



Notice of Meeting and Management Proxy Circular in respect of the

2020 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD AT HOTEL 10,
2112 SAINT LAURENT BOULEVARD, SALON ST-LAURENT
MONTRÉAL, QUÉBEC, CANADA H2X 2T2

On March 12, 2020, at 10:00 a.m. (Eastern time)



Transat A.T. Inc.
January 23, 2020

Glossary

Terms and abbreviations used in this Circular

ANI Adjusted net income¹, expressed as a percentage of revenue

Arrangement Acquisition by Air Canada of all of Transat's issued and outstanding Voting Shares by way of a plan of arrangement pursuant to section 192 of the *Canada Business Corporations Act*, approved by Transat's shareholders on August 23, 2019.

Board Board of Directors of Transat A.T. Inc.

CTA *Canada Transportation Act*

Director Director sitting on the Board

DPSP Deferred profit sharing plan

DSUs Deferred Share Units

EY Ernst & Young LLP, Chartered Professional Accountants

HRCC Human Resources and Compensation Committee

IBITDA Income before income tax, interest, depreciation and amortization

Kingsdale Kingsdale Advisors

LTIP Long-term incentive plan

Meeting Annual 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

¹This 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.

Matters to be brought before the Meeting

1

Election of the nominees as Directors.

2

Appointment of EY as external auditors for the fiscal year ending October 31, 2020.

3

Advisory resolution regarding the Corporation's approach to executive compensation.

4

Review and, if deemed appropriate, reject Shareholder Proposal No. 1 which is reproduced in Schedule B to this Circular.

SUMMARY OF THE MANAGEMENT PROXY CIRCULAR



2019 at a Glance

The year 2019 was marked by the approval of a plan of arrangement in connection with the acquisition of all of the issued and outstanding Voting Shares of Transat. If all regulatory approvals are received as expected, the closing of the transaction will take place in the second quarter of 2020.

This transaction, which is without a doubt the landmark event of the past year, is excellent news for Transat, as for Air Canada. It will strengthen a Canadian and Québec champion travel figure, by merging two companies that are, according to Skytrax, respectively the best leisure airline in the world and the best airline in North America.

This does not mean that we have left aside the day-to-day operations. On the contrary, we have continued the implementation of the essential elements of our strategic plan, concentrating more particularly on those elements that will bring results over the short term.

As regards gains this year, we have improved our network and our fleet, more particularly with the arrival of our first two A321neoLRs. We have also continued our efforts to increase our revenues per unit, through the auxiliary revenues and the transformation of our revenue management organization. As well, we have maintained pressure on our cost reduction initiatives, while continuing to increase customer satisfaction. In the hotel division, we have slowed down our progression over the year, but we continue to work on our analysis and evaluate our different options.

Therefore, we look forward to the conclusion, in 2020, of the transaction that will open up a new chapter in Transat's history, bringing operations that will be stronger than ever for the future.

In conclusion, I would like to thank those that have spared no efforts during this journey: our board of directors, and more particularly its special committee whose work allowed the conclusion of the transaction, our clients who continued in great numbers to show us their trust, and particularly all of our employees, whose unfailing loyalty and engagement allowed us to maintain a level of service and a quality of execution at least as good, if not better, than the previous years. They are the ones that built Transat, and they are the ones that continue to give it life.

"Transat's Arrangement with Air Canada is the best guarantee for the company, the brand and the jobs we have been developing for more than 30 years."

A handwritten signature in black ink, appearing to read 'J.M. Eustache'.

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

Achievements

The plan of arrangement providing for the acquisition of all of the issued and outstanding Voting Shares of the Corporation by Air Canada at a price of \$18 per share was approved by 94.77% of Transat's shareholders on August 23, 2019.

Leader in sustainability

The proof? Transat is the first major international
tour operator to be **Travelife Certified** for all its activities.



Travelife
CERTIFIED 
Excellence in sustainability

resp.transat.com

HIGHLIGHTS

Compensation

- Special compensation plan introduced in 2019 to promote retention in connection with the Arrangement
- The long-term incentive compensation allocated before the beginning of the trading blackout period is subject to financial performance criteria and is aligned with the interests of the shareholders
- 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
- Requirement to hold Voting Shares of the Corporation by management and Directors
- Use of external independent compensation advisors
- 4.6% of the outstanding Options have been granted and 2.2% of the outstanding Options remain available in the Options reserve for future grants.
- Large proportion of NEO usual compensation is variable (30% to 66% depending on the NEO)

Governance

- 12 nominees proposed for election as Directors, 11 of whom are independent
- Independent Lead Director
- Each committee of the Corporation is composed of independent members (except for the Executive Committee)
- Majority voting guidelines for Directors
- Comprehensive Board orientation and training program
- Code of business conduct for employees, officers and Directors
- No multiple voting share class
- Board and senior management diversity policy, providing for a target of Board seats held by women of 30%, which target was exceeded
- Annual advisory vote on executive compensation
- Annual performance review of Board members and operation

AWARDS AND RECOGNITIONS

- World's Best Leisure Airline at the Skytrax World Airline Awards
- First major international tour operator to be Travelife Certified for all its activities, confirming its leadership position on sustainable development.
- Ranked among Canada's Best Employers on *Forbes* magazine's annual list
- Considered the best choice among Canadian carriers in *Protégez-vous* magazine's list of Canadian airlines
- Best tour operator and favourite overall supplier at the Agents' Choice Awards by Baxter Travel Media
- Best Groups Department and recognized for the best marketing campaign of a tour operator in connection with the *Ça sent les vacances* campaign 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*
- ISO 14001 Certification obtained for the headquarters of Air Transat, Inc. at 5959 de la Côte-Vertu Blvd, in Montreal

