p> <p>In 2018, the HRCC held seven meetings, with an attendance rate of 96.43%.</p>

Please read the section on “Executive Compensation Discussion and Analysis” for a detailed discussion of our compensation philosophy as well as the NEO compensation programs and policies. All members of the HRCC fully understand the principles and policies underlying the compensation decisions made by an organization of the Corporation’s size acquired through direct experience relevant to their responsibilities in executive compensation, and they possess the skills and experience needed to make informed decisions on the suitability of the Corporation’s policies and practices. More specifically, each Committee member has held a number of executive management roles, in most cases as chief executive officer of companies where the human resources department was reporting to them. For a detailed description of the positions held by the committee members, please refer to the Director profiles in the section entitled “Proposed Nominees” in this Circular.

### 2018 Highlights

- Pursuit of plans for the succession of Mr. Jean-Marc Eustache.
- Examination of the philosophy, policies and compensation mechanisms of the executive officers.
- Appointment of executive officers and correlative changes to their compensation to ensure that they are appropriate in relation to both internal and external benchmarks.
- Examination, with the President and CEO, of the major changes proposed to the organization or human resources.
- Definition of the objectives of the executive officers for the next year.
- Examination of the performance of the President and CEO, and recommendation of the terms of his compensation to the independent directors of the Board for approval.
- Examination, with the President and CEO, of the performance of the other executive officers and proposals regarding the amounts to be paid to executive officers under the short-term incentive plan.
- Talent management, including follow-up on Transat’s succession plan and report thereon to the Board.

- Examination of the proposed amendments to the total compensation policy or certain specific programs, and renewal of the annual compensation policy that applies to all employees.
- Review of the comparison group.
- Review of the Short-Term Incentive Plan structure.
- Approval of the financial targets for the incentive plans (STIP, RSUs, PSUs, Options) for the next fiscal year.
- Recommendation to the Board of the annual grants of Options, PSUs and RSUs.
- Recommendation to the Board of the structure of total compensation programs for officers, including the conditions of their retirement and dismissal.
- Proposal to the Board of a review of the compensation of the members of the Board and its committees.
- Annual review of the yields of the employees' pension funds; formulation and submission of recommendations to the Board for approval.
- Analysis of the potential risks associated with compensation plans.
- Examination of the budget proposals for salary reviews and salary scale increases for all employees.
- Follow-up on the results of the advisory vote on compensation obtained at the annual general meeting of shareholders and the comments relating thereto received from the shareholders.
- Examination of the shareholding requirements, compliance with those requirements by the executive officers and directors, and follow-up on the provisional measures if the requirements were not met.
- Approval and preparation of the contents of disclosure regarding the compensation paid to the most senior executive officers and the members of the Board via the Management Proxy Circular.
- Revision of the employee performance evaluation process and policy.
- Evaluation of the services rendered by the consultant retained regarding senior executive compensation and review of his independence.
- Update of the status of labour relations and collective bargaining.
- Annual evaluation of its performance together with the RMCGC, including an examination of the adequacy of its charter.
- Presentation of a report to the Board on its activities at each regularly scheduled meeting of the Board.

## EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS

### COMPENSATION APPROACH AND OBJECTIVES

In this Circular, the term “executive officers” refers to the officers holding Level 1 to 6 positions in Transat’s salary classification. For information purposes, there were twelve (12) executive officers as at October 31, 2018: Joseph Adamo, Michèle Barre, Bernard Bussièrès, Jean-Marc Eustache, Daniel Godbout, Annick Guérard, Christophe Hennebelle, Bruno Leclaire, Jean-François Lemay and Denis Pétrin. Two other executive officers, Messrs. Grant Elder and Jordi Solé, were recruited between November 1, 2017 and October 31, 2018.

The term “Named Executive Officers” or “NEOs” refers to the President and CEO, the VP, Finance and Administration and Chief Financial Officer and the three (3) other most highly compensated executive officers of the Corporation and its subsidiaries. The Named Executive Officers are Jean-Marc Eustache, Denis Pétrin, Annick Guérard, Jean-François Lemay and Bernard Bussièrès.

The purpose of the Corporation’s executive compensation policy is to provide competitive overall compensation commensurate with the Corporation’s performance. It seeks to attract the most competent people and keep them motivated and committed, in the interest of all the Corporation’s shareholders and other stakeholders. Thus, the aim is to position the fixed compensation at the median of its reference market. The variable compensation elements are designed so that their value varies according to the organization’s performance in order to control the costs when the Corporation does not meet its goals and to reward the executive officers commensurate with the organizational goals achieved and the Corporation’s financial performance to align with the interests of shareholders.



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

The guiding principles for executive officer compensation are the following:

Performance-based	Competitive Compensation	Alignment with the Shareholders' Interest
<p>Most of the compensation programs are designed so that the compensation granted or paid is based on:</p> <ul style="list-style-type: none"> <li>• the overall performance of the Corporation; and/or</li> <li>• if applicable, the performance of the subsidiary in which the executive officer works.</li> </ul> <p>Indeed, it is the Corporation's strategy to maximize the relationships and the cooperation between certain subsidiaries. Therefore, it is deemed important that the compensation programs incorporate this principle.</p>	<p>It is crucial for the Corporation to offer its executive officers competitive compensation to attract the best talents and maintain their loyalty.</p> <p>In the competitive context in which the Corporation conducts its operations and in preparing the succession of key executive officers, this guiding principle is essential.</p> <p>The Corporation, in collaboration with independent external advisors, periodically reviews the nature of the compensation programs and their potential value.</p> <p>The Corporation ensures that, on the whole, the value of overall compensation remains competitive in comparison with the practices of comparable companies and the practices of public companies in general.</p>	<p>Several component programs of the overall compensation seek to establish a direct correspondence between the interests of the shareholders and the interests of the executive officers, namely:</p> <ul style="list-style-type: none"> <li>• the Share-Based Awards; and</li> <li>• the long-term programs linked to the value created for all shareholders.</li> </ul> <p>Equity-based compensation as a proportion of overall annual compensation increases with the level of the position, thus strengthening the alignment of the executive officers' interests with those of the shareholders.</p>

## RISKS RELATING TO COMPENSATION AND HUMAN RESOURCES

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

In the course of this review, it was determined that no risk relating to compensation or human resources is likely to have a material adverse effect on the Corporation's business in light of the mitigation measures that were implemented: salary surveys, specific analysis of the salary positioning of employees and executives in terms of succession or critical positions, annual review of the short-term and long-term incentives, analysis of hiring problems, and exit interviews to determine whether they are a result of compensation. All these measures facilitate recruiting, reduce the risk that key employees will leave the Corporation, and ensure that the succession risk regarding executive officers and the organization's key positions as well as the risk specific to compensation (the inability to recruit or retain executives due to compensation, paying above-market compensation or having compensation not in line with the shareholders' interests) are neutralized to the greatest extent possible.

The Corporation's insider trading guidelines include a provision prohibiting the participation in a hedging transaction that could reduce or limit the economic risk associated with Transat shares or other securities held by an insider or the rights held by an insider in the shares, including, without limitation, options, DSUs, RSUs, PSUs, or other Transat securities. The prohibited transactions include the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, call options, put options and other derivatives designed to hedge or offset a decrease in the market value of Transat's equity securities.



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

## COMPARISON GROUP

The comparison group is used to establish a total target compensation for executive officers that is positioned at the median of the group.

The comparison group was revised in December 2017 for the year 2018 to reflect the Corporation's current situation. The following criteria are used to select companies to be part of this comparison group:

- size in terms of revenues (from 0.25 to 4.0 times Transat's revenues);
- sector of activity that is similar or has similarities, namely consumer discretionary in general, air transportation or other types of transportation, distribution and retail sectors;
- head office in the province of Québec.

The following table shows the comparison group (2018), which comprises 20 corporations.

Company	Comparable size	Sector of activity			Head office in Québec
		Consumer Discretionary	Air transportation	Distribution and retail	
Air Canada Inc.			X		X
Aimia Inc. (formerly, Aeroplan)	X	X			X
AutoCanada Inc.	X	X		X	
BMTC Group Inc.	X	X		X	X
BRP Inc.	X	X			X
Cascades Inc.	X				X
Chorus Aviation Inc.	X		X		
Cineplex Inc.	X	X			
Cogeco Communications Inc.	X	X			X
Corus Entertainment Inc.	X	X			
Dollarama Inc.	X			X	X
Great Canadian Gaming Corp.		X			
Metro Inc.				X	X
Quebecor Inc.	X	X			X
Richelieu Hardware Ltd.	X	X		X	X
TC Transcontinental Inc.	X				X
TFI International Inc.	X				X
The North West Company Inc.	X			X	
Uni-Sélect Inc.	X			X	X
WestJet Airlines Ltd.	X		X		

The following table sets forth, for information purposes, some of Transat's financial data compared with the median of the comparison group.

In millions of \$	Revenues	IBITDA	Market Capital	Employees
Transat <sup>(1)</sup>	2,993	62	203	5,000
2018 Comparison Group <sup>(2)</sup>	2,524	561	1,614	9,500

(1) Results as at October 31, 2018.

(2) The data was gathered in 2018.

The HRCC reviews the composition of our comparison group as needed and updates the total compensation data from this group. It reviews the positioning of the compensation of the Corporation's executive officers within the comparison group as needed to ensure that it remains coherent with the objective of reaching the median, particularly in view of the evolution of the group's compensation practices and the market in general, and the Corporation's relative financial results.

The HRCC also reviews general compensation surveys to compare the Corporation's compensation policies with the generally accepted practices for public companies.

## EXTERNAL ADVISORS

Since 2006, the HRCC has retained the services of PCI-Perrault Consulting Inc. ("PCI") to advise it on corporate governance and executive compensation. PCI reports to the HRCC. Although the advisors from this firm contribute to the Committee's discussions by their expertise and knowledge of compensation and of Transat, the decisions are made by the HRCC, which remains accountable and may consider factors other than those raised by PCI.

Occasionally, this firm is solicited by other committees of the Board and by executives to perform work other than what was mandated by the HRCC. PCI performs such work only with the pre-approval and concurrence of the HRCC.

During fiscal year 2018, PCI performed work concerning executive officer compensation, including with respect to long-term incentive awards. PCI also assisted the Corporation in its overhaul of this Annual Management Proxy Circular and in the assessment of the risks relating to its compensation policies and programs.

PCI's services were also solicited by the RMCGC for the purpose of the Board's assessment process, as described in the section titled "Performance Assessment".

The total fees paid to PCI for the services rendered in 2018 and 2017 are as follows:

	HRCC	RMCGC	Management	Total
2018	\$78,038	\$7,786	-	\$85,524
2017	\$77,800	\$8,506	-	\$86,306

## TOTAL COMPENSATION COMPONENTS

The following table summarizes the components of the global compensation policy of the executive officers for 2018.

It is common to use many variable compensation plans in publicly-traded companies that are similar in size to Transat. The variety of plans allows for a better balance of the plans whose vesting occurs over time (encouraging the retention of eligible employees and share price increase) and those whose vesting is subject to performance targets (encouraging operating performance in addition to share performance, and its effects on retention). The STIP and the PSUs are based on performance, whereas the Options and the Transaction plan are based on the passage of time.

It is also important to link compensation to different time horizons in order to promote a sustained performance over the short-, mid- and long-term. The STIP encourages short-term performance, whereas the PSUs and the Transaction plan are based more on mid-term performance, and Options are oriented over a longer term.

Compensation component		Objectives	Compensation period	Criteria
FIXED	Base Salary	<ul style="list-style-type: none"> <li>Recognize the level of responsibility, competencies and contribution to the Corporation's results</li> </ul>	Ongoing	Level of the position, competencies, individual contribution and reference market
	Benefits (group insurance)	<ul style="list-style-type: none"> <li>Cover the executive and his family adequately (illness, dental, disability, death)</li> </ul>	Ongoing	According to the competitive market data; some directly related to the salary
	Perquisites	<ul style="list-style-type: none"> <li>Facilitate access to certain services to favour prioritization of the Corporation's business</li> </ul>	Ongoing	Level of the position
	Retirement Plans: <ul style="list-style-type: none"> <li>Defined Contribution Plan (DC)</li> <li>Executives defined benefit pension plan (DB)</li> </ul>	<ul style="list-style-type: none"> <li>Encourage long-term commitment of the executive by contributing to retirement income</li> </ul>	Ongoing	Level of the position
VARIABLE	Short-term incentive opportunity <ul style="list-style-type: none"> <li>Short-term incentive plan ("STIP")</li> </ul>	<ul style="list-style-type: none"> <li>Achieve and exceed annual corporate financial goals</li> </ul>	1 year	<ul style="list-style-type: none"> <li>Transat ANI</li> <li>Strategic cost reduction objectives related to the business plan</li> </ul>
	Special Bonus for Executive Officers	<ul style="list-style-type: none"> <li>Achieve and sustain exceptional performance</li> </ul>	Payment spread over 3 years	Transat ANI
	Mid to long-term incentive opportunity <ul style="list-style-type: none"> <li>Permanent stock ownership incentive plan (Transaction)</li> </ul>	<ul style="list-style-type: none"> <li>Support the achievement of shareholding guidelines</li> </ul>	3 years	Individual level of investment
	<ul style="list-style-type: none"> <li>Performance-based share units ("PSUs")</li> </ul>	<ul style="list-style-type: none"> <li>Share price increase</li> <li>Encourage share ownership</li> <li>Achieve the Corporation's medium term financial goals</li> <li>Promote retention through vesting conditions (3 years)</li> </ul>	3 years	<ul style="list-style-type: none"> <li>Transat ANI</li> <li>Total shareholder return</li> </ul>

Compensation component		Objectives	Compensation period	Criteria
	<ul style="list-style-type: none"> <li>Performance-based restricted share units ("RSUs")</li> </ul>	<ul style="list-style-type: none"> <li>Share price increase</li> <li>Achieve the Corporation's medium term financial goals</li> <li>Promote retention through vesting conditions (3 years)</li> </ul>	3 years	Transat ANI
	<ul style="list-style-type: none"> <li>Stock options</li> </ul>	<ul style="list-style-type: none"> <li>Encourage share ownership</li> <li>Share price increase</li> <li>Promote retention through vesting conditions (3 years)</li> </ul>	7 years	Transat share price

Details on each NEO compensation component are provided on the following pages.

- Base salary

For the purposes of internal equity, our senior management positions are first evaluated and classified into different salary grades based on responsibilities, qualification requirements and other conditions specific to each position. The senior management positions are then compared to other similar senior management positions in corporations making up our comparison group, and the salary data gathered are then analyzed to establish the median salaries in the market. Salary scales with minimums and maximums are then developed based on the average of the market medians. Finally, the individual incumbents' salaries are positioned in the scales according to their competencies and experience in the position.

The scales are reviewed annually according to the market movements. Individual salaries are adjusted annually, depending on the evaluation of the contribution to the Corporation's results and the evolution of the incumbent's competencies, as well as his positioning in the salary scale. The executive officers' base salaries are reviewed and recommended by the Committee, usually in the first quarter of each fiscal year.

The following table presents the revisions made to the base salaries of the NEOs during 2018, and those that have been approved since that fiscal year-end.

	Salary	Revision as at January 1, 2018		Revision as at January 1, 2019	
	(Nov. 1, 2017)	(%)	Revised Salary	(%)	Revised Salary
Jean-Marc Eustache	\$863,872	+ 5.7%	\$913,000	+ 1%	\$922,130
Denis Pétrin	\$408,000	+ 3.9%	\$424,000	+ 2%	\$432,480
Annick Guérard <sup>(1)</sup>	\$530,000 <sup>(2)</sup>	+ 0.0%	\$530,000	+ 2%	\$540,600
Jean-François Lemay <sup>(2)</sup>	\$380,000	+ 11.6%	\$424,000	+ 2%	\$432,480
Bernard Bussières	\$304,772	+ 9.3%	\$333,000	+ 2%	\$339,660

<sup>(1)</sup> On November 1, 2017, the base salary of Ms. Guérard was revised at \$530,000 following her appointment as Chief Operating Officer of the Corporation.

<sup>(2)</sup> On November 1, 2016, Mr. Lemay was appointed President and Chief Executive Officer of Air Transat. His salary was revised twice: first, on November 1, 2016, then on January 1, 2018, in order to reflect his appointment and to ensure that his compensation is competitive on the market.

- Employee Benefits Program

The group insurance plan includes life insurance, medical insurance, dental insurance and disability insurance. This plan is designed to provide adequate protection to executive officers and their families in the event of death, disability, illness, etc. The design of the group insurance plan is based on four guiding principles: financial security, flexibility of choice, simplicity and control of the increase in costs. No change was made to Transat's group insurance plan in 2018.

- Perquisites Program

The perquisites program provides for the allocation of a dollar value expressed as a percentage of the base salary (which varies between 8% and 10%, according to the position held), in order to cover certain business expenses. This amount is granted instead of any other allowance that could be paid or any reimbursement that could be made, such as an automobile allowance, reimbursement of club membership fees, reimbursement of financial services fees, etc. Transat's total compensation policy provides that the dollar value of perquisites should be close to the comparative market median. No change was made to the Corporation's perquisites program during fiscal year 2018.

- Retirement Plans

- Defined Benefit Plan

The executive officers of the Corporation are eligible to participate in a defined benefit pension plan under individual retirement agreements entitling them to receive, starting at 65 years of age, a monthly retirement pension representing 1.5% of the final average salary over 5 years per year of credited service. The eligible officers who began participating in the plan prior to 2015, including the NEOs, have a staggered pension determination scale ranging from 1.5% to 2.0%. For more details, see the section entitled "Benefits Under a Retirement Plan".

- Defined Contribution Plan

To qualify for the Defined Contribution Plan, the executive officers must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior executive positions, each contribution is equal to 2%, up to the maximum contributions permitted by the Income Tax Act (Canada).

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

- Short-Term Incentive Plan ("STIP")

2018 STIP highlights:

- ANI of -0.82%, which compares to a trigger threshold of 0.70% and a target of 1.40%
- The trigger threshold was not met. Therefore, no bonus was paid under the STIP to eligible employees, including the NEOs.

The objectives of the STIP are to:

- ✓ motivate the employees and executives of the Corporation and its subsidiaries to support the growth of profit margins;
- ✓ strengthen the connection between compensation and corporate profitability;
- ✓ offer competitive compensation aligned with Transat's compensation philosophy, namely to encourage and reward success through collective work.

