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NOTES FOR A PRESENTATION BY JEAN-MARC EUSTACHE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Check against delivery

The global tourism market remained fairly dynamic in 2011, but that did not necessarily translate into favourable market conditions.

As you know, last December we announced somewhat disappointing results, and our first-quarter results, released this morning, are not up to par either.

If I had to sum up Transat's situation, here and now, in a few points, they would be as follows:

Despite a good overall strategy, we need to continue our efforts to execute better. In addition, one priority comes before all others: returning to profitability as quickly as possible. Of note, for the first quarter, were it not for the fuel, our results would have been better than last year.

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- We remain on solid financial footing. We have no debt, and we have good cash flow.

- Our market position is enviable. We are not dependent on only one market segment, and once we succeed in turning things around on the sun destinations front, the pendulum could swing back very rapidly.

In 2011:

- Our revenues were $3.7 billion, compared with $3.5 billion in 2010.

- Our margin was $36.5 million (before restructuting charges), versus almost $128 million the previous year.

- We posted a net loss of $12 million, compared with net income of $65.6 million in 2010.

- We posted an adjusted after-tax loss of $7 million, versus adjusted after-tax income of $53.7 million at the same time last year.

The main factors contributing to those results were:

- The increase in fuel costs, as well as fierce competition, which prevented us from offsetting that increase by passing on the cost to travellers. Taking exchange rate

fluctuations into consideration, this represents $60 per passenger on the transatlantic market, or $60 million.

- The events that unfolded in Tunisia and Egypt, which caused major upheavals in tourist flows outbound from France. Tunisia is our most affordable destination from France, and alternatives are few. Globally, the impact was $10 million.

- Unusually intense competition on the transatlantic market, attributable to the March 2011 tsunami in Japan. Scheduled carriers tried to minimize their losses in Asia by transferring thousands of seats to European destinations, leading to imbalance in a market where we had posted superlative results the previous summer. For a market with approximately 3.8 million seats, the increase over the previous year's total was 340,000 seats, or 9%.

We have already taken steps to turn things around.

- We have cut overhead costs in both Canada and France, by making organizational changes that will simplify decision-making, boost efficiency and improve accountability. A total of 143 positions were abolished in October 2011, which will result in recurring cost savings of approximately $11 million per year.

- We are optimizing IT systems, improving the Company's ability to manage prices and inventories more dynamically, and reduce costs.

- We work on reducing input costs, especially in Canada, through such means as changes to the Air Transat fleet, increasing the number of hours flown per aircraft, subcontracting of wide-body aircraft in winter, and tightening of our hotel costs.

- We will roll out an enhanced customer experience, with a renewed Sun product and refurbishment of Air Transat's Airbus A330 cabins.

- We strive to increase volumes, via the expansion of our distribution network in Canada as well as targeted acquisitions in Canada and abroad, in keeping with the 2012–2014 strategic plan.

Transat Canada, with Allen Graham at the helm, unites the business units that work closely together every day on travel outbound from Canada as well as the transatlantic market.

We have also formally created Transat International, under André De Montigny, which oversees Ocean Hotels, Eleva Travel in Mexico, Tourgreece, and our destination services companies in Mexico and the Dominican Republic.

No major changes have been made to Transat France, headed by Patrice Caradec, and now under my direct responsibility.

Transat believes that, taken together, these measures (cost reductions, additional revenues and improved performance) should bring margin increases of between $20 and $25 million in 2012; between $35 and $40 million in 2013; and $50 million in 2014.

This includes the impact of our IT systems optimization, which should drive performance gains and cost reductions that together could amount to $20 million a year in 2013 and subsequently.

Besides the modernization of structures, further initiatives planned to help improve our performance involve the product, brand and customer experience, the fleet, distribution, information management systems, and, of course, costs.

In terms of product, we are aiming at even greater differentiation and enhancement of our offerings, which will eventually translate into higher margins. Our priority is sun destinations from both Canada and France. Progress has been made in 2011, work continues in 2012, financial benefits will kick in 2013.

Over the past two years, we have developed a new brand strategy, which is currently being implemented according to schedule.

We have completed the review of the marketing positioning of all our major brands, in all markets, and we have adopted an umbrella strategy. In other words, we have put a system in place, and behind that system is a coherent vision.

In so doing, we have refreshed and rejuvenated our identity platforms, paving the way for a renewal of our brand image.

This branding strategy also implies enhancements to the customer experience, in support of our efforts at differentiation. The key steps in this program were mapped out in 2011 and will continue to be implemented throughout 2012.

Air operations account for a major portion of our costs and our travel services. Between 2012 and 2014, we will be completely redesigning our cabin interiors and installing a new in-flight entertainment system, which will mean an improved experience. Over a period of 18 to 24 months, we will be spending $4 million on each of our A330s. The first redesigned aircraft will enter service in about a month's time.

At the same time, we are pursuing our efforts to innovate in the area of air capacity management. This is a highly complex issue. In winter, we need a higher number of narrow-body aircraft than we do in summer for our medium-haul sun destinations; the current solution is the partnership with CanJet Airlines. In the summer, when the transatlantic market is our priority and we scale back our capacity on sun routes enormously, we need the requisite number of wide-body jets, but we also need to reduce the size of our narrow-body fleet. To achieve this "double-accordion" fleet size variability, meaning a variable number of aircraft of each type depending on the season, we have agreements with CanJet Airlines and XL Airways, for instance. This brings both fixed costs and variable costs into play, and we are currently working to identify new partnerships for subcontracting our wide-body equipment in the winter, for example.

Our superior strength in distribution, in Canada, along with the proportion of our controlled sales, are among our major competitive advantages. We now have more than 500 travel agencies in Canada.

Six weeks ago, we announced the acquisition of Vacances Tours Mont-Royal, a longstanding partner. This move allows us to ramp up our vertical integration strategy, securing an additional distribution channel through which we were already selling 180,000 seats a year.

It is hard to predict what 2012 will bring, given the volatility of the markets and the jittery economic situation in both Europe and North America. A company like ours, in an industry such as tourism, has no choice but to move cautiously. As we prepare to celebrate our 25th anniversary as a publicly-traded company, however, we are confident that the actions we are taking at present, and which are in keeping with the natural evolution of Transat, are conducive to improved financial performance.

I would be remiss if I were to wrap up this presentation today as if it were business as usual.

Some of our shareholders have expressed impatience, and I understand this.

I can tell you one thing; I myself am impatient. We have a good plan, and a good strategy. The first step is to become profitable again.

At the same time, we have to bear in mind that some time will be required. I think that our past speaks for itself, and with our track record, and our market presence, a little patience is all that is required before we see a recovery, and a fully convincing one at that.

With that, I give the floor to Denis Pétrin, our Vice-President, Finance.

Thank you.