Table of Contents

NOTICE OF THE 2020 ANNUAL MEETING OF SHAREHOLDERS	7
INFORMATION ON VOTING	8
PART 1 - MATTERS TO BE BROUGHT BEFORE THE 2020 ANNUAL MEETING OF SHAREHOLDERS	13
GENERAL CORPORATE GOVERNANCE PRACTICES	15
Ethics	15
GOVERNANCE AND NOMINEES	16
Nomination of Directors	16
Diversity	17
Policy on gender diversity of the Board and the Executive Officers	18
Proposed Nominees	19
Majority voting Policy	33
Board interlocks	33
Shareholders Guidelines for Directors	33
Director Overboarding	34
Director Qualifications	34
Performance Assessment	35
Independence of Directors	35
Orientation and Continuing Education	36
PART 2 - DIRECTOR COMPENSATION	38
Total Compensation of External Directors	39
Table of Outstanding Option-Based and Share-Based Awards	40
PART 3 - BOARD COMMITTEES REPORTS	41
SPECIAL COMMITTEE REPORT	41
AUDIT COMMITTEE REPORT	42
RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE REPORT	43
HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT	44
PART 4 - EXECUTIVE OFFICER COMPENSATION DISCUSSION AND ANALYSIS	46
Compensation Approach and Objectives	46
Risks Relating to Compensation and Human Resources	47
Employee retention policy	48
Comparison Group	49

External Advisors	50
Total Compensation Components	50
Minimum Shareholding Requirement for the Neos	67
NAMED EXECUTIVE OFFICERS	69
PART 5 - SUMMARY COMPENSATION TABLE	74
PART 6 - INCENTIVE PLANS	76
Table of Outstanding Option-Based and Share-Based Awards	76
Table of the Value Vested or Paid During the Fiscal Year	77
PART 7 - BENEFITS UNDER A RETIREMENT PLAN	78
Defined Contribution Plan Table	79
PART 8 - TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL BENEFITS	81
Benefits Provided by the Individual Agreements in Case of Termination of Employment	81
Benefits Provided By the Text of the Plans	82
Value of Benefits in the Event of Termination of Employment (Involuntary Departure) and Change of Control	84
PART 9 - PERFORMANCE GRAPHS	85
PART 10 - SUCCESSION PLANNING	86
PART 11 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS	87
PART 12 - ADDITIONAL DISCLOSURE	88
SCHEDULE A – APPROACH TO EXECUTIVE COMPENSATION	90
SCHEDULE B – SHAREHOLDER PROPOSAL	91
SCHEDULE C – ADVANCE NOTICE BY-LAW	93

Notice of the 2020 Annual Meeting of Shareholders

The annual 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 Hotel 10, located at 2112 Saint-Laurent Boulevard, Salon St-Laurent, Montréal, Québec, Canada, H2X 2T2, on **March 12, 2020, at 10:00 a.m. (Eastern time)** (the “**Meeting**”).

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

1. to receive the consolidated financial statements of the Corporation for the year ended October 31, 2019, and the external auditors’ report thereon;
2. to elect the Directors;
3. to appoint the external auditors for the fiscal year ending October 31, 2020, 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 A to this Management Proxy Circular);
5. to consider and, if deemed appropriate, reject Proposal No. 1 reproduced as Schedule B to this Management Proxy Circular (the “**Circular**”); and
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Since November 16, 2015, the Class A Variable Voting Shares and the Class B Voting Shares trade on the TSX under the single ticker “**TRZ**”, bear CUSIP number 89351T401 and are collectively referred to, for purposes of trading on the TSX and reporting in relation to brokerage accounts, as the “**Voting and Class A 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, 2019. **This Circular is furnished in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting.**

If you have any questions or require assistance with voting your shares by proxy, please contact our Proxy Solicitation Agent, Kingsdale Advisors, toll free at 1-888-518-1552 in North America, or collect call at 416-867-2272 outside North America or by email at contactus@kingsdaleadvisors.com.

Montréal, Québec, January 23, 2020.

BY ORDER OF THE BOARD OF DIRECTORS
Transat A.T. Inc.



Bernard Bussièrès
Vice President, General Counsel and Corporate Secretary

Information on voting

To ensure representation of your shares at the annual meeting of the holders of Class A variable voting shares (the “**Variable Voting Shares**”) and Class B voting shares (the “**Class B Voting Shares**”) and collectively with the Variable Voting Shares, the “**Voting Shares**”) of Transat A.T. Inc. (the “**Corporation**” or “**Transat**” or the terms “**we,**” “**us,**” “**our**” and “**ours**” also referring to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) (the “**Meeting**”), please select the most convenient way for you to deliver your voting instructions (by fax, by mail, on the Internet, by phone or in person) and follow the relevant instructions. Unless otherwise indicated, the information included herein is given as at January 15, 2020. 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.

Who is soliciting my proxy?

Transat’s management is soliciting your proxy for use at the annual meeting to be held at Hotel 10, located at 2112 Saint-Laurent Boulevard, Salon St-Laurent, Montréal, Québec, Canada, H2X 2T2, on Thursday, March 12, 2020, at 10:00 a.m. (Eastern time).

How will these matters be decided at the meeting?

The election of each of the Directors, the appointment of the external auditors and the adoption of Shareholder Proposal No.1 must obtain a majority of the votes cast by all of our shareholders present in person or represented by proxy at the Meeting.

What are the constraints on ownership of my voting shares?