Basic principles:

- The STIP is contingent on two performance criteria: financial objectives and strategic objectives;
- The financial objectives account for 75% of the STIP and depend on the adjusted net income (ANI) of Transat A.T. Inc., defined so as to exclude unusual items and expressed as a percentage of the revenue. The trigger threshold must be met in order for this component of the STIP to be paid;
- The strategic objectives account for 25% of the STIP and, for 2018, depend on the achievement of cost-reduction goals;
- The total STIP payment amount may not be higher than 50% of the available ANI.

For all the NEOs, the bonus calculation formula is as follows:

$$\text{Base salary} \quad \times \quad \text{Target bonus} \quad \times \quad \text{Sum of weighted results} \quad = \quad \text{Bonus paid}^{(1)}$$

<sup>(1)</sup> The total bonus payments cannot be higher than 50% of the available ANI.

The objectives on which the bonuses are calculated at year end and paid are recommended by the HRCC and approved by the Board at the beginning of each fiscal year. At the end of the year, the HRCC reviews the results achieved in relation to the targets established at the beginning of the year and recommends for approval by the Board any bonuses payable for the fiscal year concerned.

Financial objectives:

For fiscal year 2018, the target was an ANI equal to 1.40% of the revenue, i.e. \$42,154,000 for a revenue of \$3,011,000,000.

The following table illustrates the scale of achieved financial goals linked to achieving the ANI as a percentage of the revenues for the year 2018.

	Under the threshold	Threshold	Target	Maximum	Actual results 2018	Weighted results (75%)
ANI as a % of revenue	< 0.70%	0.70%	1.40%	2.50%	-0.82%	
Financial results	0%	25%	100%	200%	0%	0%

Achieving an ANI between the levels indicated above results in a bonus being paid, prorated linearly.

A penalty is applied to the multiplier based on the financial results according to the revenue results compared to the objective.

If real revenue > 95% of objectives	No penalty
If real revenue between 90% and 95% of objectives	Penalty of 5%
If real revenue < 90% of objectives	Penalty of 10%

Strategic objectives:

Four indicators of cost control and reduction were defined in relation to the business plan. For each of them, a target and a maximum were established. The scale relating to the achievement of the strategic objectives is presented in the following table:

	Number of indicators reaching at least the target level				If all the indicators reach the target, number of indicators reaching the maximum				Actual results 2018	Weighted results (25%)
	1	2	3	4	1	2	3	4	3 targets reached	
Strategic target results	25%	50%	75%	100%	125%	150%	175%	200%	75%	18.75%

Since the total STIP payment amount may not be higher than 50% of the available ANI, which is negative this year, no bonus was paid under the STIP for 2018.

For 2019, the targets for the STIP are the following:

Financial objectives:

	Under the threshold	Threshold	Target	Maximum
ANI as a % of revenue	< 0.70%	0.70%	1.40%	2.50%
Financial results	0%	25%	100%	200%

Strategic objectives:

	Number of indicators reaching at least the target level				If all the indicators reach the target, number of indicators reaching the maximum			
	1	2	3	4	1	2	3	4
Strategic target results	25%	50%	75%	100%	125%	150%	175%	200%

The following table presents the minimum, threshold, target and maximum bonuses for each of the NEOs.

	Minimum	Threshold	Target	Maximum
ANI as a % of revenue	< 0.85%	0.85%	1.70%	2.70% or +
% of target bonus paid	0%	25%	100%	200%
J.-M. Eustache	0%	25%	100%	200%
D. Pétrin	0%	12.5%	50%	100%
A. Guérard	0%	12.5%	50%	100%
J.-F. Lemay	0%	12.5%	50%	100%
B. Bussièrès	0%	9.375%	37.5%	75%

▪ Special Bonus for Executive Officers:

A special bonus plan for executive officers has been in force since 2010. This plan is in continuity with the STIP, because it depends on the same financial target and improves the STIP opportunity. The purpose of this special plan is to motivate the executive officers to ensure that Transat achieves an exceptional profit margin and, above all, that it maintains this margin year after year, for a three-year cycle.

Under the terms of this plan, a bonus is earned and a reserve is constituted when Transat A.T. Inc. realizes an ANI of 3% or more. Half of the reserve is paid to the members at the end of each year of the cycle. If, during the cycle, the Corporation does not reach a performance threshold (ANI) of 2%, the reserve is reduced by half. When the 3% target for the ANI is achieved, the value of the bonus earned for a year corresponds to 50% of the salary of each of the eligible executive officers. In case of achievement of the ANI of 3.5% or more, the bonus earned corresponds to 100% of the salary of each of the executive officers contemplated. The bonus earned under this special bonus plan is added to the bonus earned under the STIP.

No bonus was paid under this plan in 2018.

▪ Long-Term Incentive Program

2018 LTIP highlights:

- In 2016, no PSU or Option grants were made given the trading blackout periods in effect at the time. RSUs of equivalent value were granted instead.
- PSUs: No PSUs were available for vesting in 2018.
- Options: Vesting due to the passage of time of 33% of the 2017 grant.
- RSUs: Cancellation of 100% of the units granted in 2016 for the 2015-2018 cycle (3-year performance).

The long-term incentive plans established by the Corporation are designed to motivate executives to achieve long-term goals and thus contribute to the increase in the value of the capital invested in the Corporation by the shareholders. Their objective is also to ensure a target compensation value that serves to position the total compensation at the median of our comparison group when all targeted results are achieved, with the potential to exceed the median of the comparison group if results are exceptional.

Plan	Objective	Vesting / Performance rule
Permanent stock ownership incentive plan ("Transaction")	<ul style="list-style-type: none"> <li>• Support the achievement of shareholding guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• 1/3 of the shares vest on January 10 of the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> years following the award year</li> <li>• On condition of participation in the share purchase plan</li> </ul>
Performance-based share units ("PSUs")	<ul style="list-style-type: none"> <li>• Share price increase</li> <li>• Encourage share ownership</li> <li>• Motivate achievement of the Corporation's medium term financial goals.</li> <li>• Promote retention through vesting conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• PSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle</li> </ul>
Restricted share units ("RSUs") <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Maintaining achievement of the Corporation's financial objectives over a 3-year cycle</li> <li>• Promote retention through vesting conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• RSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle</li> </ul>
Stock options	<ul style="list-style-type: none"> <li>• Share price increase</li> <li>• Promote retention through vesting conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• 1/3 of the Options vest after 1 year, 1/3 after 2 years, 1/3 after 3 years</li> <li>• Expected lifetime of 7 years</li> </ul>

(1) The RSUs are no longer part of the formula for the long-term annual incentive awards to executive officers as of the 2017 grants.

The following table sets forth, for each NEO, the target value of each component of the long-term incentive program, in effect during fiscal year 2018.

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

- (1) The annual grants and awards under the long-term incentive program are determined according to the par value contemplated for the level of the position.
- (2) The price for the Options granted and for the PSUs awarded is determined according to the weighted average trading price of Transat Voting Shares on the TSX for the five trading days preceding the date of grant or award. In the case of Options, however, the price used for calculation purposes cannot be less than \$12. If the share price is below that figure, the actual par value is therefore lower than the theoretical par value.
- (3) The value of the shares awarded under the Permanent Stock Ownership Incentive Plan depends on the value invested by the member in the Share Purchase Plan for the Benefit of All Employees, subject to a maximum for the level of the position, expressed as a percentage of the salary. The price upon the award is equal to the purchase price of the shares on the secondary market.
- (4) Although all NEOs have the same opportunity, namely 10% of their salary, the actual percentage may be lower due to individual participation decisions. For example, Mr. Eustache, who has met his shareholding obligation, has decided not to participate in the program.

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

- Permanent Stock Ownership Incentive Plan (the “Transaction” program)

The Transaction is part of the long-term variable compensation of the Corporation’s executive officers. With this plan, Transat seeks to incite executive officers to become and remain shareholders of the Corporation, to stimulate their interest in increasing the price of the Corporation’s shares and to promote their retention. The objective of the Permanent Stock Ownership Incentive Plan is also to encourage the members to meet or exceed the shareholding guidelines adopted by the Corporation by awarding each eligible executive officer shares for which the total cost of purchase is equal to the percentage of salary invested by the said executive in the Share Purchase Plan. The current version of the Transaction program was approved up to the end of the 2019 fiscal year.

The Transaction program is directly tied to the Transcapital program and to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transaction program gives participating executive officers the possibility to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat’s treasury. The Corporation contributes an amount equal to the officer’s contribution, and this by means of a purchase made on the secondary market at the market price.

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

Maximum number of issuable shares	The maximum number of issuable shares under the Share Purchase Plan is 691,780; the maximum number of issuable shares was increased following Shareholder approval at the 2018 annual and special meeting of shareholders.
Eligible Members	Designated executive officers of the Corporation.
Participation Level	<ul style="list-style-type: none"> <li>• NEOs can subscribe for a number of shares the total subscription price of which may represent up to 10% of their base salary</li> <li>• The other executives may subscribe for a number of shares the total subscription price of which varies between 5% and 10% of their base salary</li> </ul>
Subscription Price	The subscription price under the Transaction program is equal to the weighted average of the shares' closing price on the Toronto Stock Exchange for the five (5) trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the officers' contribution.
Contribution of the Corporation	The Corporation contributes an amount equal to the officer's contribution, and this by means of a purchase made on the secondary market at the market price.
Market Price	The market price corresponds to the closing price of the shares on the Toronto Stock Exchange on the date the shares to be allocated by the Corporation are purchased.
Vesting Terms	<p>One third of the allocated shares vest on January 10 of each of the three years following the year in which they are awarded.</p> <p>The shares subscribed for in the context of the Share Purchase Plan are released (become unrestricted) on the third January 1<sup>st</sup> following the end of the calendar year in which they were subscribed.</p>
Payment Terms	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat's treasury, and the Corporation's contribution is made with shares purchased on the secondary market.

For the period from November 1, 2017 to October 31, 2018, an aggregate of 44,968 shares having an approximate aggregate value of \$411,577 were awarded to executive officers of the Corporation under the Transaction program. Of that number, 2,017 shares vested on January 10, 2018, 14,989 vested on January 10, 2019, 14,989 will vest on January 10, 2020 and 12,973 will vest on January 10, 2021.

All NEOs, with the exception of the President and CEO, participated in the plan as at October 31, 2018, at a rate of 10% of their base salary.

The Board bears full responsibility for the Transaction program and the Share Purchase Plan. It has the power to adopt, amend, suspend or terminate them, as it may deem necessary and desirable and in compliance with the rules established by the regulatory authorities.

However, the following amendments require the approval of a majority of the shareholders present at a Meeting:

- Increase in the maximum number of shares issuable under the Share Purchase Plan other than for standard anti-dilution purposes;
  - Increase in the discount percentage offered under the Share Purchase Plan; or
  - Increase in the Corporation's contribution.
- Stock Ownership and Capital Accumulation Incentive Plan for the Non-Unionized Employees (the "Transcapital" program)

The Transcapital program is part of the compensation package offered to the Corporation's employees. By this Plan, Transat seeks to encourage its employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation's shares.

The Transcapital program is directly tied to the Share Purchase Plan for the Benefit of All Employees or Executives of Transat and to the Transaction program as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Transcapital program enables participating employees to subscribe, on a monthly basis, by means of payroll deductions, for Voting Shares issued out of Transat's treasury. The Corporation's contribution is made from shares it purchases on the secondary market.

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

Maximum Number of Issuable Shares	The maximum number of issuable shares is 691,780 under the Transcapital program. The maximum number of issuable shares was increased with the shareholders' approval at the 2018 annual and special meeting of shareholders.
Eligible Members	The eligible employees must have completed six (6) months of continuous service and must not participate in the Transaction program.
Participation Level	Eligible employees can subscribe monthly for a number of shares representing between 1% and 5% of their base salary and receive a contribution from the Corporation. In addition, employees can subscribe monthly for additional shares up to a total of 10% of their annual base salary, without however receiving a contribution from the Corporation for any shares subscribed for in excess of 5% of their base salary.
Subscription Price	The subscription price under the Transcapital program is equal to the weighted average closing price of the shares on the Toronto Stock Exchange for the five (5) trading days preceding the share subscription, to which a 10% discount on the subscription price is applied for those shares purchased from the employees' contribution.

Contribution of the Corporation	The Corporation contributes an amount equal to 30% or 60% of the employee's contribution (up to 5% of the base salary), and this by means of a purchase on the secondary market at the market price.
Market Price	The market price corresponds to the closing price of the shares on the Toronto Stock Exchange on the date the shares to be allocated by the Corporation are purchased.
Vesting Terms	All shares subscribed for and granted in respect of a calendar year become unrestricted on July 1 <sup>st</sup> following the end of the calendar year in which they were subscribed for or granted.
Payment Terms	The shares of the Corporation that have vested to the members, following their contributions by way of payroll deductions, are subscribed from Transat's treasury, and the Corporation's contribution is made with shares purchased on the secondary market.

During the fiscal year ended October 31, 2018, the Corporation recorded \$188,000 (\$179,757 in 2017) in compensation expenses in respect of its Transcapital program.

For the period from November 1, 2017 to October 31, 2018, an aggregate of 21,387 shares having an approximate aggregate value of \$188,000 were awarded to eligible employees under the Transcapital program. Of that number, 2,611 shares vested on July 1, 2018, and 18,776 will vest on July 1, 2019.

The Board bears full and complete responsibility with regard to the Transcapital program. It has the power and authority to adopt, amend, suspend or terminate the program, as it deems necessary or desirable and in compliance with the rules established by the regulatory authorities.

However, approval by a majority of the shareholders present at a Meeting is required for amendments that would increase the maximum number of Shares issuable other than for standard anti-dilution purposes.

- Employee Share Purchase Plan

The Employee Share Purchase Plan is a compensation plan designed to encourage employees to become shareholders of the Corporation and stimulate their interest in increasing the price of the Corporation's shares.

The Share Purchase Plan for the Benefit of All Employees or Executives of Transat is directly tied to the Transaction program and to the Transcapital program as regards the total number of shares that may be subscribed for or that are issuable to a single person (5% of outstanding shares) or insiders of Transat (collectively, less than a majority of shares available under the plan, and less than 10% of the outstanding shares at any time).

The Employee Share Purchase Plan enables participating employees to subscribe, on a monthly basis and by means of payroll deductions, for Voting Shares issued from Transat's treasury at the then current market price, namely the weighted average of the closing prices on the Toronto Stock Exchange over the five trading days preceding the subscription of shares, less a 10% discount. No member may sell all or part of the Voting Shares subscribed for under this Plan prior to July 1 of the year following that in which the shares were subscribed, date on which the subscribed shares become unrestricted.

During the fiscal year ended October 31, 2018, we issued under this plan a total of 69,754 Voting Shares (namely 0.19% of the issued shares) and, as at October 31, 2018, the remainder of shares that we were authorized to issue under the said plan amounted to 691,780 Voting Shares (namely 1.84% of the issued shares).

The Board bears full responsibility for the Share Purchase Plan and the Transaction program. Please see the description of the Transaction program for explanations on the Board's responsibility.

▪ Performance-Based Share Unit (PSU) Plan

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

PSUs consist of the granting of a number of units that correspond to a percentage of the participant's base salary, divided by the grant price, which PSUs, once vested, represent the participant's right to receive, at the vesting date (3 years after the grant date) and subject to the provisions of the plan, a number of shares equivalent to the number of PSUs vested in accordance with the provisions of the PSU plan or, in the sole and absolute discretion of the HRCC, in accordance with the provisions of the plan, a lump sum payment in cash, for each PSU vested and repurchased, equal to the release price.

Eligible Participants	The executives and other eligible employees of the Corporation. From time to time, the HRCC will designate eligible individuals to whom it grants PSUs and the number of PSUs granted.
Grant Price	The grant price under the PSU Plan is equal to the weighted average trading price of the shares of the Corporation for the 5 trading days preceding the grant date.
Release Price	The release price under the PSU Plan corresponds to the closing price of the shares on the Toronto Stock Exchange on the last trading day prior to the vesting date of a PSU.
Vesting Terms	All of the PSUs granted have vested at the end of a three-year financial cycle.
Performance Criteria	The vesting is conditional on the achievement of ANI targets as a % of revenues (75% of grant) and on total shareholder return (TSR) (25% of grant) for the three fiscal years.  A maximum of 100% of the value of the PSUs may be paid if the performance criteria are achieved. In other words, there is no performance multiplier that applies beyond the target.
Payment Terms	The PSUs are generally settled in shares of the Corporation or, at the discretion of the HRCC, only in cash by multiplying the number of PSUs vested at the end of the cycle by the purchase price.  The PSU plan has no dilutive effect, seeing as the shares purchased at the time of settlement are bought on the secondary market. The PSU Plan does not use currently unissued shares of the Corporation and no currently unissued share of the Corporation is reserved for this Plan.

Why use Transat's ANI?

- Alignment with Transat's principal strategic objective, namely increasing its profitability over the short and medium term
- Promotion of a sustained performance by using an average 3-year ANI
- Increased profitability will help push up the share's price, thus creating value for shareholders

Why use the TSR?

- Promotion of sustained increase in the Corporation's share price, thus aligning the interests of management with those of shareholders

The PSU plan is administered by the HRCC. The HRCC determines the number of PSUs that will be awarded and may amend, suspend or cancel the PSU Plan or the terms and conditions of any PSU granted under this Plan. However, no amendment, suspension or cancellation may: (a) be made, where appropriate, without obtaining the required approvals from regulatory authorities; (b) in the case of PSUs, modify or harm the rights of a participant as regards the PSUs already granted without obtaining the consent of the participant. If the plan is terminated, the HRCC may, as its option, choose to accelerate the vesting schedule and the vesting date stipulated in a PSU grant agreement to the conditions it establishes at that time. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the PSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting PSUs or the vesting of all or part thereof, if applicable, and other special conditions applicable to a grant of PSUs under the PSU Plan. Moreover, the Board may amend the PSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that it does not reduce the number of PSUs already credited to a participant's individual registry before the amendment.

To avoid influencing management's decision regarding the form a distribution to the shareholders could take, the number of shares used in the calculation of the adjusted net income per share for the purposes of vesting of the PSUs will be adjusted in the event of a large payment of cash dividends, if any.

- Vesting of PSUs during Fiscal Year 2018

There were no PSUs available for vesting in 2018 since no PSU grants were made in 2016 given the trading blackout periods in effect at the time.

- PSU Grants during Fiscal Year 2018

In January 2018, a PSU grant was made to the NEOs for the performance periods of fiscal years 2018, 2019 and 2020. The PSUs granted may vest according to the following parameters:

ANI, in % of revenues (75% of total)	TSR (25% of total)	Vesting %
If less than 0.80%	If less than 33.5%	0%
If equal to 0.80% (threshold)	If equal to 33.5% (threshold)	25%
If equal to 1.07%	If equal to 34.8%	50%
If equal to 1.33%	If equal to 36.2%	75%
If equal to or greater than 1.60% (target)	If equal to or greater than 37.5% (target)	100%

NEO	Units Granted	Value <sup>(1)</sup>
Jean-Marc Eustache	70,937	\$776,051
Denis Pétrin	17,441	\$190,805
Annick Guérard	31,490	\$344,501
Jean-François Lemay	17,441	\$190,805
Bernard Bussièeres	10,654	\$116,555

(1) Based on the weighted average price for the five trading days preceding the grant, namely \$10.94.

- Performance-Based Restricted Share Unit (RSU) Plan

The objective of the Corporation's restricted share unit plan (the "RSU Plan") is to attract and retain talented individuals to hold positions as officers and executives of the Corporation and its subsidiaries, and to promote a greater alignment of interests between such officers and executives and the shareholders of the Corporation.

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

Eligible Participants	The executives and other eligible employees of the Corporation.
Fair Market Value	The fair market value under the RSU Plan corresponds to the weighted average trading price of the shares of the Corporation for the 5 trading days preceding the grant.
Vesting Terms	All RSUs granted vest at the end of a three-year financial cycle.
Performance criterion	Vesting is conditional on the achievement of the ANI target as a % of average revenues for the three fiscal years.
Payment Terms	The RSUs are settled only in cash by multiplying the number of RSUs vested at the end of the cycle by the weighted average price of the Corporation's shares for the five trading days preceding the end of the cycle.

The RSU Plan is administered by the HRCC. The HRCC determines the number of RSUs that will be granted and may amend, suspend or cancel the RSU Plan or the terms and conditions of any RSU granted under this Plan. The HRCC may also establish, at the time of each grant, in accordance with the restrictions set out in the RSU Plan, the grant date, the vesting date, the financial performance criteria that must be achieved for the purposes of granting RSUs or the vesting of all or part thereof, as the case may be, and other special conditions applicable to a grant of RSUs under the RSU Plan. Management of the Corporation may at any time and from time to time after the grant of RSUs to a participant, with the consent of the participant and the Board, amend the terms and conditions of the RSUs. Moreover, the Board may amend the RSU Plan at any time in its sole and absolute discretion and without the consent of the participants, provided that they do not reduce the number of RSUs already credited to a participant's individual registry before the amendment.

- Vesting of RSUs during Fiscal Year 2018

For the 2015-2018 cycle, which ended on October 31, 2018, the NEOs had received RSUs since no PSUs nor options were granted owing to the trading blackout periods in effect at the time of annual grant.

As a result of the changes to the scope of the Corporation's business following the sale of Transat's interest in the Ocean hotels, the ANI target was revised during the cycle.

For this cycle, the average ANI did not reach the performance threshold and no RSUs vested, as shown in the following table:

ANI/average revenues (2015-2018) Revised objective	Vesting %
ANI/revenues achieved for the cycle: -0.13%	0%
If less than 0.77%	0%
If equal to 0.77% (threshold)	25%
If equal to 1.03%	50%
If equal to 1.29%	75%
If equal to or greater than 1.55% (target)	100%

NEO	Units vested	Value
Jean-Marc Eustache	0 RSU	\$0
Daniel Pétrin	0 RSU	\$0
Annick Guérard	0 RSU	\$0
Jean-François Lemay	0 RSU	\$0
Bernard Bussièrès	0 RSU	\$0

- RSUs Grants during Fiscal Year 2018

RSUs are no longer part of the Corporation's current executive compensation policy, but are used in the compensation programs for other positions. Therefore, no RSUs were granted to NEOs in 2018.



RSUs ARE NO LONGER PART OF THE CORPORATION'S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USED IN THE COMPENSATION PROGRAMS FOR OTHER POSITIONS. THEREFORE, AFTER THE 2018 FISCAL YEAR, EXECUTIVE OFFICERS WILL NO LONGER HOLD RSUs.

▪ 2016 Option Plan

In January 2016, the Board approved the adoption of a new Option plan (the “2016 Option Plan”), replacing the Option plans approved in 2009 and 1995. For clarity, all Options granted under the 2009 Plan and the 1995 Plan remain subject to the respective terms and conditions of these plans. Differences with the 2016 Option Plan are identified in the section entitled “2009 and 1995 Share Purchase Plans”. The plan allows a member to purchase a share of the Corporation at a fixed price at the time of granting.

On December 13, 2017, the Board approved by way of resolution an amendment to the definition of the change of control clause of the 2016 Option Plan. This definition now extends, among other things, to an event where a majority of the voting securities for the election of the directors of Air Transat A.T. Inc. and Transat Tours Canada Inc., collectively, are sold or assigned. This amendment does not require shareholder approval, seeing as the 2016 Option Plan provides that such amendments may be made at the Board’s discretion.

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

Maximum Number of Securities Issuable	1,122,337 (2.99% of the issued and outstanding shares)
Reserve	Expired or cancelled Options are put back into the reserve for future grants only if they do not represent more than 5% of the outstanding shares of the Corporation. Options in excess of 5% will be cancelled.  Options that have not yet been granted under the 2009 and 1995 plans have been transferred to this reserve.
Eligible Members	Executives and other eligible employees of the Corporation and its subsidiaries. <sup>(1)</sup>  The options granted under the 2016 Option Plan are non-transferrable.
Exercise Price	Weighted average trading price of the shares of the Corporation on the TSX for the 5 trading days preceding the grant.
Vesting Terms	One third of the initial grant per year on each of the first three anniversary dates of the grant.  In the event of change of control, any Option granted and not vested may be exercised, or the Board of the Corporation may force the exercise of any Option granted, whether vested or not, according to the terms and conditions prescribed by the Board.
Performance Criterion	Vesting of the Options is not subject to the achievement of any performance rule.
Payment Terms	When the Options are exercised, the member acquires the shares of the Corporation.
Term	Generally, the Options have a lifespan of 7 years. The plan gives the Board the latitude to grant Options with a term of up to 10 years.  If the expiry date of an Option falls within a blackout period (or within 10 days after the end of a blackout period), the expiry date will be postponed to the 10 <sup>th</sup> day after the end of the blackout period.

Participation	<p>The number of offered shares which may be subscribed for by a single person (including any insider and associate of such person within the meaning of the Securities Act (Québec)), within a one-year period, under this Plan and any other option plan or share purchase plan offered by the Corporation, shall not represent more than five percent (5%) of the Corporation's offered shares that are issued and outstanding.</p> <p>The number of Options which may be granted within any one-year period under the Plan must not exceed, in the aggregate, two percent (2%) of the number of offered issued and outstanding shares of the Corporation.</p>
Termination	Please refer to the section "Benefits Provided by the Text of the Plans".

(1) Since March 15, 2006, the Board has decided, by resolution, to suspend the grant of options to Directors who are not employees or senior executives of the Corporation.

Under the 2016 Option Plan, the Board may, without the shareholder's approval, make certain amendments of the following nature: (i) minor or technical amendments to any provision of the Plan; (ii) corrections to any provision of the Plan containing an ambiguity, defect, error or omission; or (iii) changes to the Option termination provisions that do not entail an extension beyond the original Option expiry date.

However, the following amendments require the approval of a majority of the shareholders present at a Meeting:

- any increase to the maximum number of Class B Voting Shares issuable under the 2016 Option Plan;
- the reduction of the exercise price of an Option held by an insider (other than for standard anti-dilution purposes);
- the extension of the term of an Option held by an insider (other than the automatic extension set forth in the Plan);
- any amendment allowing the transfer or assignment of the options other than by will or according to the legal provisions governing intestate successions;
- the extension of the blackout expiration term;
- any amendment allowing the grant of options to directors who are not also executives or employees of the Corporation; and
- any amendment to the paragraph relating to amendments to the 2016 Option Plan.

The number of shares issuable to insiders, at any time, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed ten percent (10%) of the number of issued and outstanding shares of Transat, and the number of shares that are issued to insiders, within any one-year period, under this 2016 Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed ten percent (10%) of the number of issued and outstanding shares.

- Option Grant Process

The number of Options granted is established according to the position and base salary of each member and the exercise price. The number of Options granted to each executive officer in question is equal to a percentage of the base salary divided by the weighted average trading price (or by the value of \$12 if the price

calculated as described above is lower than this limit) of the Corporation's Voting Shares on the TSX for the five (5) trading days preceding the date of grant.

In extraordinary cases, Options may be granted upon new hires or in exceptional situations within the context of succession management for the positions eligible for grants of options. The list of beneficiaries of annual grants proposed is presented for discussion to the HRCC, which then makes its recommendation at the next Board meeting for final approval.

- Options Vested due to Performance in Fiscal Year 2018

Options granted to NEOs up until January 2015 vest at a rate of one third per year only if a performance condition is met, namely an ANI of 0.75% of revenues or more. If this threshold is not met, the member will have a second chance to have the Options vest by achieving the performance criterion three (3) years later. During fiscal year 2018, no Option was subject to this second chance to vest. The following table illustrates the Options' past and future vesting schedule.

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

Since 2016, the Options granted to the NEOs are no longer subject to performance conditions. They vest at one third of the initial grant per year for each of the first three anniversary dates of the grant. No Options were granted in 2016 given the trading blackout on the Corporation's securities then in effect. 33 $\frac{1}{3}$ % of the Options granted in 2017 vested during fiscal 2018.

▪ Option Grants during Fiscal Year 2018

An Option grant was made to the NEOs in January 2018. In accordance with the Corporation's compensation policy, a minimum share price of \$12.00 per share was used to determine the number of Options granted.

NEO	Number	Exercise Price <sup>(1)</sup>	Vesting	Expiry
Jean-Marc Eustache	57,063	\$10.94	33⅓% on each of the first three anniversaries of the grant	January 11, 2025 (7 years after the grant)
Denis Pétrin	13,250			
Annick Guérard	26,500			
Jean-François Lemay	13,250			
Bernard Bussièrès	8,325			

(1) Based on the weighted average price for the five trading days preceding the grant, namely \$10.94.

▪ Status of Outstanding Options

	Total as at October 31, 2018	Total as at October 31, 2017	Total as at October 31, 2016
Total number of Options granted during Fiscal Year	157,735	135,406	0
Including Options granted to the Named Executive Officers	118,388	99,503	0
Options granted during the fiscal year as a % of the outstanding Voting Shares	0.42%	0.40%	0%
Total number of outstanding Options <sup>(1)</sup>	1,786,588	2,243,328	2,611,891
Outstanding Options as a % of the total outstanding Voting Shares	4.76%	6.06%	7.08%
Balance available for future grants <sup>(2)</sup>	829,196	986,931	1,122,337
Balance available for future grants as a % of the total outstanding Voting Shares	2.21%	2.66%	3.04%

(1) The weighted average number of securities outstanding for the applicable fiscal year is 37,545,335 in 2018, 37,040,000 in 2017, and 36,899,000 in 2016.

(2) According to the Corporation's internal guidelines, the expired or cancelled Options do not return in the reserve of Options available for future grants, as long as the sum of Options outstanding and Options available for future grants represent more than 5% of Transat's outstanding shares.

▪ Clawback

Each senior executive signed a clawback clause concerning the amounts disbursed under the variable compensation plans. Under this clause, the Corporation may claw back the amounts disbursed, within a three-year period:

- if it is proven that the factual or financial data on the basis of which such additional compensation was granted came from information which was falsified or erroneous at the source due to the executive's intentional fault or direct or contributory negligence;
- if the Corporation had to review and reissue amended financial statements (other than a review resulting from a change in the applicable accounting rules or interpretations) and the calculation of the

additional compensation paid to the executive according to these amended financial statements would have resulted in an amount lower than the amount granted to the executive.

#### MINIMUM SHAREHOLDING REQUIREMENT FOR THE NEOS

The shareholding guidelines adopted by the Corporation provide that executive officers must hold, no later than at the end of the five-year period following their appointment, the number of Class B Voting Shares or DSUs with a value corresponding to a specific multiple of their annual base salary.

The table below indicates the minimum shareholding multiple applicable to each position held. In the event that an executive officer is promoted, the guidelines provide that he then benefits from an additional three-year period effective from the date of his promotion to reach the new minimum shareholding multiple which will then be applicable to him.

The amount used to determine compliance with the executive officers' minimum shareholding requirement will be (i) the cost of acquiring the shares for the executive officer; or (ii) the market value of the shares held on October 31 of each year, whichever is the higher. The shares taken into consideration include the shares vested under the Transaction program, including when they have not yet vested or become unrestricted.

Position	Minimum shareholding multiple
President and Chief Executive Officer	3.0 times the annual salary
Chief Operating Officer Chief Financial Officer President and Chief Executive Officer, Air Transat	1.5 times the annual salary
Other NEOs	1.0 times the annual salary

If the executive officer has not reached the pro rata holding he should have reached (20% after one (1) year, 40% after two (2) years, 60% after three (3) years, 80% after four (4) years, 100% after five (5) years), he must keep 100% of the shares vested under the Stock Option Plan/Transaction program and 50% of the shares vested (after taxes) under the PSU Plan, up to the required pro rata holding.

If the executive officers commit a deliberate act that prevents them from complying with their holding rules, such as selling shares they hold, they shall keep shares representing 100% of the net profit derived from the exercise of Options and the vesting of PSUs, and future awards under the long-term incentive plans will be reduced or eliminated, unless the HRCC decides otherwise.

The status of the NEOs as regards the achievement of their shareholding requirements can be found in the section entitled "Named Executive Officers" in their individual profiles.



THE SHAREHOLDING REQUIREMENT FOR EXECUTIVE OFFICERS OF THE CORPORATION HELPS REINFORCE THE CONNECTION BETWEEN THE INTERESTS OF THE EXECUTIVES AND THE SHAREHOLDERS.

## NAMED EXECUTIVE OFFICERS



### Jean-Marc Eustache

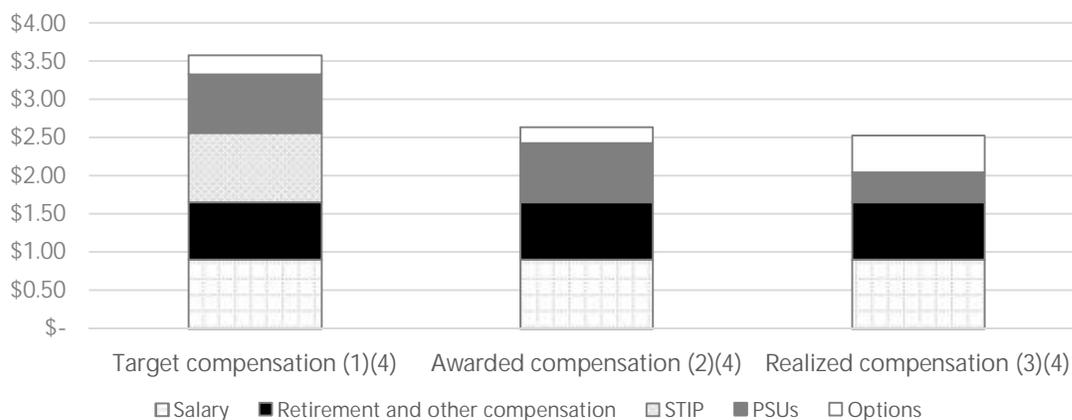
Chairman of the Board, President and CEO, Transat A.T. Inc.

Jean-Marc Eustache is one of the three founding members of Transat and has been the Chief Executive Officer of the Corporation since its creation in 1987. As the CEO, he controls and oversees the business of the Corporation. He also chairs all of the shareholder meetings and Board of Director meetings.

- No bonus was awarded to Mr. Eustache for fiscal year 2018 since the adjusted net income threshold was not met and the total amount paid under the STIP cannot exceed 50% of the ANI.
- 68% of Mr. Eustache's total direct compensation target is variable and linked to the business's performance.

Allocation of targeted total direct compensation for 2018

Target, awarded and realized compensation in 2018 (in \$M)



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2018 bonus at the target.  
 (2) Includes the estimated value of the Options and of the PSUs granted in 2018, as presented in the "Summary Compensation Table". No bonus was paid in 2018.  
 (3) Includes the value of the Options exercised and the PSUs vested in 2018. No bonus was paid in 2018.  
 (4) The base salary, retirement and other compensation are the same for each scenario.

### Shareholding Guidelines for Directors (achieved)

Shares	DSUs	Value <sup>(1)</sup>	Value Required
437,247	10,331	\$4,523,561	\$2,739,000

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2018, i.e. \$6.80.



**Denis Pétrin**

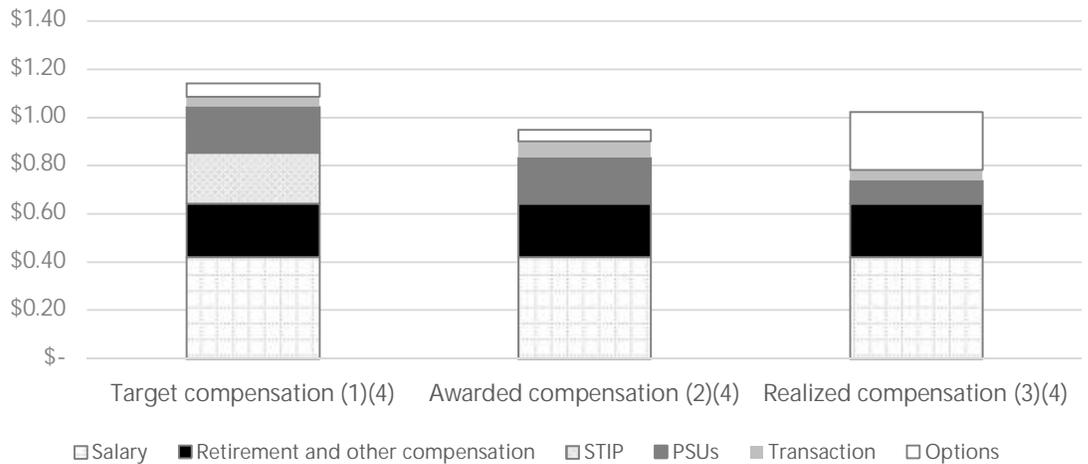
VP, Finance and Administration, and Chief Financial Officer, Transat A.T. Inc.