Class A Variable Voting Shares entitle their holders to one vote per share at any meeting of the shareholders, subject to an automatic decrease of the votes attached to such shares in the event that (i) any single non-Canadian, either individually or in affiliation with any other person, holds, in the aggregate, a number of Variable Voting Shares that exceeds 25% of the total number of Voting Shares or 25% of the total number of votes that would be cast at a given meeting of shareholders, (ii) one or more non-Canadians authorized to provide air services, together with such persons in affiliation

with them, hold, in the aggregate, a total number of Variable Voting Shares that exceeds 25% of the total number of Voting Shares or 25% of the total number of Variable Voting Shares that would be cast at a given meeting of shareholders, or (iii) the number of issued and outstanding Variable Voting Shares exceeds 49% of the total number of the Corporation’s issued and outstanding Voting Shares or 49% of the total number of votes that would be cast at a given meeting of shareholders.

If any of the above-mentioned applicable limitations is exceeded, the votes that should be attributed to holders of Variable Voting Shares will be attributed as follows:

- first, if applicable, there will be a reduction in the voting rights of any single non-Canadian (including a single non-Canadian authorized to provide air service) carrying, either individually or in affiliation with any other person, a total of Variable Voting Shares that exceeds 25% of the votes, to ensure that any such non-Canadian (including such persons in affiliation with such non-Canadian) never carry more than 25% (or any different percentage that may be prescribed by a law or a regulation of Canada and approved or adopted by the Directors of the Corporation) of the votes which the holders of Voting Shares cast at any meeting of shareholders;
- second, if applicable, and after giving effect to the first proration set out above, there will be a further proportional reduction of the voting rights of all non-Canadians authorized to provide air service (including such persons in affiliation with them), to ensure that such non-Canadians authorized to provide air service, in the aggregate, never carry more than 25% (or any different percentage that may be prescribed by a law or a regulation of Canada and approved or adopted by the Directors of the Corporation) of the votes that holders of Voting Shares cast at any meeting of shareholders; and
- third, if applicable, and after giving effect to the two prorations set out above, there will be a proportional reduction of the voting rights attached to the Class A Variable Voting Shares, to ensure that non-Canadians never carry, in the aggregate, more than 49% of the votes that holders of Voting Shares cast at any meeting of shareholders.

Each issued and outstanding Class A Variable Voting Share will be converted into one Class B Voting Share, automatically and without any further act of the Corporation or the holder, if (i) the Class A Share is or becomes owned or controlled by a Canadian within the meaning of the *Canada Transportation Act* (hereinafter, the "CTA"), or (ii) the CTA's provisions relating to foreign ownership restrictions are repealed and not replaced with similar provisions.

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.

How many shares carry voting rights and how many votes do I have?

As at January 15, 2020, a total of 37,747,090 Class B Voting Shares and Variable Voting Shares of the share capital of Transat were issued and outstanding. You are entitled to receive notice of, and vote at the Meeting or at any adjournment thereof if you were a holder of Transat's Voting Shares on January 15, 2020, the record date for the Meeting.

Each Class A Variable Voting Share carries one vote per Class A Variable Voting Share, and each Class B Voting Share also carries one vote per Class B Voting Share, except, in both cases, if the adjustment rules mentioned under Question 3 above apply.

Who are our principal shareholders?

To the knowledge of our Directors and officers, and based on publicly available information, as at January 15, 2020, 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:

- Letko Brosseau, which held 6,913,954 Class B Voting Shares, representing approximately 18.32% of all issued and outstanding Class B Voting Shares and Variable Voting Shares; and
- Fonds de solidarité FTQ, which held 4,360,426 Class B Voting Shares, representing approximately 11.55% of all issued and

outstanding Class B Voting Shares and Variable Voting Shares.

How do I vote?

You are a registered shareholder if you have a share certificate or if a Direct Registration System (DRS) advice has been issued in your name and, as a result, your name appears in Transat's register of shareholders kept by our transfer agent, AST.



Au Canada ou aux États-Unis en composant le 1-(888)-489-7352. Vous ne pourrez nommer comme fondé de pouvoir une personne autre que les Administrateurs de Transat A.T. inc. dont le nom figure dans votre formulaire de procuration si vous votez par téléphone.



On AST's website www.astvotemyproxy.com



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



By fax at (416) 368-2502, Attention: Proxy Department.

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

The cut-off time for voting is 5:00 p.m. (Eastern time) on March 10, 2020 (or 48 hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the reconvened meeting if the Meeting is adjourned or postponed). The time limit for the deposit of proxies may be waived by the Chair of the Meeting at his discretion without notice.

If your Voting Shares are held by an intermediary or nominee (for example, a bank, trust company, securities broker, clearing agency or other institution) (each, an "Intermediary"), please refer to the instructions below under the heading "How can a non-registered Shareholder vote in person?".

Can I vote by Proxy?

Whether or not you attend the Meeting, you can appoint a proxyholder to vote for you at the Meeting. If you are a registered shareholder, 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 you appoint a non-management proxyholder please ensure he or she attends the Meeting for your vote to count.**

If your Voting Shares are held by an Intermediary, please refer to the instructions below under the heading, "HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?" if you wish to attend in person or appoint someone else to attend and vote at the Meeting.

How will my proxy be voted?

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:

Election as Directors of each of the nominees listed under the heading "Governance of the Board and Nominees" of this Circular	FOR
Appointment of EY as external auditors of Transat	FOR
Adoption of the non-binding advisory resolution regarding the Corporation's approach to executive compensation	FOR
Shareholder Proposal No. 1	AGAINST

What if there are amendments or if other matters are brought before the meeting?

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.

Can I change my mind and revoke my proxy?

You can revoke your proxy at any time before it is acted upon. To do so, you must clearly state, in writing, that you want to revoke your proxy and deliver this written notice to the attention of the Corporation's VP, General Counsel and Corporate Secretary at: Transat A.T. Inc., Place du Parc, 300 Léo-Pariseau Street, Suite 600, Montréal, Québec, H2X 4C2, no later than two business days before the Meeting, namely by March 10, 2020, 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.

What is the quorum of the Meeting?

The quorum for the Meeting shall be persons present not being less than two in number and holding or representing by proxy not less than 25% of the total number of the issued Voting Shares on January 15, 2020.

Who counts the votes?

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

How are proxies solicited?

Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Transat has retained Kingsdale Advisors as Proxy Solicitation Agent for assistance in connection with the solicitation of proxies for the Meeting for a fee of approximately \$20,000 plus additional fees related to telephone calls and other services. Agreements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Voting Shares registered in their names and Transat may reimburse them for the reasonable transaction and clerical expenses they will incur. Transat will pay for all costs related to this Circular, including printing, postage and delivery costs.

How can a non-registered shareholder vote?

You are a “non-registered Shareholder” or “beneficial owner” if your Voting Shares are held on your behalf through an Intermediary. Under applicable Securities Laws, a beneficial owner of securities is a “non-objecting beneficial owner” (a “NOBO”) if such beneficial owner has or is deemed to have provided instructions to the Intermediary holding the securities on such beneficial owner’s behalf not objecting to the Intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an “objecting beneficial owner” (an “OBO”) if such beneficial owner has or is deemed to have provided instructions objecting to same.

If you are a Canadian NOBO, the Corporation has sent these materials directly to you, and your name and address and information about your holdings of Voting Shares have been obtained in accordance with applicable Securities Laws from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your voting instructions. The voting instruction form that is sent to Canadian NOBOs contains an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are a non-Canadian NOBO or OBO, you received these materials from your Intermediary or its agent, and your Intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Voting Shares. The Corporation has agreed to pay for Intermediaries to deliver to non-Canadian NOBOs and OBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent to a non-Canadian NOBO or OBO by the Intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Voting Shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions to your Intermediary as specified in the enclosed voting instruction form.

How can a non-registered shareholder vote in person at the Meeting?

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.

Why is this management proxy circular sent to my attention?

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 Voting Shares have been obtained in accordance with applicable Securities Laws from the intermediary holding these Voting Shares on your behalf.

By choosing to send these materials to you directly, Transat (and not the intermediary holding the Voting 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.

Who do I ask if I have questions about the meeting or require assistance with voting?

Please contact our Proxy Solicitation Agent, Kingsdale Advisors, toll free at 1-888-518-1552, or by collect call at 1-416-867-2272 or by email at contactus@kingsdaleadvisors.com with any questions you may have regarding the Meeting.

Can I nominate a candidate for a director position?

Only persons nominated in accordance with the procedure set out in the Advance Notice By-Law, as set forth in Schedule C to this Circular, are eligible for election as Directors of the Corporation. The By-Law sets a deadline by which shareholders must submit a notice of Director nominations to the Corporation prior to an annual or special meeting of shareholders at which Directors must be elected. It also sets forth the information that a shareholder must include in the

notice for it to be valid. The By-Law allows the Corporation and its shareholders to receive adequate prior notice of Director nominations, as well as sufficient information on all the nominees. The Corporation and its Shareholders will thus be able to evaluate the proposed nominees' qualifications and suitability as Directors.



**PLEASE REMEMBER, IF YOU DO NOT WANT TO
VOTE IN PERSON, THE DEADLINE FOR VOTING
IN RESPECT OF THE MEETING IS MARCH 10,
2020, AT 5:00 P.M. (EASTERN TIME).**

Part 1 - MATTERS TO BE BROUGHT BEFORE THE 2020 ANNUAL MEETING OF SHAREHOLDERS

FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended October 31, 2019 and the report of the external auditors thereon, which will be presented to our shareholders at the Meeting, are included in the Corporation's Annual Report that has been mailed to our shareholders. They can also be promptly provided upon written request and are available at www.sedar.com. No vote is required on this matter.

1 NOMINEES FOR ELECTION AS DIRECTORS

Pursuant to the Articles of the Corporation, the Board must consist of a minimum of nine (9) and a maximum of 15 Directors. The Board currently consists of twelve (12) Directors and, in accordance with a resolution adopted by the Board on January 23, 2020, 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 THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE NOMINEES, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY 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.

The aggregate fees charged for professional services that the external auditors provided to the Corporation and its subsidiaries in 2019, and a comparison with the fees charged in 2018, are presented below:

	Audit Services	Audit-Related Services	Tax Services	Total
2019	\$883,000	\$99,000	\$82,000	\$1,064,000
2018	\$855,000	\$28,000	\$317,000	\$1,200,000

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING FOR THE APPOINTMENT OF THE EXTERNAL AUDITORS, 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.

During those two years, no amounts were billed as fees for any other service not related to the foregoing. Audit fees include the fees for the professional services provided by the external auditors in connection with the audit of the Corporation's consolidated financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for services rendered with respect to the interpretation of accounting and financial reporting standards. Audit-related fees include fees for assurance and related services that are usually performed by the external auditors. These services include accounting consultations in connection with acquisitions, special audits and due diligence. Tax fees include fees for assistance with tax planning (restructuring and discontinued operations), tax opinions as well as the preparation and review of income and other tax returns.

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 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 HRCC, the Board recommends that shareholders vote FOR the following non-binding advisory resolution, the text of which is also reproduced in Schedule A 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 HRCC will review and analyze the voting results. In 2019, this resolution received 22,158,305 votes for (91.50%) and 2,059,538 votes against (8.50%).

4 SHAREHOLDER PROPOSAL

The Corporation has reproduced in Schedule B to this Circular the full text of the proposal and the related arguments submitted by one of the Corporation's shareholders. The Schedule B 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 2021 shareholder meeting wish to submit at that meeting must be received by the Corporation at the latest on October 26, 2020.

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.