Denis Pétrin has been contributing to the strategic and financial development of the Corporation since 2009. He oversees and supervises accounting, treasury and management of the Corporation's funds. He also ensures sound financial management over the short, medium and long term. Mr. Pétrin is also responsible for investor relations.

- No bonus was awarded to Mr. Pétrin for fiscal year 2018 since the adjusted net income threshold was not met and the total amount paid under the STIP cannot exceed 50% of the ANI.
- 54% of Mr. Pétrin's total direct compensation target is variable and linked to the business's performance.

Allocation of targeted total direct compensation for 2018

Target, awarded and realized compensation in 2018 (in \$M)



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2018 bonus at the target.  
 (2) Includes the estimated value of the Options and of the PSUs granted in 2018, as presented in the "Summary Compensation Table". No bonus was paid for 2018.  
 (3) Includes the value of the Options exercised and the PSUs vested in 2018. No bonus was paid for 2018.  
 (4) The base salary, retirement and other compensation are the same for each scenario.

**Shareholding Guidelines for Directors (achieved)**

Shares	DSUs	Value <sup>(1)</sup>	Value Required
93,329	—	\$749,659	\$636,000

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2018, i.e. \$6.80, including the Corporation's non-acquired contribution under the terms of the Transaction program.



### Annick Guérard

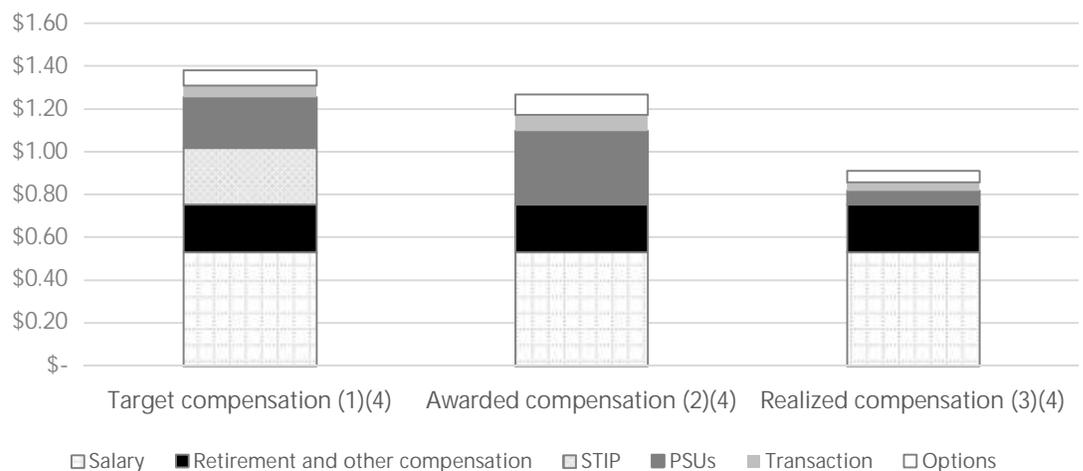
Chief Operating Officer, Transat A.T. Inc.

Since November 1, 2017, Annick Guérard has been leading all of the Corporation's operations (other than those of the new hotel subsidiary), including the operations of the airline Air Transat. Her deep knowledge of the business, the industry and consumers combined with her vision, leadership and efficiency allow her to play a key role in the Corporation's development and success.

- No bonus was awarded to Ms. Guérard for fiscal year 2018 since the adjusted net income threshold was not met and the total amount paid under the STIP cannot exceed 50% of the ANI.
- On the date of her appointment, namely November 1, 2017, Ms. Guérard's compensation was increased from \$380,000 to \$530,000.

#### Allocation of targeted total direct compensation for 2018

Target, awarded and realized compensation in 2018 (in \$M)



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2018 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2018, as presented in the "Summary Compensation Table". No bonus was paid for 2018.
- (3) Includes the value of the Options exercised and the PSUs vested in 2018. No bonus was paid for 2018.
- (4) The base salary, retirement and other compensation are the same for each scenario.

#### Shareholding Guidelines for Directors (2017) (ongoing)

Shares	DSUs	Value <sup>(1)</sup>	Value Required <sup>(2)</sup>
66,121	—	\$530,633	\$795,000

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2018, i.e. \$6.80, including the Corporation's non-acquired contribution under the terms of the Transaction program.

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



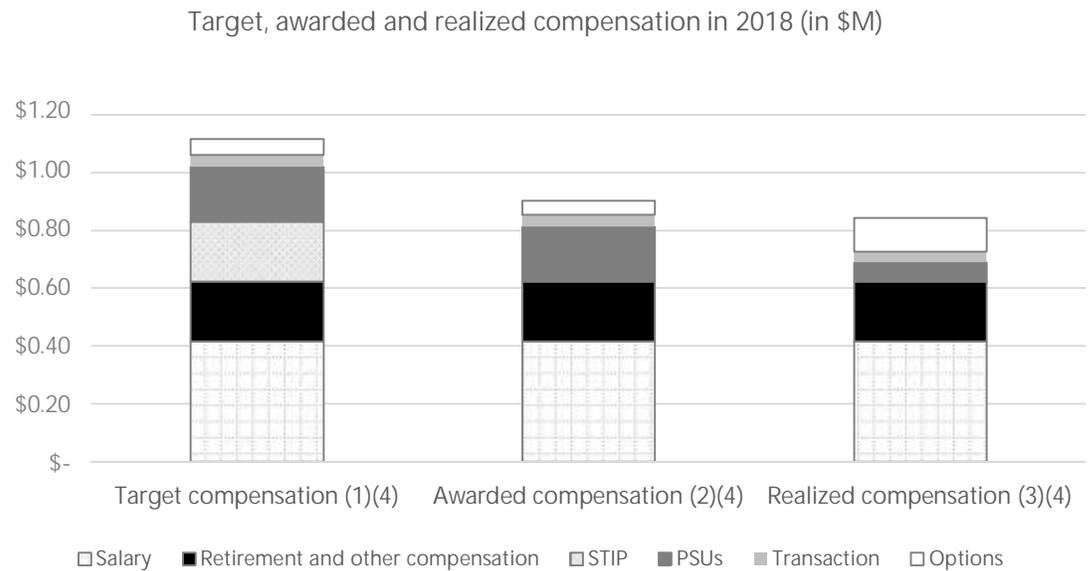
**Jean-François Lemay**

President and General Manager, Air Transat A.T. Inc.

As President and General Manager of Air Transat A.T. Inc., Jean-François Lemay oversees the operational management of the carrier and supervises the implementation of the corporation's main orientations. He ensures the safety and security of the operations, the punctuality of flights, as well as the comfort and satisfaction of customers.

- No bonus was awarded to Mr. Lemay for fiscal year 2018 since the adjusted net income threshold was not met and the total amount paid under the STIP cannot exceed 50% of the ANI.

Allocation of targeted total direct compensation for 2018



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2018 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2018, as presented in the "Summary Compensation Table". No bonus was paid for 2018.
- (3) Includes the value of the Options exercised and the PSUs vested in 2018. No bonus was paid for 2018.
- (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (2017) (ongoing)

Shares	DSUs	Value <sup>(1)</sup>	Value Required
61,813	—	\$450,007	\$636,000

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2018, i.e. \$6.80, including the Corporation's non-acquired contribution under the terms of the Transaction program.



**Bernard Bussièrès**

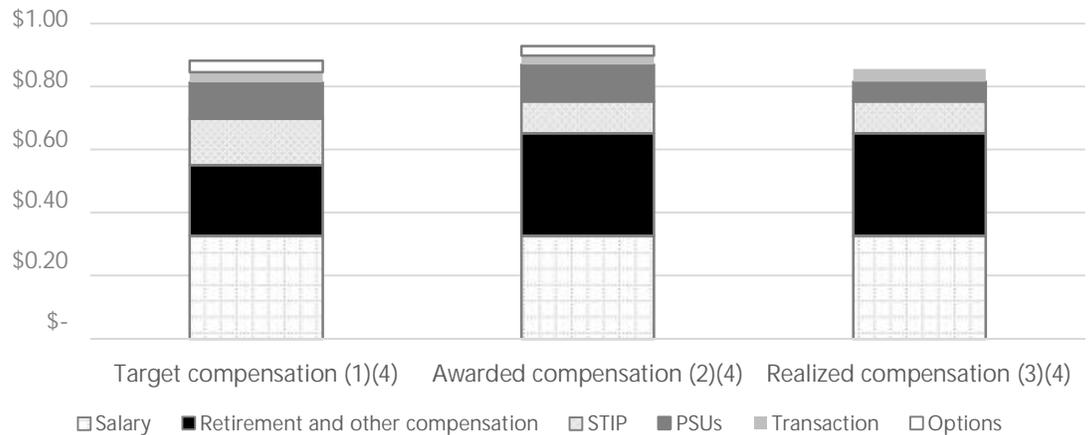
Vice-President, Legal Affairs and Corporate Secretary, Transat A. T. Inc.

Since March 2001, Bernard Bussièrès ensures good governance practices by managing the Corporation's legal affairs. Mr. Bussièrès coordinates Shareholders' Meetings and Board of Directors' Meetings. He ensures that the Directors have all information that they may require in order to make fully-informed decisions. Mr. Bussièrès has full responsibility regarding the legal affairs of the Corporation, including corporate affairs, acquisitions, and disclosure to Shareholders and members of the public.

- No bonus was awarded to Mr. Bussièrès under the STIP for fiscal year 2018 since the adjusted net income threshold was not met and the total amount paid under the STIP cannot exceed 50% of the ANI.
- An exceptional bonus of \$101,591 was paid to Mr. Bussièrès in order to recognize his two-year key contribution to the successful disposition of Transat France, Transat's interest in the Ocean hotels and Jonview.

**Allocation of targeted total direct compensation for 2018**

Target, awarded and realized compensation in 2018 (in \$M)



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2018 bonus at the target.
- (2) Includes the estimated value of the Options and of the PSUs granted in 2018, as presented in the "Summary Compensation Table". No bonus was paid under the STIP for 2018. Includes the exceptional bonus paid to Mr. Bussièrès.
- (3) Includes the value of the Options exercised and the PSUs vested in 2018. No bonus was paid under the STIP for 2018. Includes the exceptional bonus paid to Mr. Bussièrès.
- (4) The base salary, retirement and other compensation are the same for each scenario.

**Shareholding Guidelines for Directors (achieved)**

Shares	DSUs	Value <sup>(1)</sup>	Value Required
79,478	1,099	\$693,322	\$333,000

<sup>(1)</sup> This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2018, i.e. \$6.80, including the Corporation's non-acquired contribution under the terms of the Transaction program.

## SUMMARY COMPENSATION TABLE

The following table sets forth the information regarding the total compensation paid during each of the last three (3) fiscal years to the President and Chief Executive Officer, the VP, Finance and Administration and Chief Financial Officer and the three (3) other mostly highly compensated executive officers of the Corporation and its subsidiaries (collectively, the “Named Executive Officers” or “NEOs”). To obtain the value vested or realized upon vesting for the Share-Based Plans and the Stock Option Plans, please refer to the “Incentive Plans” section below.

Name and principal position	FY	SALARY	SHARE-BASED AWARDS		OPTION-BASED AWARDS (3)	SHORT-TERM INCENTIVE PLAN COMPENSATION	RETIREMENT PLAN VALUE (4)	ALL OTHER COMPENSATION (5)	TOTAL COMPENSATION
			RSUs/PSUs (1)	TRANSACTION (2)					
			(\$)	(\$)					
Jean-Marc Eustache Chairman of the Board of Directors, President and Chief Executive Officer, Transat A.T.	2018	904,812	776,051	0	204,856	0	679,250	72,385	2,637,354
	2017	862,227	734,293	0	166,835	276,258	414,120	68,978	2,522,711
	2016	853,559	969,077	0	0	0	380,005	68,285	2,270,926
Denis Pétrin Vice-President, Finance and Administration, and Chief Financial Officer, Transat A.T.	2018	421,333	190,805	67,200	47,568	0	184,406	37,920	949,231
	2017	406,462	183,607	15,538	39,398	72,350	178,129	36,581	932,065
	2016	395,872	236,605	39,587	0	0	150,195	35,628	857,887
Annick Guérard Chief Operating Officer, Transat A.T.	2018	530,000	344,501	75,981	95,135	0	174,404	47,700	1,267,721
	2017	378,846	171,004	14,423	36,694	67,435	411,577	34,096	1,114,075
	2016	327,020	152,857	32,702	0	0	161,773	32,702	707,054
Jean-François Lemay President and General Manager, Air Transat	2018	416,667	190,805	41,385	47,568	0	169,277	37,500	903,201
	2017	378,731	171,004	11,481	36,694	67,414	129,575	34,085	828,984
	2016	323,362	150,542	32,336	0	0	179,705	32,336	718,281
Bernard Bussi�eres Vice-President, Legal Affairs and Corporate Secretary, Transat A.T.	2018	328,295	116,555	27,960	29,887	0	190,530	134,421	827,648
	2017	304,272	106,671	26,903	23,543	40,610	108,084	30,427	640,510
	2016	301,134	139,743	30,104	36,052	0	91,250	30,113	628,396

(1) The value of the RSUs/PSUs awarded under the RSU/PSU Plans is equal to a percentage of the member's base salary, divided by the weighted average trading price of the Voting Shares on the TSX for the five trading days preceding the award, i.e. \$10.94 in 2018, \$8.97 in 2017 and \$7.90 in 2016.

(2) This amount represents Transat's contribution to the Permanent Stock Ownership Incentive Plan (Transaction program) on the executive officer's behalf. This contribution is equivalent to 10% of the executive's base salary. In 2017, participation in the program was suspended during the blackout period that ended on September 11. After the blackout period was lifted, executives who wanted to make catch-up contributions to their Share Purchase Plan obtained an identical amount from the Corporation under the Transaction plan. These catch-up contributions were made between September 2017 and April 2018.

- (3) The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the Black, Scholes and Merton model. This value is the same as the fair book value stated in the Corporation's financial statements and established in accordance with generally accepted accounting principles, taking into account the following assumptions:

	2018	2017
Exercise price:	\$10.94	\$8.97
Risk-free rate:	1.80%	1.43%
Dividends:	–	–
Volatility (60 months):	39.00%	42.00%
Expected lifetime:	4 years	4 years
Fair value per Option:	\$3.59	\$3.09

- (4) The value of the retirement plan represents, for each fiscal year, the sum of the "change attributable to compensatory items" of the defined benefit pension plan and the "compensatory amount" of the defined contribution plan, as presented for fiscal year 2018, in the tables under the section entitled "Benefits under a Retirement Plan" of this Circular. For each fiscal year, the amount of the "change attributable to compensatory items" was established using the same actuarial assumptions as those that served to establish the accrued benefit obligation presented in Transat's financial statements for the years ended October 31, 2016, 2017 and 2018 respectively, in accordance with generally accepted accounting principles.
- (5) This amount represents the value of the perquisites paid under the perquisites program (allowance). For Mr. Bussi eres, this sum also includes an exceptional bonus valued at \$101,591. This bonus was allocated in recognition of the key role played by Mr. Bussi eres in the success of the disposition of Transat France and the sale of Transat's interest in Ocean and Jonview.

## INCENTIVE PLANS

### TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each Named Executive Officer, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2018.

Name of the officer	Option-Based Awards					Share-Based Awards		
	Number of securities underlying unexercised option	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>		Number of shares or share units that have not vested <sup>(2)</sup>	Market or payout value of share-based awards that have not vested <sup>(3)</sup>	Market or payout value of vested share-based award (not paid out or distributed) <sup>(4)</sup>
				Vested	Not vested			
(#)	(\$)		(\$)	(\$)	(#)	(\$)	(\$)	
Jean-Marc Eustache	118,538	11.22	May 6, 2019	0		275,466	1,873,169	70,251
	110,743	12.25	May 5, 2020	0				
	49,844	19.24	January 12, 2021	0				
	192,313	7.48	January 11, 2022	116,238				
	147,137	6.01	January 9, 2023	0				
	116,612	12.49	January 8, 2021	0	0			
	72,574	8.73	January 14, 2022	0	0			
	53,992	8.97	Sept. 18, 2024	0	0			
	57,063	10.94	January 11, 2025		0			
Annick Guérard	4,000	11.22	May 6, 2019	0		79,607	541,328	0
	6,699	12.25	May 5, 2020	0				
	2,500	19.24	January 12, 2021	0				
	16,871	7.48	January 11, 2022	0				
	14,362	6.01	January 9, 2023	11,346				
	18,330	12.49	January 8, 2021	0	0			
	10,726	8.73	January 14, 2022	0	0			
	11,875	8.97	Sept. 18, 2024	0	0			
	26,500	10.94	January 11, 2025		0			
Denis Pétrin	14,880	11.22	May 6, 2019	0		77,066	524,049	0
	29,230	12.25	May 5, 2020	0				
	7,537	19.24	January 12, 2021	0				
	37,433	7.48	January 11, 2022	0				
	0	6.01	January 9, 2023	0				
	23,898	12.49	January 8, 2021	0	0			
	16,118	8.73	January 14, 2022	0	0			
	12,750	8.97	Sept. 18, 2024	0	0			
	13,250	10.94	January 11, 2025		0			
Jean-François Lemay	26,471	7.48	January 11, 2022	0		61,658	419,274	0
	0	6.01	January 9, 2023	0				
	18,330	12.49	January 8, 2021	0	0			
	10,831	8.73	January 14, 2022	0	0			
	11,875	8.97	Sept. 18, 2024	0	0			
	13,250	10.94	January 11, 2025		0			

Name of the officer	Option-Based Awards					Share-Based Awards		
	Number of securities underlying unexercised option	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>		Number of shares or share units that have not vested <sup>(2)</sup>	Market or payout value of share-based awards that have not vested <sup>(3)</sup>	Market or payout value of vested share-based award (not paid out or distributed) <sup>(4)</sup>
				Vested	Not vested			
(#)	(\$)		(\$)	(\$)	(#)	(\$)	(\$)	
Bernard Bussières	17,592	11.22	May 6, 2019	0		46,123	313,636	473
	31,312	12.25	May 5, 2020	0				
	7,537	19.24	January 12, 2021	0				
	29,078	7.48	January 11, 2022	0				
	35,326	6.01	January 9, 2023	27,908				
	17,632	12.49	January 8, 2021	0	0			
	10,242	8.73	January 14, 2022	0	0			
	7,619	8.97	Sept. 18, 2024	0	0			
	8,325	10.94	January 11, 2025	0	0			

(1) The monetary value was calculated using the difference between the trading price of the Voting Shares of Transat on the TSX on October 31, 2018, i.e. \$6.80, and the option exercise price.

(2) Vesting of shares under the Transaction plan depends only on time, while vesting of PSUs and RSUs depend on the extent to which the Corporation achieves the targets in the course of the three-year cycle. Please refer to the "Long Term Incentive Plan" section.

(3) Includes the PSUs, RSUs and shares awards under the Transaction stock ownership incentive plan. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 31, 2018, i.e. \$6.80.

(4) Includes the DSUs. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 31, 2018, i.e. \$6.80.

#### TABLE OF THE VALUE VESTED OR PAID DURING THE FISCAL YEAR

The following table sets forth, for each NEO, the value vested or paid during the fiscal year under the various compensation plans.

Name of the officer	Option-based awards: value vested during the fiscal year <sup>(1)</sup>	Share-based awards: value vested during the fiscal year <sup>(2)</sup>	Non-equity incentive plans: value paid during the fiscal year <sup>(3)</sup>
Jean-Marc Eustache	\$42,818	\$0	\$0
Denis Pétrin	\$9,508	\$46,404	\$0
Annick Guérard	\$6,328	\$39,505	\$0
Jean-François Lemay	\$6,391	\$37,347	\$0
Bernard Bussières	\$6,043	\$39,751	\$0

(1) The value is determined by assuming that the Stock Options vested during the fiscal year would have been exercised on the vesting date of each relevant grant. The value corresponds to the difference between the closing price of the Voting Shares on the TSX on the vesting date and the exercise price on the vesting date.

(2) For the stock ownership incentive plan (Transaction plan), the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date. For the restricted share units (RSUs), the redemption value of the units from the 2015-2018 cycle is nil as the performance criteria was not attained. No PSUs were paid in 2016 for the 2015-2018 cycle.

(3) No payment was made for fiscal year 2017-2018 under the Short-Term Incentive Plan (STIP).

## BENEFITS UNDER A RETIREMENT PLAN

Retirement plans constitute an integral part of the overall compensation of executive officers. In considering the value of the retirement benefits provided to the executive officers, the HRCC takes into account the annual service cost, the accrued retirement benefit obligation, as well as the annual benefit that would be available to the executive officer upon retirement.

Under the terms of the retirement benefit plan, the participant is eligible, starting at the age of 65 and for the remainder of his or her life, to a monthly retirement benefit. The amount of this benefit is established based on a percentage of 1.5% per year of credited service, multiplied by the “final average salary over 5 years”, namely the average of the five years of service credited to the participant during which the participant’s base salary was the highest. Any new participant in the plan will be subject to these conditions. However, the participants who enrolled before 2015, which includes all NEOs, benefit from a grandfather clause pursuant to which (1) their “final average salary over 5 years” also includes the target bonus under the STIP, and (2) the percentage of the pension cumulated per year of employment varies between 1.5% and 2% according to their total years of credited service.

The amount of the retirement benefit payable by the Corporation is reduced by the sum of the following benefits:

- The retirement benefit payable upon turning 65 under the Transat’s retirement plan for non-unionized employees, which is the actuarial equivalent value of the amount accrued by the participant on the date of his or her retirement under such plan.
  - Continuous and uninterrupted participation of the executive up to his or her retirement date at the prescribed contribution level required under the said plan is a condition for being entitled to the defined benefit plan.
- The maximum annual retirement benefit payable upon turning 65 under the Québec Pension Plan, as determined on the participant’s retirement date, multiplied by the number of eligible years of service and divided by 35.

The retirement benefit plan also contains the following terms and conditions:

- the participant may elect early retirement between the ages of 55 and 65.
  - In the event that early retirement is taken between the ages of 55 and 60, the retirement benefit is reduced by 5/12% for every full month that the retirement was taken before the participant’s 60<sup>th</sup> birthday.
  - Where early retirement is taken between the ages of 60 and 65, no reduction applies to the retirement benefit.
  - Furthermore, for participants with over 20 eligible years of credited service, if early retirement is taken upon the date where the sum of age attained plus eligible years of credited service equals 85 (provided the participant is at least 55 years of age), no reduction applies to the retirement benefit;
- if the participant ceases to be employed by Transat before the date of his or her retirement, Transat will issue a certificate or promise of payment of the retirement benefit calculated as of his date of termination of employment, but payable only when the participant turns 65, except in the case of

dismissal for cause or if the participant ceases his or her participation to the retirement plan, which results in the automatic cancellation of the participant's right to any retirement benefit pursuant to the standard retirement agreement.

The following table indicates, for each of the NEOs, the annualized eligible earnings, years of credited service and estimated annual retirement benefits payable at age 65 accrued as at October 31, 2018 and which will accrue if the participant remains employed by the Corporation until age 65. The table also sets forth the changes in the accrued retirement benefit obligation from October 31, 2017 to October 31, 2018, including the annual cost attributable to compensatory items for fiscal year 2018. These amounts were calculated using the same actuarial assumptions used for determining the accrued benefit obligation at year-end presented in our financial statements for the year ended October 31, 2018, in accordance with generally accepted accounting principles.

TABLE OF BENEFITS UNDER A RETIREMENT PLAN

Name of the officer	Number of years credited service <sup>(1)</sup>	Annual benefits payable <sup>(2)</sup>		Accrued benefit obligation as at November 1, 2017 <sup>(3)</sup>	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2018 <sup>(3)</sup>
		As at October 31, 2018	At age 65		Change attributable to compensatory items <sup>(4)</sup>	Change attributable to non-compensatory items <sup>(5)</sup>	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Jean-Marc Eustache	39.78	1,292,021	n/a	15,331,000	666,000	(357,000)	15,640,000
Denis Pétrin	9.00	104,295	254,612	1,363,000	176,000	(55,000)	1,484,000
Annick Guérard	5.92	48,331	545,685	911,000	164,000	(108,000)	967,000
Jean-François Lemay	7.00	53,669	149,826	721,000	161,000	(35,000)	847,000
Bernard Bussi�eres	17.64	129,267	288,385	1,710,000	184,000	(105,000)	1,789,000

(1) Number of years credited service in a position eligible to the senior executives' retirement plan as at October 31, 2018 or before that date following termination of employment or retirement in 2018.

(2) Represents the benefits payable at age 65 based on the average final salary and the participation at the forecasted date and without subtracting the benefits coming from the Canada Pension Plan or the Qu ebec Pension Plan. There is no data for Mr. Eustache because he is over 65 years of age.

(3) Represents the value of the projected pension benefits earned for years credited service up to October 31, 2017 or October 31, 2018, accounting for the benefits of the Canada Pension Plan and the Qu ebec Pension Plan, established in accordance with the assumptions described in Transat's respective financial statements.

(4) Corresponds to the cost of the services rendered during the fiscal year plus the value of the amendments to the agreement, if any, and the value corresponds to the variation of the compensation that differs from the actuarial assumptions.

(5) Represents the impact of all the other changes, including the interest related to the obligation for the previous year plus the change in the discount rate used to measure the obligation, the changes in other assumptions and the gains or losses realized other than those related to the compensation.

Obligations stemming from payable defined retirement benefits are guaranteed by an irrevocable letter of credit held by a third party trustee. This letter of credit provides for immediate payment of the accrued value of the benefits under the plan, without acceleration, upon the occurrence of the following events:

- the acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert (20% for the plan members before 2016);
- the loss of majority by the Directors in office;
- the sale of 50% of the assets or the majority of the securities of Air Transat and TTC (or the sale of 50% of the assets or a majority of the securities of Air Transat or TTC for the member in the plan prior to 2016).

## DEFINED CONTRIBUTION PLAN TABLE

To qualify for the Defined Contribution Plan, the officers must first participate in the Transat retirement plan for non-unionized employees, which includes an employee contribution paid to the RRSP and an employer contribution paid to the DPSP. For senior management positions, the contributions are both 2%, up to the maximum contributions allowed under the Income Tax Act (Canada).

The following table sets forth the changes in the sums accumulated in the defined contribution plan between November 1, 2017 and October 31, 2018, including the Corporation's contributions for fiscal year 2018.

Name of the officer	Accumulated value as at November 1, 2017 (\$)	Compensatory amount <sup>(1)</sup> (\$)	Accumulated value at the end of FY 2018 (\$)
Jean-Marc Eustache	744,224	13,250	761,000
Denis Pétrin <sup>(2)</sup>	551,073	8,406	560,057
Annick Guérard <sup>(2)</sup>	303,169	10,404	316,372
Jean-François Lemay	78,427	8,277	94,718
Bernard Bussières	297,836	6,530	306,648

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

(2) For Mr. Pétrin and Ms. Guérard, only the contributions to the RRSP and DPSP paid since they began participating in the senior management pension plan are subtracted from the value of the retirement benefits.

## TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS

### BENEFITS PROVIDED BY THE INDIVIDUAL AGREEMENTS IN CASE OF TERMINATION OF EMPLOYMENT

The Corporation has entered into an agreement with each of the NEOs in order to determine the applicable terms and conditions of employment of said individuals, specifically in the context of termination of employment. Each of these agreements was entered into in exchange for undertakings on the part of the NEOs, as hereinafter described.

The NEO undertakes not to solicit our customers or employees for a period of 18 to 36 months and not to enter into competition with us, namely not to operate or to participate in a business operating in the same sectors of activity, in any jurisdiction where Transat or one of its subsidiaries has a place of business, for a period of 12 to 18 months.

The agreements provide for payment of a termination allowance in case of involuntary departure (excluding cases of death, disability or dismissal for serious cause), increased for certain persons in the case of termination of employment following a change of control. No allowance will be payable in the event of a voluntary termination of employment. The allowance includes the base salary plus a bonus under the STIP, for a number of months determined as follows:

Officers	Involuntary departure termination allowance	Change of control (CofC) termination allowance (24-month protection following the CofC)
Jean-Marc Eustache	<ul style="list-style-type: none"> <li>• 24 months of base salary plus one month per year of service (maximum 36 months, which is reached)</li> <li>• Target under STIP</li> </ul>	
Denis Pétrin and Bernard Bussières	<ul style="list-style-type: none"> <li>• 12 months of base salary plus one month per year of service (maximum 18 months)</li> <li>• Target under STIP</li> </ul>	<ul style="list-style-type: none"> <li>• 18 months of base salary plus one month per year of service (maximum 24 months, which is reached)</li> <li>• Target under STIP</li> </ul>
Annick Guérard and Jean-François Lemay	<ul style="list-style-type: none"> <li>• 24 months of base salary</li> <li>• STIP based on the average of actual payments over the last two years.</li> </ul>	

The allowance is paid only if the Corporation terminates the officer's employment for a reason other than serious cause and, for Messrs. Eustache, Bussières and Pétrin, as well as for Ms. Guérard in the event of a change of control only, if the executive officer resigns for "valid reasons", as described in the agreements. The "valid reasons" include, in particular, a material and adverse change of functions affecting the position, including the reporting line (other than for Ms. Guérard); a significant reduction of compensation; relocation of the offices more than 100 kilometres away; and more generally, any constructive dismissal.

In the case of Jean-Marc Eustache, the "valid reasons" also include a material adverse change of functions affecting the positions of Chairman of the Board of Directors and/or Chief Executive Officer.

In the cases of Messrs. Eustache, Bussières and Pétrin, the agreements also provide, in the event of a change of control, a period of 180 days to exercise any Option granted, regardless of whether it is vested. All unexercised Options will become null and void at the end of this period.

The notion of change of control in the individual agreements is defined as follows:

Executive Officers	Definition of change of control
Jean-Marc Eustache, Denis Pétrin and Bernard Bussières (if not solicited by management)	<ul style="list-style-type: none"> <li>▪ acquisition or holding of 20% or more of the voting rights; except acquisition by the Corporation itself or similar or by a company with the same shareholding;</li> <li>▪ non-reelection of the majority of the members of the Board at the time the agreement comes into force (or their successors approved by three quarters of the directors in office);</li> <li>▪ sale of 50% of the assets, the majority of the voting rights to Air Transat or Transat Tours Canada, or almost all the assets of Air Transat or Transat Tours Canada.</li> </ul>
Annick Guérard	<ul style="list-style-type: none"> <li>▪ acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert;</li> <li>▪ loss of majority by the Directors in office;</li> <li>▪ sale of 50% of the assets or the majority of the securities of Air Transat or TTC.</li> </ul>
Jean-François Lemay	<ul style="list-style-type: none"> <li>▪ not applicable</li> </ul>

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

In addition to the NEOs, the other executive officers have indemnification clauses varying between 12 and 24 months, depending on seniority and circumstances (whether or not a change of control has occurred).

BENEFITS PROVIDED BY THE TEXT OF THE PLANS

Apart from the agreements made with the NEOs and the similar agreements signed with certain other senior officers, the pension and long-term incentive plans contain provisions in case of termination of employment and change of control, which apply to all the members in these plans, including the NEOs. These provisions are summarized in the table below. No new grants or awards will be made after the trigger date.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan / Transaction	Retirement Plan	Employee and other benefits
Involuntary departure (termination WITHOUT cause)	<ul style="list-style-type: none"> <li>• 180 days to exercise vested Options.</li> <li>• Unvested Options at the termination date are cancelled.</li> </ul>	<p>RSUs: converted into cash based on the % of the last vesting cycle ended, prorated in accordance with the number of months worked in the cycle of each award, at the value of the Corporation's shares on termination date.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on termination date by the value of the Corporation's shares on termination date.</p>	PSUs vest based on the % of the last vesting cycle ended, prorata to the months worked in the cycle of each award.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	A certificate of the accrued benefits on termination date is issued to the member.	All insurance coverages except short-term and long-term disability are maintained for the term of the benefits period (unless covered by alternate insurance before the end of the period).
Involuntary departure (termination WITH cause)	<ul style="list-style-type: none"> <li>• 180 days to exercise vested Options.</li> <li>• Unvested Options at the termination date are cancelled.</li> </ul>	<p>RSUs: no payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on termination date by the value of the Corporation's shares on the termination date.</p>	No payment.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	<p>Vesting of the portion of the defined contributions.</p> <p>Cancellation of the right to benefits of the defined benefit plan.</p>	End of coverage.
Resignation	<ul style="list-style-type: none"> <li>• 90 days to exercise vested Options.</li> <li>• Unvested Options at the termination date are cancelled.</li> </ul>	<p>RSUs: No payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on his termination date by the value of the Corporation's shares on that date.</p>	No payment.	All the shares subscribed by the member, and all the vested shares become unrestricted. The unvested shares are lost.	A certificate of the accrued benefits on termination date is issued to the member.	End of coverage.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan / Transaction	Retirement Plan	Employee and other benefits
Change of control	Any Option granted and not vested may be exercised, or the Board of the Corporation may force the exercise of any Option, whether vested or not, according to the terms and conditions prescribed by the Board.	RSUs: All the RSUs awarded and not vested vest on the date of change of control <sup>(1)</sup> . DSUs: Not applicable if the executive officer remains employed by the Corporation.	All PSUs awarded and not vested vest on the date of the change of control.	All the subscribed shares, unrestricted or not, and all the shares awarded automatically vest on the date of a change of control of the Corporation.	The trust agreement provides, in case of a change of control, for the immediate payment of constituted value of the benefits under the plan.	Not applicable (refer to the provisions relating to breach of contact).

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

As at January 13, 2016 and December 13, 2017, the Corporation decided to establish new plans in order to amend the change of control clauses. The following table summarizes the change of control clauses inserted in the plans and applicable to the various grants and awards made:

Application	Share Purchase Plan Share Purchase Plan / Transaction Defined Benefit Pension Plan <sup>(1)</sup> DSU Plan	RSU Plan	PSU Plan
Grants and awards before January 13, 2016	Unsolicited event or series of events (except for the events described in (iii) hereinafter) with one of the following results: (i) acquisition or holding of 20% or more of the voting rights; (ii) non-reelection of the majority of the members of the Board; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC; (iv) loss of 10% or more of the assets or voting rights after an event, such as nationalization or imposition of a confiscatory tax or assessment.	Automatic acceleration of RSU vesting in the event of non-reelection of the majority of the members of the Board.  The Board, at any time, may accelerate vesting of the RSUs after an event which, according to its determination, creates de facto control of the Corporation, directly or indirectly, by ownership of the securities of the Corporation, by agreement, or in any other manner whatsoever.	Event or series of events with one of the following results: (i) acquisition or holding of more than 50% of the voting rights; (ii) loss of majority by the Directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.
Grants and awards on or after January 13, 2016	Event or series of events with one of the following results: (i) acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert; (ii) loss of majority by the Directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC <sup>(2)</sup> .		

(1) The change of control clause in force before January 13, 2016 will continue to apply to all the members before that date, namely the 8 current executive officers participating in the plan, and the clause applicable on or after January 13, 2016 will apply to grants made to members after that date.

(2) For grants and awards made between January 13, 2016 and December 13, 2017, this clause stipulated: the majority of the securities of Air Transat or TTC.