UNLESS A SHAREHOLDER INDICATES THAT HE INTENDS TO ABSTAIN FROM VOTING, THE VOTING RIGHTS ATTACHING TO THE SHARES REPRESENTED BY THE FORM OF PROXY WILL BE VOTED AGAINST SHAREHOLDER PROPOSAL No. 1.

General corporate governance practices

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

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

Risk management and corporate governance initiatives

The RMCGC regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the RMCGC will reassess our corporate governance practices and recommend the implementation of changes, where appropriate. The Corporation’s Corporate Governance Manual has been updated to reflect, among 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, 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 2019, 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, HRCC and the Audit Committee. 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, among 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 the Corporation, is posted on Transat’s website at www.transat.com and is also filed on SEDAR (www.sedar.com). 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.

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

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

The roles and responsibilities of the Board and of each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request and is available on SEDAR at www.sedar.com). These charters are generally reviewed every two 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 A to the Corporation's Annual Information Form.

NOMINATION OF DIRECTORS

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

The RMCGC and, in particular, the nominations committee is 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.

DIVERSITY

Board

The Corporation considers that decisions regarding the appointment of Directors and executive officers should be based on merit and not on any other personal characteristic, and it continues to be determined to select the best people to perform these roles. However, 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 good governance and efficient management. Consequently, the Corporation implemented on September 9, 2015, a written policy on women's representation on the Board and among the executive officers. Although no policy, target or specific proportion on the representation of indigenous persons (First Nations, Inuit and Métis), persons with disabilities and members of visible minorities (the « **Designated Persons** ») on the Board and among the executive officers has been established to date, the representation of Designated Persons is one of the factors considered when identifying and selecting nominees for election or reelection to the Board and when appointing persons to senior positions. In fact, 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 Corporation will evaluate in due time, if applicable, the possibility of establishing targets for the representation of Designated Persons on the Board and among the executive officers.

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 on the Board and among 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.

POLICY ON GENDER DIVERSITY OF THE BOARD AND THE EXECUTIVE OFFICERS

Under the policy on gender diversity of the Board and the executive officers, 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 experiences 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 gender 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.

This policy 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%. At its last annual meeting of shareholders held on April 30, 2019, the Corporation achieved a result of 33%, thus exceeding the target set for seats held by women. Four (4) out of twelve (12) Directors elected were women. The Corporation also intends to maintain this level of representation since four (4) of the nominees proposed for election as Directors are women and, if all nominees proposed for election are elected, the Corporation would meet the set target once again this year. Currently, no Designated Person acts as a Director.



**TRANSAT HAS ADOPTED A BOARD GENDER DIVERSITY POLICY.
IF ALL PROPOSED NOMINEES ARE ELECTED, THE ADOPTED
TARGET FOR THE REPRESENTATION OF WOMEN ON THE
BOARD WILL BE EXCEEDED ONCE AGAIN THIS YEAR.**

Executive Officers

The policy on gender diversity of the Board and the executive officers provides that 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. The Corporation has not implemented a policy regarding the representation of women and persons of designated groups among the executive officers. 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 the 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.

The policy provides that the Corporation aims for at least 25% of the executive officer positions to be held by women. As at October 31, 2019, 2 of the 12 executive officers of the Corporation were women, which represents 17% of the executive officer positions, representing the same ratio as on October 31, 2018. It should be noted that in the broader management team, which includes executive officers, 5 of the 15 positions are currently held by women, which represents 33% of the positions. There is currently no executive officer position occupied by a Designated Person.

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 (1) 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.

DIRECTORS

TERM

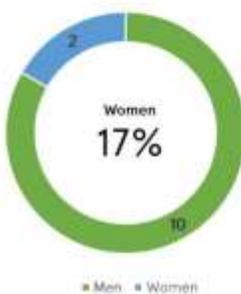


INDEPENDENCE

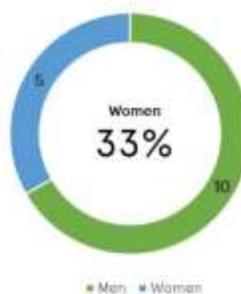


GENDER DIVERSITY

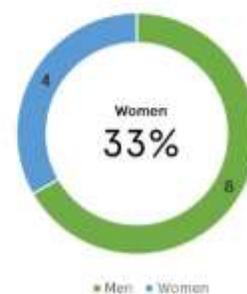
AMONG EXECUTIVE OFFICERS



ON THE EXECUTIVE COMMITTEE



ON THE BOARD





RAYMOND BACHAND

Strategic Advisor, Norton Rose Fulbright
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Bachand received his law degree from the Université de Montréal in 1969 and became a member of the Québec Bar the following year. He obtained a Master's of Business Administration (MBA) from Harvard University in 1972, and then a Doctorate of Business Administration (DBA) in 1981. He taught at the École des hautes études commerciales de Montréal between 1972 and 1977, held the position of Chief of Staff to the Québec Minister of Labour and Manpower between 1977 and 1979, and served as Special Secretary in the Office of the Premier of Québec between 1979 and 1981. In the business world, he was Vice President of Métro-Richelieu between 1981 and 1989 and Culinar between 1990 and 1993. He joined the Fonds de solidarité des travailleurs du Québec (FTQ) in 1994 as First Vice President and Chief Investment Officer, and was appointed President and Chief Executive Officer from 1997 to 2001. He was also President and Chief Executive Officer of Secor Conseil from 2002 to 2005.

He was a director of SSQ - Life from 1995 to 2002, a director of Gaz Métropolitain from 1987 to 1990, a director of the Fonds de solidarité FTQ from 1983 to 2001, and a member of the executive committee (1987-2001), chair of the audit committee (1988-1994) as well as a member of the Board of Directors and member of the Audit Committee of the Canadian Public Accountability Board from 2003 to 2005.