## VALUE OF BENEFITS IN THE EVENT OF TERMINATION OF EMPLOYMENT (INVOLUNTARY DEPARTURE)

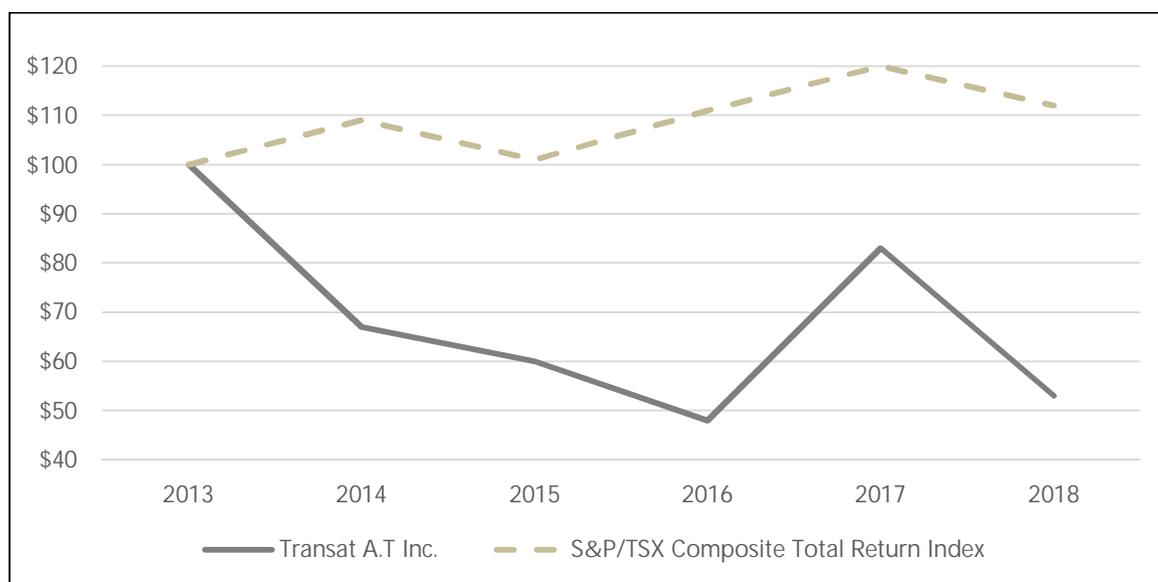
The following table reflects the monetary value of the various additional or accelerated benefits payable to each NEO in the event of termination of employment (involuntary departure) and termination of employment following a change of control, as provided in the various compensation plans and the individual agreements, if the change of control had occurred on October 31, 2018.

Name		Termination allowance	Options <sup>(1)(3)</sup>	RSUs <sup>(2)(3)</sup>	PSUs <sup>(2)(3)</sup>	Share Purchase Plan / Transaction <sup>(3)</sup>	Retirement Plan <sup>(4)</sup>
Jean-Marc Eustache	ID	\$5,478,000	n/a	\$0	\$351,050	n/a	n/a
	CofC		\$0	\$834,142	\$1,039,026	\$0	
Denis Pétrin	ID	\$954,000	n/a	\$0	\$87,335	n/a	n/a
	CofC	\$1,272,000	\$0	\$203,660	\$257,788	\$555,454	
Annick Guérard	ID	\$1,127,435	n/a	\$0	\$104,149	n/a	n/a
	CofC		\$0	\$131,573	\$343,767	\$390,955	
Jean-François Lemay	ID	\$915,414	n/a	\$0	\$83,131	n/a	n/a
	CofC		\$0	\$129,581	\$248,234	\$379,405	
Bernard Bussièrès	ID	\$724,275	n/a	\$0	\$51,519	n/a	n/a
	CofC	\$965,700	\$0	\$120,312	\$153,313	\$435,874	

- (1) The value indicated is for Options that have not vested and which would vest further to termination of employment in a change of control context on October 31, 2018.
- (2) The value indicated represents all RSUs/PSUs at the price per share on October 31, 2018, i.e. \$6.80, which would all vest in the event of a change of control as defined in the plan.
- (3) Note that early vesting under these plans occurs at the time of the change of control, regardless of whether or not the NEO's employment is terminated. The termination allowance is not automatically payable upon the change of control.
- (4) A change of control does not result in any additional retirement benefits. However, the trust agreement provides for the immediate payment of the constituted value of the benefits under the plan.

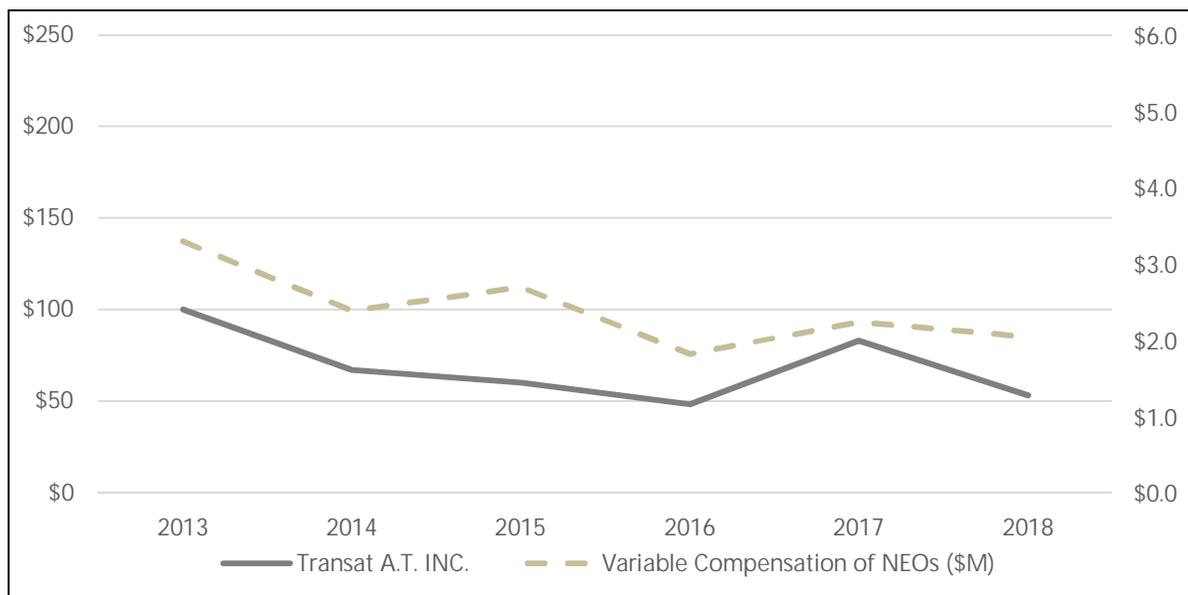
## PERFORMANCE GRAPH

The following performance graph indicates the cumulative total return over five years, assuming a \$100 investment made on October 31, 2013 in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



Fiscal Years	2013	2014	2015	2016	2017	2018
Transat A.T. Inc.	100	67	60	48	83	53
S&P/TSX Composite Total Return Index	100	109	101	111	120	112

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



Fiscal Years	2013	2014	2015	2016	2017	2018
Transat A.T. INC.	100	67	60	48	83	53
Variable Compensation of NEOs (\$M)	3.292	2.386	2.695	1.811	2.235	2.044

## SUCCESSION PLANNING

The HRCC regularly reviews a progress report on development activities, management training initiatives and staff movements with regard to succession planning for senior management, including the President and CEO. Moreover, under its normal work plan, the HRCC annually reviews the strategy on which the talent management process is based and monitors specifically the development of the succession candidates for the positions of President and CEO, and all other senior executive positions.

To concentrate on the organization's most important issues, management analyzes the organization's critical positions. The criticality of a position is evaluated based on three criteria: the financial impact on Transat, the difficulty of recruiting for the position, and the risk of the individual's departure. Following this exercise, 16 positions (from a pool of 492 executive officer, senior executive, management or professional positions) were identified as critical and action plans were deployed to reduce their impact. Within the context of talent management, for reasons of efficiency and operational needs, Transat has also chosen to concentrate on a specific pool of employees for the next few years.

Overall, senior management succession candidates progress in a succession of positions, allowing them to develop their understanding of Transat's business model and to rapidly apply the leadership skills required in their next positions. This path is supplemented by psychometric evaluations, individual development plans and coaching by the President and CEO and by the VP, Human Resources and Talent Management.

In the perspective of his future retirement, the process to find a successor to Mr. Jean-Marc Eustache, President and CEO, is underway. Over the past few years, a process to identify and evaluate candidates internally has been conducted, alongside a comparison with potential external candidates. This process led to the identification of Ms. Annick Guérard as being the candidate best positioned to prepare herself for future

succession. Over the last two years, Ms. Guérard's development has been specifically monitored by the HRCC, and she has been specifically trained by Mr. Eustache and an external coach. On November 1, 2017, Ms. Guérard was appointed to the position of Chief Operating Officer, thus taking charge of all the Corporation's operational activities, other than the development of the new hotel branch. These new duties should be the last step of her preparation as a replacement for Mr. Eustache.

Finally, Transat favours internal promotion and the approach used for preparation of the senior management succession is also used for the Corporation as a whole. This approach allows it to manage risk and is a guarantee of greater stability in managing the challenges of our business environment. In the course of the last year, 36 people were identified as having strong potential, and eleven (11) of them (or 30.5%) were promoted internally.

#### DIVERSITY AND MANAGEMENT

The Corporation wishes its executive officers to be diversified and thus be able to offer a depth of perspective and contribute to the improvement of the Corporation's operations. The President and CEO, in collaboration, when applicable, with the HRCC, is responsible for examining candidacies possessing the qualifications, competencies, experience, leadership and level of engagement required to fill senior officer positions. In the performance of part of its oversight role, the HRCC reviewed the Corporation's integrated approach to management of executive officers and employees demonstrating great aptitude and to succession planning, ascertaining it has a reserve of leaders to ensure short-term and long-term performance. The Committee examined the leadership development processes and practices in place and reviewed the depth of succession candidate pools for key management positions throughout the Corporation.

Regarding nomination of senior officers, the HRCC:

- (a) ensures that the diversity objectives are achieved, or are in the process of achievement, and that procedures are in place to comply with and achieve the target; and
- (b) considers the level of representation of women among the senior officer positions when it proceeds with their nomination.

As at October 31, 2018, 2 of the 12 executive officers of the Corporation were women, which represents 17% of the executive officer positions, as compared to 18% on October 31, 2017. It should be noted that in the level of positions immediately below the executive officer level, 5 of the 9 positions are currently held by women, which represents 33% of the positions (7 women out of 21). This level offers a talent pool that will allow the Corporation to further improve the gender balance within senior management in future. The recruitment approach favoured by the Corporation is to put a premium on inclusion and diversity by supporting the recruitment of women and offering them possibilities for advancement. Specific targets or proportions regarding the gender mix are not currently used for executive officer positions, given that the nominations are based on a set of balanced criteria, including the merits of the individual and his or her experience and skills at the relevant time. Nonetheless, the nominations of the executive officers are studied in the light of our diversity and talent management objectives, particularly the level of representation of women in executive officer positions.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants or rights as at October 31, 2018  (a)	Weighted average exercise price of outstanding options, warrants and rights as at October 31, 2018  (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2018  (c)
Equity compensation plans approved by securityholders	1,786,588	\$10.13	829,196
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
<b>Total</b>	<b>1,786,588</b>	<b>\$10.13</b>	<b>829,196</b>

### ▪ 2009 and 1995 Option Plans

As indicated above, the current Option grants are carried out under the 2016 Option Plan. However, a number of Options from the 2009 and 1995 Plans are still outstanding. A majority of the terms and conditions of the 2009 and 1995 Plans are identical to those of the 2016 Option Plan. The differences (other than the definition of change of control that is explained in detail in the section entitled "Termination of Employment and Change of Control Benefits") are as follows:

- Under the 1995 Plan, the cancelled Options cannot be reused for reserve purposes, whereas they can be reused under the 2009 Plan. Options can also be reused under the 2016 Plan, provided that the reserve of Options, namely the total of the outstanding Options and the Options available for future grants, is equal to 5% or less.
- The 1995 Plan provides that vesting of the Options is only subject to the passage of time. The 2009 Plan provides that vesting of the Options is subject to the passage of time and performance targets. The 2016 Plan provides that vesting of the Options is subject to the passage of time. However, the Board of Directors may determine other vesting provisions.
- The 1995 Plan does not provide for an annual maximum grant equal to 2% of the Corporation's outstanding shares, while the 2009 and 2019 Plans do.

### ▪ Deferred Share Unit Plan

The awards of deferred share units ("DSUs") to executive officers were discontinued by the Corporation effective November 1, 2006. Dividend equivalents, when applicable, are converted into additional DSUs according to the terms and conditions of the plan for executive officers who held DSUs before the awards ceased.

## ADDITIONAL DISCLOSURE

### CORPORATE DISCLOSURE POLICY

The Corporation follows a disclosure policy setting out the process by which it discloses its corporate information. The policy is implemented by the disclosure committee. Its members include most executive officers of the Corporation responsible for, amongst other things, earnings announcements, reviewing analyst reports, conference calls and meetings with analysts, selective disclosure of information, the use of forward-looking information, dealing with rumours and blackout periods. The policy provides for a disclosure compliance system and procedures to ensure that material information concerning Transat's affairs is brought to the attention of the disclosure committee members in a timely and accurate manner.

The disclosure policy is reviewed on a regular basis by the disclosure committee, in order to update it in relation to the Corporation's practices concerning disclosure within the Corporation.

### ADDITIONAL INFORMATION

More information on the Corporation is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or the Corporation's website at [www.transat.com](http://www.transat.com). Copies of our annual information form, management proxy circular, financial statements and MD&A may be obtained upon request made to our Corporate Secretary. We may charge a reasonable fee if the request is made by a person who is not a shareholder of Transat, unless we are in the course of a distribution of our securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge. Transat's financial information can be found in the comparative financial statements and MD&A for our last fiscal year.

Transat is a reporting issuer in the different Canadian provinces, and we must file our financial statements and management proxy circular with each of the Canadian Securities Administrators. We also file an annual information form with these same administrators.



APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

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

Made at Montréal, Québec, on March 19, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.

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

Bernard Bussières  
Vice-President, General Counsel and Corporate Secretary

## SCHEDULE A

### ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "Arrangement") under the Canada Business Corporations Act (the "CBCA") of Transat A.T. Inc. (the "Corporation"), as more particularly described and set forth in the management proxy circular (the "Circular") dated March 19, 2019 of the Corporation accompanying the notice of this meeting, as the Arrangement may be amended, modified or supplemented, is hereby authorized, approved and adopted.
2. The plan of arrangement of the Corporation (the "Plan of Arrangement"), the full text of which is set out in Schedule B of the Circular (as it has been or may be amended, modified or supplemented in accordance with its terms), is hereby authorized, approved and adopted.
3. The amendment of the Corporation's articles of incorporation (the "Articles") by way of the filing of articles of arrangement (the "Articles of Arrangement"), the full text of which is set out in Schedule C of the Circular (as it has been or may be amended, modified or supplemented in accordance with the Plan of Arrangement and the interim order in relation thereto) (the "Amendments"), are hereby ratified and approved.
4. The Corporation is hereby authorized to apply for a final order from the Superior Court of Québec to approve the Arrangement on the terms set forth in the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Corporation or that the Arrangement has been approved by the Superior Court of Québec, the directors of the Corporation are hereby authorized and empowered to, without notice to or approval of the shareholders of the Corporation, to (i) amend, modify or supplement the Plan of Arrangement or the Articles of Arrangement, and (ii) not to proceed with the Arrangement or the Amendments to the Articles.
6. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver, for filing with the Director appointed under section 260 of the CBCA, Articles of Arrangement and such other documents as are necessary or desirable to give effect to the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement and any such other documents.
7. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE B  
PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 192 OF  
THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1  
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth):

- (a) "air service" means a service, provided by means of an aircraft, that is publicly available for the transportation of passengers or goods, or both;
- (b) "Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation, the whole as supplemented, modified or amended;
- (c) "Arrangement Resolution" means the special resolution approving this Plan of Arrangement to be considered at the Meeting by the Shareholders voting together as a single class;
- (d) "Articles" means the articles of incorporation of the Corporation, as amended from time to time;
- (e) "Articles of Arrangement" means the articles in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;
- (f) "Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Montreal, in the Province of Quebec, for the transaction of banking business;
- (g) "Canadian" means:
  - (a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the Immigration and Refugee Protection Act, S.C. 2001, c. 27,
  - (b) a government in Canada or an agent or mandatary of such a government, or
  - (c) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where:
    - (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another Person, and

- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
- (h) "CBCA" means the Canada Business Corporations Act, R.S.C., 1985, c. C-44;
- (i) "Certificate" means the certificate to be issued by the Director pursuant to subsection 192(7) of the CBCA giving effect to the Arrangement;
- (j) "Class A Variable Voting Shares" means the Class A variable voting shares in the share capital of the Corporation;
- (k) "Class B Voting Shares" means the Class B voting shares in the share capital of the Corporation;
- (l) "Corporation" means Transat A.T. Inc., a corporation incorporated under the laws of Canada;
- (m) "Court" means the Superior Court of Quebec;
- (n) "CTA" means the Canada Transportation Act (S.C. 1996, c. 10);
- (o) "Director" means the director appointed under Section 260 of the CBCA;
- (p) "Effective Date" means the date the Arrangement is effective under the CBCA, as endorsed by the Certificate;
- (q) "Effective Time" means 12:01 a.m. (Montreal time) on the Effective Date as endorsed by the Certificate;
- (r) "Final Order" means the final order of the Court approving the Arrangement as such order may be amended or varied by the Court (with the consent of the Corporation) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to the Corporation) on appeal;
- (s) "Governmental Entity" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;
- (t) "Interim Order" means the interim order of the Court, in a form acceptable to the Corporation, concerning the Arrangement and providing for, among other things, declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended or varied by the Court (with the consent of the Corporation);
- (u) "Law" means, with respect to any Person, any and all applicable laws (statutory, civil, common or otherwise), constitutions, treaties, conventions, ordinances, codes, rules, regulations, orders, injunctions, judgments, decrees, rulings or other similar requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies,

- guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;
- (v) "Meeting" means the annual and special meeting of the Shareholders, including any adjournment or postponement of such annual and special meeting, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
  - (w) "Non-Canadian" means a Person who is not a Canadian;
  - (x) "Non-Canadian Holder Authorized to Provide Air Service" means one or more non-Canadian Shareholders authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
  - (y) "Person" includes an individual, limited or general partnership, limited liability corporation, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
  - (z) "Plan of Arrangement" means this plan of arrangement under Section 192 of the CBCA, and any amendments or variations made in accordance therewith or made at the direction of the Court in the Final Order with the prior written consent of the Corporation;
  - (aa) "Shareholders" means the holders and the beneficial owners of the Class A Variable Voting Shares and the holders and the beneficial owners of the Class B Voting Shares;
  - (bb) "Shares" means the Class A Variable Voting Shares and the Class B Voting Shares;
  - (cc) "Single Non-Canadian Holder" means any single non-Canadian Shareholder, either individually or in affiliation with another Person; and
  - (dd) "Transfer Agent" means AST Trust Company (Canada).
- 1.2 Headings, etc. The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 References. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Number and Gender. Unless the context requires otherwise, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.
- 1.5 Business Day. In the event that the date on which any action is required to be taken hereunder is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, except that the Effective Date can fall on a date that is not a Business Day.

- 1.6 Computation of Time. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- 1.7 Statutes. References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.8 Governing Law. This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.
- 1.9 Time References. References to time herein are to local time, Montreal, Quebec.

## ARTICLE 2 BINDING EFFECT

- 2.1 Upon the filing of the Articles of Arrangement and the issuance of the Certificate, this Plan of Arrangement shall become, at and after the Effective Time, effective and binding on: (i) all the Shareholders; (ii) the Corporation, (iii) the Transfer Agent, and (iv) all other Persons, without any further formality required on the part of any Person, except as expressly provided herein.

## ARTICLE 3 THE ARRANGEMENT

- 3.1 At the Effective Time, the following events shall occur and shall be deemed to occur in the following order without any further authorization, act or formality on the part of any Person:
- (a) the Corporation's Articles shall be amended, and shall be deemed to be amended, in the form attached as Schedule A hereto, to modify the rights attached to the Shares in order to reflect the amendments to the CTA implemented through the Transportation Modernization Act (Bill C-49);
  - (b) Articles of Arrangement in the form attached as Schedule A hereto shall be adopted and the Corporation's Articles shall be amended accordingly; and
  - (c) the Corporation shall be authorized to amend the declaration and any form or other document to be completed from time to time by Shareholders to determine their status as Canadian, non-Canadian, Single Non-Canadian Holder and Non-Canadian Authorized to Provide Air Service and to determine whether the Shareholder holds, is the beneficial owner of or has control over any Shares and whether the Shareholder is in affiliation with any Single Non-Canadian Holder or with any Non-Canadian Holder Authorized to Provide Air Service, and, in any such circumstance, the identity of such affiliated Shareholders, and declaring any further facts that the Corporation considers relevant, such amendments to be made in accordance with the authority granted to the directors in the Corporation's Articles by way of the Articles of Arrangement.
- 3.2 The Arrangement and the amendment of the Articles by way of Articles of Arrangement shall not trigger any right of dissent for the Shareholders, whether under the CBCA or otherwise.
- 3.3 Each Shareholder, with respect to each step set out in Section 3.1 applicable to such Shareholder, shall be deemed, at the time such step occurs, to have executed and delivered all necessary or

required consents, releases, assignments, instruments, certificates, powers of attorney and waivers, statutory or otherwise, relating to or in connection with the completion of such step.

- 3.4 The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with regard to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence and at the times set out therein.
- 3.5 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

#### ARTICLE 4 AMENDMENTS AND WITHDRAWAL

- 4.1 The Corporation may amend this Plan of Arrangement at any time, provided that each such amendment must be set out in writing and filed with the Court.
- 4.2 Any amendment to this Plan of Arrangement may be proposed by the Corporation at any time prior to or at the Meeting with or without any other prior notice or communication to Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as required by the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 4.3 The Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court, and, if and as required by the Court, after communication to Shareholders.
- 4.4 Notwithstanding anything to the contrary contained herein, any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Corporation without the approval of the Court or of the Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Corporation, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any Shareholder.
- 4.5 This Plan of Arrangement may be withdrawn and the Corporation may not proceed with this Plan of Arrangement prior to the Effective Time in accordance with the Arrangement Resolution.

#### ARTICLE 5 FURTHER ASSURANCES

- 5.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in in Section 3.1 and shall become effective without any further act or formality, the Corporation shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order to further document or evidence any of the transactions or events set out herein.

## SCHEDULE C

### ARTICLES OF ARRANGEMENT

#### SCHEDULE "A"

#### 1. INTERPRETATION

##### 1.1 Definitions

For the purposes of this Schedule "A", the following terms have the following meanings:

"affiliation", for the purposes of Section 2.1 of this Schedule "A", shall have the meanings set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder;

"Aggregate Votes" means the aggregate of the votes attached to all voting shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

"air service" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder;

"Canadian" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder;

"CBCA" means the Canada Business Corporations Act;

"CBCA Regulations" means the regulations made under the CBCA;

"CTA" means the Canada Transportation Act;

"held" or "holds", for the purposes of Section 2.1 of this Schedule "A", when in reference to the Variable Voting Shares that a person "held" or "holds", shall refer to, and include, the Variable Voting Shares held, beneficially owned or controlled, directly or indirectly by such person;

"Non-Canadian Holder Authorized to Provide Air Service" means any non-Canadian authorized to provide an air service in any jurisdiction;

"Offeror" shall have the meaning set forth in Subsection 206 of the CBCA or as specified in any regulation made thereunder;

"person" includes an individual, corporation, body corporate, partnership, unincorporated organization, government or agency therefor, trustee, executor, administrator and other legal representative, and when used in this Schedule "A", references to "person" in the singular shall be deemed to include the plural and vice versa;

"Single Non-Canadian Holder" means a single non-Canadian holder of Variable Voting Shares, which shall also include a single Non-Canadian Holder Authorized to Provide Air Service for the purposes of Section 2.1.1;

"Transfer Agent" means the transfer agent and the registrar of the Corporation;

"Voting Share" means the Class B Voting Shares of the share capital of the Corporation;

"Variable Voting Share" means the Class A Variable Voting Shares of the share capital of the Corporation; and

"voting share" means the Variable Voting Shares and the Voting Shares of the share capital of the Corporation.

## 1.2 Interpretation

All terms used in this Schedule "A" that are not defined in these articles but are defined in the CBCA have the meanings ascribed thereto in the CBCA. Any provision of this Schedule "A" that may be read in a manner that is inconsistent with the CBCA shall be read so as to be consistent therewith.

Unless otherwise specified, references in these articles to legislation or regulation, including the CBCA and CTA, shall be interpreted as referring to those provisions as they may be amended, replaced or supplemented from time to time.

## 2. CLASS A VARIABLE VOTING SHARES

The Variable Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

### 2.1 Voting

The holders of the Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to vote separately as a class as provided in the CBCA.

The holders of Variable Voting Shares shall be entitled to one vote per Variable Voting Share, unless any of the thresholds set forth in Sections 2.1.1, 2.1.2 or 2.1.3, as the case may be, would otherwise be surpassed at any time in which case the vote attached to a Variable Voting Share will decrease as described in this Section 2.1 below.

#### 2.1.1 Single Non-Canadian Holder

If at any time:

- (i) a Single Non-Canadian Holder, either individually or in affiliation with any other person, holds a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes that would be cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting;

then the vote attached to each Variable Voting Share held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

#### 2.1.2 Non-Canadian Holders Authorized to Provide Air Service

If at any time:

- (i) one or more Non-Canadian Holders Authorized to Provide Air Service, collectively hold, either individually or in affiliation with any other person, a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1.1 (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation); or
- (ii) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1.1 (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Variable Voting Share held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

### 2.1.3 General Voting

If at any time:

- (i) the number of Variable Voting Shares outstanding as a percentage of the total number of all voting shares outstanding after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1.1 and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section 2.1.2 (in each case, if any, as may be required under such sections), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation); or
- (ii) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1.1 and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section 2.1.2 (in each case, if any, as may be required under such Sections), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

then, the vote attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

### 2.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The voting shares shall rank equally as to dividends on a share for share basis, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all voting shares then outstanding, without preference or distinction.

### 2.3 Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares or the Voting Shares shall occur unless, simultaneously, the Variable Voting Shares or the Voting Shares, as the case may be, are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

### 2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation, the holders of voting shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

### 2.5 Conversion

#### 2.5.1 Automatic

Each issued and outstanding Variable Voting Share shall be automatically converted into one Voting Share without any further act on the part of the Corporation or of the holder, if:

- (i) such Variable Voting Share is or becomes owned and controlled by a Canadian; or
- (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

#### 2.5.2 Upon an Offer

In the event that an offer is made to purchase Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed, to be made to all or substantially all the holders of Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to Section 2.1, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Voting Shares resulting from the conversion of the Variable Voting Shares shall be delivered to the holders on whose behalf such deposit is being made.

If Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Voting Shares being taken up and paid for, the Voting Shares resulting from the conversion will be re-converted into Variable Voting Shares and a share certificate representing the Variable Voting Shares will be sent to the holder by the Transfer Agent. Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be re-converted into Variable Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is not a Canadian.

In the event that the Offeror takes up and pays for the Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Variable Voting Shares into Voting Shares in the following cases:

- (i) the offer to purchase Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed to be made to all or substantially all of the holders of Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Voting Shares; or
- (iii) holders of Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent ( $66\frac{2}{3}\%$ ) of the then outstanding Voting Shares (excluding shares owned immediately prior to the offer by the Offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Voting Shares.

### 3. CLASS B VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class, the Class B Voting Shares (hereinafter the "Voting Shares") shall have attached thereto the following rights, privileges, restrictions and conditions set forth herein.

#### 3.1 Voting

The holders of Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to

vote separately as a class as provided in the CBCA. Each Voting Share shall confer the right to one vote at all meetings of shareholders of the Corporation.

### 3.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Voting Shares, holders of Voting Shares shall be entitled to receive the dividends declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The voting shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all voting shares then outstanding, without preference or distinction.

### 3.3 Subdivision or Consolidation

No subdivision or consolidation of the Voting Shares or the Variable Voting Shares shall occur unless, simultaneously, the Voting Shares or the Variable Voting Shares, as the case may be, are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of the said classes.

### 3.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares ranking prior to the Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation, the holders of voting shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

### 3.5 Conversion

#### 3.5.1 Automatic

Subject to the foreign ownership restrictions of the CTA, an issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Voting Share is or becomes owned or controlled, by a person who is not a Canadian.

#### 3.5.2 Upon an Offer

In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the Offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to Section 3.1, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

- (i) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Variable Voting Shares resulting from the conversion of the Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

If Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; or the offer is abandoned or withdrawn by the Offeror or the offer otherwise expires without such Variable Voting Shares being taken up and paid for, the Variable Voting Shares resulting from the conversion will be re-converted into Voting Shares and a share certificate representing the Voting Shares will be sent to the holder by the Transfer Agent. Variable Voting Shares resulting from the conversion and taken up and paid for by the Offeror shall be re-converted into Voting Shares at the time the Offeror is required under the applicable securities legislation to take up and pay for such shares if the Offeror is Canadian.

In the event that the Offeror takes up and pays for the Variable Voting Shares resulting from conversion, the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

There will be no right to convert the Voting Shares into Variable Voting Shares in the following cases:

- (i) the offer to purchase Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed to be made to all or substantially all of the holders of Variable Voting Shares, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Voting Shares is made concurrently with the offer to purchase Variable Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Voting Shares must be unconditional, subject to the exception that the offer for the Voting Shares may contain a condition to the effect that the Offeror is not required to take up and pay for Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares; or
- (iii) holders of Variable Voting Shares representing, in the aggregate, more than sixty-six and two-thirds percent (66⅔%) of the then outstanding Variable Voting Shares (excluding shares owned immediately prior to the offer by the Offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Variable Voting Shares.

#### 4. CONSTRAINTS ON OWNERSHIP OF SHARES

##### 4.1 Variable Voting Shares

The Variable Voting Shares may only be owned or controlled by persons who are not Canadians.

##### 4.2 Voting Shares

The Voting Shares may only be owned and controlled by Canadians.

##### 4.3 CBCA Constraints

In the event that any Canadian federal legislation or regulation applicable to the Corporation should become prescribed for the purposes of Subsection 46(1) or Subsection 174(1)(c) of the CBCA, this Schedule "A" shall be read as if it included additional constraints that assist the Corporation or any of its affiliates or associates (within the meaning of the CBCA) to qualify under such prescribed law or regulation to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership and control and such specified level of Canadian ownership and control shall be the level of Canadian ownership and control designated by such prescribed law or regulation of Canada.

##### 4.4 Joint Ownership

For the purposes of this Schedule "A", where voting shares of the Corporation are owned or controlled by several persons jointly, the number of voting shares owned or controlled by any one such person shall include the number of voting shares owned or controlled jointly with such other persons. Where the voting shares are owned or controlled jointly by a person who is not Canadian and another person or persons, the voting shares shall be deemed to be owned or controlled by such person who is not a Canadian.

##### 4.5 Exceptions

4.5.1 Nothing in this Schedule "A" shall be construed to apply in respect of voting shares of the Corporation that:

- (i) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
- (ii) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

4.5.2 The constraints imposed pursuant to this Section 4 do not apply to the extent that a person who is not a Canadian holds voting shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

#### 4.6 Powers of Directors

- 4.6.1 In the administration of this Schedule "A", the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.
- 4.6.2 Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of the provisions of this Schedule "A" or any breach or alleged breach of such provisions.

SCHEDULE D  
INTERIM ORDER

See attached.

# SUPERIOR COURT

(Commercial Division)

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No.: 500-11-056035-195

DATE : February 15, 2019

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IN THE PRESENCE OF THE HONOURABLE MARTIN CASTONGUAY S.C.J.

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IN THE MATTER OF THE PROPOSED ARRANGEMENT PURSUANT TO  
SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.C.S. 1985, c.  
C-44 AS AMENDED (THE "CBCA")

TRANSAT A.T. INC.,

Applicant

and

THE DIRECTOR,

Impleaded Party

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INTERIM ORDER<sup>1</sup>

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[1] **ON READING** Transat A.T. Inc. ("**Transat**")'s Application for an Interim and a  
Final Order pursuant to the *Canada Business Corporations Act*, R.C.S. 1985, c.

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<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the arrangement disclosure of Transat (the "**Arrangement Disclosure**"), which is communicated as Exhibit P-2 to the Application.

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C-44 as amended (the "**CBCA**"), the exhibits, the sworn statement of Bernard Bussièrès filed in support thereof (the "**Application**") and Transat's Plan of Argument for the Issuance of an Interim Order;

- [2] **GIVEN** that this Court is satisfied that the Director appointed pursuant to the *CBCA* has been duly served with the Application and has confirmed in writing that he would not appear or be heard on the Application;
- [3] **GIVEN** the provisions of the *CBCA*;
- [4] **GIVEN** the representations of counsel for Transat;
- [5] **GIVEN** that this Court is satisfied, at the present time, that the proposed amendment to Transat's Articles of Incorporation is an "arrangement" within the meaning of Section 192(1) of the *CBCA*;
- [6] **GIVEN** that this Court is satisfied, at the present time, that it is not practicable for Transat to effect the arrangement proposed under any other provision of the *CBCA*;
- [7] **GIVEN** that this Court is satisfied, at the present time, that Transat meets the requirements set out in Subsections 192(2)(a) and (b) of the *CBCA* and that Transat is not insolvent;
- [8] **GIVEN** that this Court is satisfied, at the present time, that the arrangement is put forward in good faith and, in all likelihood, for a valid business purpose;

**FOR THESE REASONS, THE COURT:**

- [9] **GRANTS** the Interim Order sought in the Application;
- [10] **DISPENSES** Transat of the obligation, if any, to notify any person other than the Director appointed pursuant to the *CBCA* with respect to the Interim Order;
- [11] **ORDERS** that all holders of class A variable voting shares and class B voting shares (collectively the "**Shareholders**") be deemed parties, as Impleaded

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Parties, to the present proceedings and be bound by the terms of any Order rendered herein;

***The Meeting***

- [12] **ORDERS** that Transat may convene, hold and conduct the meeting on **April 30, 2019**, commencing at 10:00 a.m. (Montréal time) at McGill University's New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8 (the "**Meeting**"), at which time the Shareholders will be asked, among other things, to consider and, if thought appropriate, to pass, with or without variation, the Arrangement Resolution substantially in the form set forth in Appendix A of the Arrangement Disclosure to, among other things, authorize, approve and adopt the Arrangement, and to transact such other business as may properly come before the Meeting, the whole in accordance with the terms, restrictions and conditions of the articles and by-laws of Transat, the *CBCA*, and this Interim Order, provided that to the extent there is any inconsistency between this Interim Order and the terms, restrictions and conditions of the articles and by-laws of Transat or the *CBCA*, this Interim Order shall govern;
- [13] **ORDERS** that in respect of the vote on the Arrangement Resolution or any matter determined by the Chair of the Meeting to be related to the Arrangement, each registered holder of class A variable voting shares (the "**Variable Voting Shares**") and class B voting shares (the "**Common Voting Shares**" and together with the Variable Voting Shares, collectively the "**Voting Shares**") shall be entitled to cast one vote in respect of each such Voting Share held;
- [14] **ORDERS** that the Shareholders will vote together as a single class. Notwithstanding paragraph 5 of the present Interim Order, each Variable Voting Share shall carry one vote per Variable Voting Share, unless (i) the number of issued and outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Voting Shares or (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at the Meeting exceeds 25%

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of the total number of votes that may be cast at such Meeting. If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically and without further act or formality such that: (i) the Variable Voting Shares as a class cannot carry more than 25% of the aggregate votes attached to all issued and outstanding Voting Shares and (ii) the Variable Voting Shares as a class cannot carry more than 25% of the total number of votes that can be exercised at the Meeting.

- [15] **ORDERS** that quorum shall be present at the Meeting if at least two Shareholders holding not less than 25% of the Voting Shares entitled to vote at the Meeting are present in person or represented by proxy, irrespective of the number of persons actually at the Meeting. If a quorum is present at the opening of the Meeting, the Shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting;
- [16] **ORDERS** that the only persons entitled to attend, be heard or vote at the Meeting (as it may be adjourned or postponed) shall be the registered Shareholders at the close of business on the Record Date (March 1, 2019) their proxy holders, and the directors and advisors of Transat, provided however that such other persons having the permission of the Chair of the Meeting shall also be entitled to attend and be heard at the Meeting;
- [17] **ORDERS** that for the purpose of the vote on the Arrangement Resolution, or any other vote taken by ballot at the Meeting, any spoiled ballots, illegible ballots and defective ballots shall be deemed not to be votes cast by Shareholders and further **ORDERS** that proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution;
- [18] **ORDERS** that Transat, if it deems it advisable, be authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present), without the necessity of first convening the Meeting or first obtaining

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any vote of Shareholders respecting the adjournment or postponement; further **ORDERS** that notice of any such adjournment or postponement shall be given by press release, newspaper advertisement or by mail, as determined to be the most appropriate method of communication by Transat; further **ORDERS** that any adjournment or postponement of the Meeting will not change the Record Date for Shareholders entitled to notice of, and to vote at, the Meeting and further **ORDERS** that any subsequent reconvening of the Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of the Meeting;

[19] **ORDERS** that Transat may amend the Arrangement at any time, provided that each such amendment must be set out in writing and filed with the Court. Further, **ORDERS** that:

- a) Any amendment, modification or supplement to the Plan of Arrangement may be made prior to the Effective Time by Transat without the approval of the Court or of the Shareholders, provided that it concerns a matter which, in the reasonable opinion of Transat, is of an administrative nature required to better give effect to the implementation of the Arrangement or is not adverse to the financial or economic interests of any Shareholders.
- b) Subject to paragraph a) above, any amendment to the Arrangement may be proposed by Transat at any time prior to or at the Meeting with or without any other prior notice or communication to Shareholders, and if so proposed and accepted by the persons voting at the Meeting, shall become part of the Arrangement for all purposes.
- c) Subject to paragraph a) above, Transat may amend, modify and/or supplement the Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court, and, if and as required by the Court, after communication to Shareholders.