Mr. Bachand was elected to the Québec National Assembly for Outremont on December 12, 2005. He was Minister of Economic Development, Innovation and Export Trade from February 2006 to June 2009, Minister of Tourism from April 2007 to December 2008, Minister responsible for the Montreal region from April 2007 to September 2012, Minister of Finance from April 2009 to September 2012 and Minister of Revenue from August 2010 to September 2013. He retired from political life on September 13, 2013.

Mr. Bachand joined the firm Norton Rose Fulbright on January 20, 2014, as a strategic advisor. He has also been President of the Institut du Québec, a partnership between the Conference Board of Canada and HEC Montréal, since February 2014, and a member of the Board of Directors as well as the Risk Management Committee and the Conduct Review and Corporate Governance Committee of National Bank of Canada since October 29, 2014. He was also Chairman of the Board of Tourisme Montréal from June 2014 to June 2018.

Areas of Expertise:

- 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-acquisition

Director since: March 2014

Lead Director since: September 2018

Age: 72

Mandatory retirement: 2022

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	▪ Banque Nationale du Canada (2014 to date)
Executive Committee ⁽⁴⁾	4 of 4	100%	
Audit Committee	8 of 8	100%	
Special Committee ⁽⁸⁾	39 of 39	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares And DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$375,000 5 year objective) ⁽³⁾
As at October 31, 2019	0	45,148	45,148	\$731,849	Yes (195.2%)

2019 Annual Meeting of Shareholders Voting Results				
Votes For	% of vote for	Vote Withheld	% of votes withheld	
20,757,075	85.71%	3,461,268	14.29%	



LOUIS-MARIE BEAULIEU

President and Chief Executive Officer, Groupe Desgagnés
Québec, Québec, Canada

Independent ⁽¹⁾

Mr. Louis-Marie Beaulieu is Chairman of the Board and CEO as well as majority shareholder of Groupe Desgagnés Inc., a private company specialized in marine transportation of general cargo and passengers. A Bachelor of Business Administration, Accounting, of the Université du Québec à Rimouski and a Fellow of the Ordre des comptables professionnels agréés du Québec since 2001, Mr. Beaulieu also holds a diploma from McMaster University's corporate governance program, granting him the designation of Chartered Director. Before acquiring Desgagnés in 1987, he held the position of Director of Finance and Administration in the company from 1981 to 1987, after having worked as an auditor at Mallette, Benoit, Boulanger, Rondeau in Québec City.

Over the course of his career, Mr. Beaulieu has served on many boards of directors and audit committees, including those of the St-Lawrence Economic Development Council (SODES), the Société de l'assurance automobile du Québec (SAAQ) from 1989 to 1996, the Canadian Shipowners Association from 1990 to 2016, the Société Immobilière du Québec from 1997 to 2003, the Canadian Commercial Corporation (CCC) from 2001 to 2004 and the Conseil du patronat du Québec from May 2011 to April 2017, where he was also Chairman of the Board from April 2014 to April 2017. He also served as Chairman of a number of audit committees, including those of SAAQ, CCC and Standard Compensation Act Liability Association Ltd. (SCALA). In addition, Mr. Beaulieu was a member of various organizations, such as the Commission des études of UQAR, the National Marine and Industrial Coalition as well as the president of the Great Lakes/St-Lawrence Maritime and Industrial Coalition, co-president of the Marine Industry Forum with the Québec Minister of Transport, and co-president, with the Deputy Minister of Transport of Canada, of the Marine Advisory Council.

He is currently a member of several boards of directors, including those of Chamber of Marine Commerce since 1997, where he is also Chair of the Finance Committee since March 2017. As well, since his acquisition of Groupe Desgagnés, he serves as Chairman of the Board of Directors of the company's subsidiaries. He is also a member of various organizations and associations, including the Canadian Marine Advisory Council, the Cercle des présidents, the QG-100 Network and the Business Council of Canada.

He received various awards, including the Joseph-Hode Keyser award from the Association québécoise des Transports et des Routes in 2001, he was inducted into the Cercle des Grands Bâisseurs Maritimes by the Groupe Maritime Québec in 2010, received the Alumni Award from the Université du Québec à Rimouski (UQAR) in 2011 and was inducted into the Académie des Grands Québécois in 2014.

Areas of Expertise:

- Transportation
- Professional services
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Finance and accounting
- Operations
- Strategic planning
- Human resources

Director since: March 2013

Age: 65

Mandatory retirement: 2029

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	22 of 23	95.65%	▪ None
Audit Committee	8 of 8	100%	
HRCC	9 of 9	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	20,000	29,601	49,601	\$804,032	Yes (321.6%)

2019 Annual Meeting of Shareholders Voting Results			
Votes for	% of votes for	Votes Withheld	% of votes withheld
21,275,101	87.04%	3,139,242	12.96%



LUCIE CHABOT

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Lucie Chabot is Chair of the Board, Chair of the Audit Committee and Chair of the Information Technology Committee and a member of the Human Resources Committee of CDMV Inc., a Canada-wide distributor of products and services dedicated to veterinarians, since 2017. Since May 2019, she is also a director and a member of the Audit Committee of Albecour Inc., a company in the aluminum smelter industry and a subsidiary of Investissement Québec. Also since May 2019, she is a director and a member of the Audit and Governance Committee of Tourisme Montréal, a Montréal-based organization engaged in the promotion of tourism for the City of Montréal.

Areas of Expertise:

- 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

Director since: March 2015

Age: 60

Mandatory retirement: 2034

Ms. Chabot was Vice President and Chief Financial Officer of SAIL Outdoors Inc., a major Canadian retailer of sporting goods and outdoor equipment, from 2014 to 2018, and as **such was responsible for the firm's accounting and financial services, human resources and information technology.** She previously served as President of Distribution Vinearius Inc., a wine accessories distributor she founded. She also worked at Intertrade Systems Inc. from 2004 to 2007 as General Manager, Operations and Managed Services, after having **served as the company's Vice President, Finance and Human Resources.** For more than a decade, she was a co-shareholder of Strator Consulting Group Inc., a consulting firm in the retail, distribution and services field, whose main client was Caisse de dépôt et placement du Québec. In this capacity, she was involved in several accounts, such as Motovan, The Hockey Company, Chapters and Rona, which gave her a better understanding of the objectives of financial institutions, their risk analysis, the returns sought and how to structure major transactions. From 1986 to 1994, she worked as Director and Vice President, Finance, of Sports Experts Inc., the Canadian leader in sporting goods and sportswear retailing.

She began her career at Clarkson Gordon (EY) as an auditor in 1981 and joined the Provigo Group in 1984. Ms. Chabot is a graduate of Université Laval and a member of the Ordre des comptables agréés du Québec. She was named to the National Honour Roll of the Canadian Institute of Chartered Accountants, ranking 11th in Canada in 1982.

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	<ul style="list-style-type: none"> ▪ None
Audit Committee	8 of 8	100%	
RMCGC	5 of 5	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	6,290	18,158	24,448	\$396,302	Yes (158.5%)

2019 Annual Meeting of Shareholders Voting Results				
Votes For	% of votes for	Votes Withheld	% of votes withheld	
20,763,649	85.71%	3,461,268	14.29%	



LINA DE CESARE - founding member

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Lina De Cesare is one of the three founding members of Transat along with Messrs. Eustache and Sureau and was Advisor to the President of the Corporation from November 2009 to October 2014. Thereafter, Ms. De Cesare acted as a consultant to the Corporation from November 2014 to October 2015. From 1987 to November 2009, she was President, Tour Operators of Transat, as well as President of several subsidiaries of the Corporation, namely: Cameleon Hotel Management Corporation (from 2000 to 2009), Cameleon Marival (Canada) Inc. (from 2000 to 2009), Trafictours Canada Inc. (from 2005 to 2009) and Transat Holidays USA, Inc. (from 1993 to 2009).

During her career, Ms. De Cesare sat of the Board of directors of Cirque Éloize from 2008 to 2010 and Solareh Inc. from 2006 to 2008.

Ms. De Cesare hold a Certificate in Management of the Université du Québec à Montréal (UQAM) and received the Québec Businesswoman Award from the Réseau des femmes d'affaires du Québec in the category "Executive or professional - Private sector".

Areas of Expertise:

- Transportation and air transportation
- Hotel industry
- Consumer goods and retail
- Community involvement
- Corporate management
- Risk management
- Operations
- International

Director since: May 1989

Age: 68

Mandatory retirement: 2026

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	21 of 23	91.30%	▪ None
HRCC	5 of 5	100%	

Security Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares of DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	35,576	19,476	55,052	\$892,393	Yes (357.0%)

2019 Annual Meeting of Shareholders Voting Results				
	Votes For	% of votes for	Votes Withheld	% of votes withheld
	21,069,054	87.01%	3,145,289	12.99%



W. BRIAN EDWARDS

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. W. Brian Edwards is a corporate director and the founder of BCE Emergis Inc., serving as its Chief Executive Officer from 1988 to 2002.

From 2004 to 2012, Mr. Edwards was the Chairman of the Board of Directors of Miranda Technologies Inc., a public company listed on the TSX, until its acquisition in August 2012. He was the Chairman of the Board of Directors of AtmanCo from 2012 to 2016. He was also a member of the Board of Directors of Pethealth Inc., a public company listed on the TSX, from 2010 to 2014, and a member of its Human Resources Committee and Corporate Governance Committee. From 2014 to 2018, he was a member of the Board of Directors of Atrium Innovations Inc. From 2004 to 2018, he was the Chairman of the Compensation Committee of Camso. He also sat on the Board of Directors of Aimia Inc. from 2017 to 2018, and chaired the Special Committee.

Mr. Edwards was also a member of the Board of Governors of Concordia University from 2000 to 2012, as well as its Vice-Chair from 2005 to 2012. He was also Vice President of the Concordia University Foundation and holds a Bachelor of Commerce from Concordia University as well.

In 2013, Mr. Edwards received the Humberto Santos Alumni Award of Merit from Concordia University.

Areas of Expertise:

- Technology
- Marketing
- Communications and advertising
- Professional services
- Community involvement
- Risk management
- Human resources
- Operations
- Strategic planning
- Business development
- Marketing and sales

Director since: June 2010

Age: 70

Mandatory retirement: 2024

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	<ul style="list-style-type: none"> ▪ Aimia Inc. (TSX: AIM)
Executive Committee ⁽⁴⁾	4 of 4	100%	
HRCC (C)	9 of 9	100%	
RMCGC	5 of 5	100%	
Special Committee ⁽⁸⁾	38 of 39	97.44%	

Securities Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	18,790	48,287	67,077	\$1,087,318	Yes (434.9%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
21,069,054	87.01%	3,145,289	12.99%



JEAN-MARC EUSTACHE - founding member

Chairman of the Board, President and Chief Executive Officer and Chair of the Executive Committee of the Corporation
Montréal, Québec, Canada

Non-Independent ⁽⁶⁾ - Executive Officer

Mr. Jean-Marc Eustache was the principal architect of the 1987 creation of Transat A.T. Inc. His forward-thinking business vision - focused on vertical integration - combined with outstanding leadership skills have helped elevate Transat A.T. Inc. to the **rank of Canada's** tourism industry leader. With its subsidiaries and affiliates, the Corporation has also **become international in scope and one of the world tourism industry's largest players.**

Mr. Eustache holds a Bachelor of Science degree in Economics (1974) from the Université du Québec à Montréal (UQAM). He began his career in the youth and student tourism industry in 1977 at Tourbec, before founding Trafic Voyages - the foundation for the creation of Transat A.T. Inc. - in 1982.