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d) This Plan of Arrangement may be withdrawn and Transat may not proceed with this Plan of Arrangement prior to the Effective Time in accordance with the Arrangement Resolution.

[20] **ORDERS** that Transat is authorized to use proxies at the Meeting; that Transat is authorized, at its expense, to solicit proxies on behalf of its management, directly or through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine; and that Transat may waive, in its discretion, the time limits for the deposit of proxies by the Shareholders if it considers it advisable to do so;

[21] **ORDERS** that, to be effective, the Arrangement Resolution, with or without variation, must be approved by the affirmative vote of not less than  $66 \frac{2}{3}$  at a minimum percent of the total votes cast on the Arrangement Resolution by the Shareholders present in person or by proxy at the Meeting and entitled to vote at the Meeting; and further **ORDERS** that such vote shall be sufficient to authorize and direct Transat to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what has been disclosed to the Shareholders in the Notice Materials (as this term is defined below);

***The Notice Materials***

[22] **ORDERS** that Transat shall give notice of the Meeting, and that service of the Application for a Final Order shall be made by mailing or delivering, in the manner hereinafter described and to the persons hereinafter specified, a copy of this Interim Order, together with the following documents, with such non-material amendments thereto as Transat may deem to be necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order (collectively, the "**Notice Materials**");

a) the Notice of Meeting;

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- b) the Arrangement Disclosure substantially in the same form as contained in Exhibit P-2, with such amendments thereto as counsel to Transat may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order);
- c) a Form of Proxy substantially in the same form as contained in Exhibit P-3 to the Application, which shall be finalized by inserting the relevant dates and other information;
- d) a notice substantially in the form of the draft filed as Appendix E to the Arrangement Disclosure (Exhibit P-2) providing, among other things, the date, time and room where the Application for a Final Order will be heard, and that a copy of the Application can be found on Transat's Web site (the "**Notice of Presentation**"); and
- e) any other communications determined by Transat to be necessary or advisable.

**[23] ORDERS** that the Notice Materials shall be distributed:

- a) to the registered Shareholders by mailing the same to such persons in accordance with the *CBCA* and Transat's by-laws at least twenty-one (21) days prior to the date of the Meeting;
- b) to the non-registered Shareholders, in compliance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
- c) to Transat's directors and auditors, by delivering same at least twenty-one (21) days prior to the date of the Meeting in person or by recognized courier service or by email; and
- d) to the Director appointed pursuant to the *CBCA*, by delivering same at least twenty-one (21) days prior to the date of the Meeting in person or by recognized courier service or by email;

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- [24] **ORDERS** that a copy of the Application be posted on Transat's website (www.transat.com) at the same time the Notice Materials are mailed;
- [25] **ORDERS** that the Record Date for the determination of Shareholders entitled to receive the Notice Materials and to attend and be heard at the Meeting and vote on the Arrangement Resolution shall be the close of business (Montréal time) on March 1, 2019.
- [26] **ORDERS** that Transat may make, in accordance with this Interim Order, such additions, amendments or revision to the Notice Materials as it determines to be appropriate (the "**Additional Materials**"), which shall be distributed to the persons entitled to receive the Notice Materials pursuant to this Interim Order by the method and in the time determined by Transat to be most practicable in the circumstances;
- [27] **DECLARES** that the mailing or delivery of the Notice Materials and any Additional Materials in accordance with this Interim Order as set out above constitutes good and sufficient notice of the Meeting upon all persons, and that no other form of service of the Notice Materials and any Additional Materials or any portion thereof, or of the Application need be made, or notice given or other material served in respect of the Meeting to any persons;
- [28] **ORDERS** that the Notice Materials and any Additional Materials shall be deemed, for the purposes of the present proceedings, to have been received and served upon:
- a) in the case of distribution by mail, three (3) business days after delivery thereof to the post office;
  - b) in the case of delivery in person or by courier, upon receipt thereof at the intended recipient's address; and
  - c) in the case of delivery by facsimile transmission or by e-mail, on the day of transmission;

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[29] **DECLARES** that the accidental failure or omission to give notice of the Meeting to, or the non-receipt of such notice by, one or more of the persons specified in the Interim Order shall not invalidate any resolution passed at the Meeting or the proceedings herein, and shall not constitute a breach of the Interim Order or defect in the calling of the Meeting, provided that if any such failure or omission is brought to the attention of Transat, it shall use reasonable efforts to rectify such failure or omission by the method and in the time it determines to be most reasonably practicable in the circumstances;

***The Final Order Hearing***

[30] **ORDERS** that subject to the approval by the Shareholders of the Arrangement Resolution in the manner set forth in this Interim Order, Transat may apply for this Court to sanction the Arrangement by way of a final judgment (the "**Application for a Final Order**");

[31] **ORDERS** that the Application for a Final Order be presented on **May 8, 2019** before the Superior Court of Québec, sitting in the Commercial Division in and for the district of Montréal at the Montréal Courthouse, located at 1 Notre-Dame Street East in Montréal, Québec, Room **16.12** (or any other room so determined by the Court) at **12:00 p.m.** or so soon thereafter as counsel may be heard, or at any other date this Court may see fit;

[32] **ORDERS** that the mailing or delivery of the Notice Materials constitutes good and sufficient service of the Application and good and sufficient notice of presentation of the Application for a Final Order to all persons, whether those persons reside within Québec or in another jurisdiction;

[33] **ORDERS** that the only persons entitled to appear and be heard at the hearing of the Application for a Final Order shall be Transat and any person that:

- a) files an appearance with this Court's registry and serve same on Transat's counsel, Fasken Martineau DuMoulin LLP, Stock Exchange Tower 800 Place Victoria, Suite 3700, Montréal, Québec, H4Z 1E9,

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email: ariendeau@fasken.com and bfarber@fasken.com, Attention: Mtres Alain Riendeau and Brandon Farber, no later than **4:30 p.m. on May 3, 2019**; and

- b) if such appearance is with a view to contesting the Application for a Final Order, serves on Transat's counsel (at the above email address), no later than **4:30 p.m. on May 3, 2019**, a written contestation supported as to the facts alleged by sworn statement(s), and exhibit(s), if any;

**[34] ALLOWS** Transat to file any further evidence it deems appropriate, by way of supplementary sworn statements or otherwise, in connection with the Application for a Final Order;

***Miscellaneous***

**[35] DECLARES** that Transat shall be entitled to seek leave to vary this Interim Order upon such terms and such notice as this Court deems just;

**[36] ORDERS** provisional execution of this Interim Order notwithstanding any appeal therefrom and without the necessity of furnishing any security;

**[37] THE WHOLE** without costs.

  
\_\_\_\_\_  
The Honourable Martin Castonguay

Mtres Alain Riendeau and Brandon Farber  
Fasken Martineau DuMoulin LLP  
Attorneys for Transat A.T. Inc.

Date of hearing: February 15, 2019

15 FEB. 2019



Julio Berrios  
GREFFIER ADJOINT C.S.M.

SCHEDULE E

NOTICE OF PRESENTATION

**NOTICE OF PRESENTATION  
(FINAL ORDER)**

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**TAKE NOTICE** that the present *Application for Interim and Final Order* will be presented for adjudication of the Final Order sought therein to the Superior Court of Québec, sitting in the Commercial Division, in and for the district of Montréal at the Montréal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, in **room 16.12**, on **May 8, 2019**, at 12:00 p.m. (Montréal time) or any other date fixed by the Court, as shall be determined by the judge adjudicating the Interim Order.

Pursuant to the Interim Order issued by the Superior Court of Québec on [February 15], 2019, if you wish to make representations before the Court, you are required to file an appearance at the Office of the Clerk of the Superior Court of the District of Montréal, no later than **4:30 p.m. (Montréal time) on May 3, 2019** and to serve Mes Alain Riendeau and Brandon Farber of Fasken Martineau DuMoulin LLP, counsel for the Applicant, a copy of this form within the same time limit at the following address:

Stock Exchange Tower, 800 Place Victoria, Suite 3700  
Montréal, Québec H4Z 1E9  
Email: ariendeau@fasken.com and bfarber@fasken.com

If you wish to contest the issuance by the Court of the Final Order, you are required, pursuant to the terms of the Interim Order, to prepare a written contestation containing the reasons why the Court should not issue the Final Order. This written contestation must be supported as to the facts by sworn statement(s), and exhibit(s), if any, and must be filed at the Office of the Clerk of the Superior Court of the District of Montreal no later than **4:30 p.m. (Montréal time) on May 3, 2019**, and serve Mes Alain Riendeau and Brandon Farber of Fasken Martineau DuMoulin LLP, counsel for the Applicant the above-mentioned email addresses.

**TAKE FURTHER NOTICE** that, if you do not file a written contestation and/or an appearance form within the above-mentioned time limits, you will not be entitled to contest the Application for Final Order or make representations before the Court, and the Applicant may be granted a judgment without further notice or extension.

If you wish to make representations or contest the issuance by the Court of the Final Order, it is important that you take action within the time limits indicated, either by retaining the services of an attorney who will represent you and act in your name, or by doing so yourself.

**DO GOVERN YOURSELVES ACCORDINGLY.**

Montréal, this February 14, 2019

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**Fasken Martineau DuMoulin LLP**

Attorneys for Transat A.T. Inc.

800 Victoria Square, Suite 3700

P.O. Box 242

Montréal, Québec H4Z 1E9

Fax number: +1 514 397 7600

**Mtre Alain Riendeau**

Phone number: +1 514 397-7678

Email: ariendeau@fasken.com

**Mtre Brandon Farber**

Phone number: + 514 397-5179

Email: bfarber@fasken.com

SCHEDULE F

NON-BINDING ADVISORY RESOLUTION OF THE SHAREHOLDERS REGARDING THE  
CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION

"BE IT RESOLVED:

THAT on an advisory basis and without limiting the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation set out in the Management Proxy Circular attached hereto."

## SCHEDULE G

### SHAREHOLDER PROPOSALS

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

On the date its proposal was filed and based on the public information available, MÉDAC held, as at March 1, 2019, 320 Class B Voting Shares and Class A Variable Voting Shares of the Corporation, representing 0.001% of all the issued and outstanding Voting Shares.

#### Proposal No. 1

#### Inclusion of environmental, social and governance (ESG) criteria in establishing executive compensation

It is proposed that, as part of its annual activity report, the Compensation Committee present a report on the importance it ascribes to including environmental, social and governance (ESG) criteria in evaluating the performance of its executive officers and in determining their incentive compensation.

#### MÉDAC's arguments

It should first be noted that the guidelines established in the United Nations Principles for Responsible Investing (2012) and by the UN Global Compact specify that the inclusion of ESG criteria can be an important factor in shareholder protection and value creation.

These objectives can be reflected in the degree of representation of women in decision-making bodies, in workforce sociocultural diversity, in paper, energy and water use reduction initiatives, in actions to ensure the sustainable employability of various staff in light of automation, and in various programs to promote the health and wellness of employees, amongst other things.

In this regard, it should be noted that businesses with specific ESG policies generally have a better reputation with their customers, adapt more readily to change, manage their risks better and are more innovative and therefore better equipped to develop long-term added value for their shareholders and other stakeholders.

It is clear that the inclusion of financial objectives in evaluating the performance of senior executives and in setting their compensation plays a crucial role in achieving those objectives.

It is important to assure to shareholders and to other parties that all three ESG criteria are central to the evaluation of the CEO's and the executive officers' performance.

### The Corporation's Position

Environmental, Social and Governance (ESG) Considerations are amongst Transat's highest concerns, and the Corporation has been firmly committed to sustainable development of tourism for a long time now. The Corporation shares its initiatives relating to corporate responsibility and their progression in real time on its Website: <https://www.transat.com/en-CA/corporate-responsibility/our-ambition>.

It is important to remember that Transat obtained Travelife certification in 2018, two years after committing to this difficult undertaking that scrutinized, with more than 200 criteria, its workplace practices, product range, business partners and customers. Over the years, Transat has also received numerous awards for its environmental and sustainable action, and as a top employer.

The Corporation knows how crucial those elements are within the context of sound corporate governance. As a matter of fact, they constitute part of the President and CEO's and other senior executives' fixed objectives, for which they are evaluated.

However, given that the criteria used in evaluating the performance of senior executives and determining their incentive pay are already disclosed in the Management Proxy Circular, and since the Corporation's ESG initiatives are described and measured on the aforementioned Website, it does not seem relevant for the Human Resources and Compensation Committee to present a specific and separate document thereon, since all the information is already available.

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

### Proposal No. 2

#### Director Independence

It is proposed that the Chair of the Board of Directors declare, in the Management Proxy Circular, all the information that led the Board to declare, or not, that a Director is independent under applicable securities regulations.

National Instrument 58-101—Disclosure of Corporate Governance Practices requires that reporting issuers disclose the names of Non-Independent Directors and the basis for that determination. National Instrument 52-110—Audit Committees gives more details about the definition of independence.

Professor Rousseau, a corporate governance specialist from the University of Montréal, states the following: "Many people think that director independence towards officers is essential in order to have 'effective governance'.<sup>1</sup>" Whether it be linked to the obligation to oversee or counsel, it is generally recognized that director independence helps improve the quality of decisions made by the members of the Board of Directors. Indeed, Inside Directors may be reluctant, or may feel uncomfortable at the thought of criticizing the Chief Executive Officer or the other officers considering the influence they have on their career. In light of the considerable importance of Independent Directors, it is crucial that the information allowing Shareholders to assess the validity of choices made by the Board of Directors be made available in the management proxy circular.

The objective of our proposal is therefore to increase disclosure of information about the Corporation's Directors in order to better understand the nature of the relation between each Director and the Corporation, the officers and the majority shareholders, so that all Shareholders can register an informed vote, which will improve corporate governance. The Shareholders will thus be able to evaluate the objectivity of all Directors, particularly those who have held this occupation for several years.

#### The Corporation's Position

Each year, Transat discloses the names of the non-independent directors in its Management Proxy Circular, pursuant to section 1.2 of National Instrument 58-101. At the moment, the only non-independent Director is Mr. Eustache, since he is also an executive officer as it is specified under the heading "Director Independence" of this Circular).

It is also specified in the circular that directors, at their sole discretion, may hold in camera sessions, in the absence of non-independent directors or executive officers of the Corporation. Directors routinely hold these sessions following the Board or Committee Meetings.

The Board of Directors, directly or through its Risk Management and Corporate Governance Committee, has implemented adequate structures and processes which permit the Board of Directors to remain independent of management.

For the identification of nominees for appointment to the Board of Directors, Transat requires that each Director complete a questionnaire in which candidates must, amongst other things, confirm their relationship with the Corporation. The answers are then analysed and, if needed, are submitted to external advisors.

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<sup>1</sup> Rousseau, Stéphane, Le rôle des tribunaux et du conseil d'administration dans la gouvernance des sociétés ouvertes : réflexions sur la règle du jugement d'affaires, Les Cahiers de droit, vol. 45, no 3, 2004. <https://www.erudit.org/en/journals/cd1/2004-v45-n3-cd3839/043804ar.pdf>

Give the current disclosure of information offered by Transat in the Circular regarding the nominees to the Board, and the discretion of the Directors to hold in camera sessions, it does not appear necessary to disclose additional information concerning the links between the Directors and the Corporation. Shareholders already have all the information that is actually available to evaluate the objectivity of the nominees to the Board, since all relationships, past and present, between each of Transat's Directors and Transat are presently disclosed in the Circular.

## SCHEDULE H

### ADVANCE NOTICE BY-LAW

#### INTRODUCTION

The purpose of this Advance Notice By-Law (the "By-law") is to establish the conditions and framework under which holders of record of Class A Variable Voting Shares and Class B Voting Shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders. In addition, the By-law sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be considered a written notice having been properly and validly given.

It is the position of the Corporation that this By-law is beneficial to shareholders and other stakeholders.

#### NOMINATIONS OF DIRECTORS

##### 1. Nomination Procedures

Subject only to the Canada Business Corporations Act (the "Act") and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation (the "Board") may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of Directors. Such nominations may be made in the following manner:

- a. by or at the direction of the Board, including pursuant to a notice of meeting;
- b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a notice of the shareholders made in accordance with the provisions of the Act; or
- c. by any person (a Nominating Shareholder):
  - i. who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - ii. who complies with the notice procedures set forth below in this By-law.

## 2. Timely Notice

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the head office of the Corporation.

## 3. Manner of Timely Notice

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

- a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and
- b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

## 4. Proper Form of Timely Notice

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
  - i. the name, age, business address and residential address of the person;
  - ii. the principal occupation or employment of the person;
  - iii. the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and

- iv. any other information relating to the person that would be required to be disclosed in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder proposing a nomination and giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to provide such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent Director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

#### 5. Eligibility for Nomination as a Director

No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such non-compliant nomination shall be disregarded.

#### 6. Definitions

For the purpose of this By-law, the terms below shall have the following meaning:

- a. "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
- b. "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities

commission and similar regulatory authority of each province and territory of Canada.

#### 7. Delivery of Notice

Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is delivered by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montréal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

#### 8. Board Discretion

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement set forth in this By-law.

ANY QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITATION AGENT:

**D.F. KING**

NORTH AMERICAN TOLL-FREE NUMBER:

1-866-822-1239

Banks, brokers and collect calls: 212-771-1133

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

Email: [inquiries@dfking.com](mailto:inquiries@dfking.com)