Mr. Eustache is actively involved in his community. He is a director of the Espace Go. He was a director of the Canadian Tourism Commission from 1998 to 2011. He is also Chairman **of the Board of the Fondation de l'Université du Québec à Montréal. In 2011, Mr. Eustache** was named Officer of the Ordre national du Québec in recognition of his exceptional career as an entrepreneur and his efforts in promoting Québec and Canada as destinations for tourism. In the same year, he also received the first award for excellence for the **France-Québec entrepreneur of the year from the Club des dirigeants d'entreprises franco-québécois (CDEFQ).**

In 2018, Mr. Eustache received an honorary Doctorate degree from UQAM, a distinction attributed in acknowledgement of his professional accomplishments, his social commitment and his contribution to the growth of the tourism industry. That same year, he was inducted into the Canadian Travel Hall of Fame. Prior thereto, he has received various awards and recognitions for his contribution to the development of the tourism industry, including the induction to the Canadian Tourism Hall of Fame (2008), the Grand Ulysse award in 2006 from Tourism Montreal, the Ernst & Young Entrepreneur of the Year award for Québec (2005), La Presse's CEO of the Year (2004), the Prix Performance 2000 award from the management network of the Université du Québec à Montréal, the Cubanacan Award of excellence (2000), the Global Award from the World Travel Market in London (1996), Transport Canada's 1992 Award of Excellence; and, also in 1992, the industry distinction award from ACTA-Québec.

Areas of Expertise:

- 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

Director since: February 1987

Age: 72

Mandatory retirement: 2023

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	13 of 13	100%	▪ None
Executive Committee (C) ⁽⁴⁾	2 of 2	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (3 X annual base salary, being \$2,766,390 5 year objective) ⁽⁵⁾
As at October 31, 2019	427,202	10,331	437,533	\$7,162,041	Yes (258.9%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
20,548,712	84.86%	3,665,631	15.14%



SUSAN KUDZMAN

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Susan Kudzman is an actuary and retired from her position of Executive Vice President and Chief Risk Officer and Corporate Affairs of the Laurentian Bank of Canada until 2018. Previously, she was Executive Vice President and Chief Risk Officer at Caisse de dépôt et placement du Québec.

Ms. Kudzman is currently chair of the Board of directors of Yellow Pages, and has been a member of the Board since November 2014. Since September 2018, she is a member of the Board of directors of Medavie, a health company and insurer, and a member of its Audit and Risk Committee and Human Resources Committee. Previously, she was a director of AtmanCo, where she was also a member of the Audit Committee.

In addition, she was a member of various organizations and associations, including the Grands Ballets canadiens de Montréal (from 2000 to 2015) and Quartier international de Montréal (from 2006 to 2013). She has been Vice-Chair of the Board of Directors of the Montréal Heart Institute Foundation since 2012 as well as member of the Board of Directors of the Festival du nouveau cinéma.

Ms. Kudzman holds a Bachelor's degree in Actuarial Sciences from Université Laval (1984) and the titles of Fellow, member of the Canadian Institute of Actuaries (FCIA) (1987), Fellow of the Society of Actuaries (FSA) (1987) and Certified Enterprise Risk Analyst (CERA) (2009).

Areas of Expertise:

- 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

Director since: March 2014

Age: 57

Mandatory retirement: 2037

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5)
Board	23 of 23	100%	▪ Yellow Pages (TSX: Y)
HRCC	9 of 9	100%	
RMCGC	5 of 5	100%	

Security Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	0	45,240	45,240	\$733,340	Yes (293.3%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
21,032,071	86.86%	3,182,272	13.14%



JEAN-YVES LEBLANC

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Leblanc holds a Bachelor of Mechanical Engineering degree from Université Laval, a Master of Industrial Engineering from the University of Toronto and a Master of Business Administration (MBA) from the University of Western Ontario.

He was President and Chief Operating Officer of Bombardier Transportation from 1986 to 2001 and served as Chairman of its Board from 2001 to 2004. From 1982 to 1985, he worked as an executive officer for Marine Industries where he served as Vice President, Hydro-Electric Division, and Executive Vice President and Chief Operating Officer of the company. Prior to that, from 1973 to 1981, he was Vice President, then President, of Sométal Atlantic Ltée.

Mr. Leblanc is currently a member of the Board of Directors and Chair of the Compensation and Human Resources Committee of Pomerleau Inc., Lead Director, Chair of the Audit and Risk Management Committee, a member of the Acquisition Committee and a member of the Innovation Committee of Premier Tech Ltd., as well as Chairman of the Board and Chair of the Audit Committee and the Human Resources and Corporate Governance Committee of Emballage St-Jean Ltée. He is also a member of the Board of Directors of METIX Inc. and B-CITI Inc.

Previously, Mr. Leblanc was Chair of the Audit and Ethics Committee, the Compensation and Human Resources Committee, and the Risk Management and Safety Committee of Groupe Kéolis S.A.S. (France) from 2007 to 2018. From 2010 to 2014, he was also Chairman of the Board of the Conseil du Patronat du Québec. From 2004 to 2013, he was Chairman of the Audit Committee of Desjardins Securities. From 2006 to 2010, he was Chair of the Human Resources and Corporate Governance Committee of IPL Inc. From 2004 to 2009, he was Chair of the Human Resources and Corporate Governance Committee and a member of the Audit and Risk Management Committee of ADS Inc., and a member of the Board of Directors of Univalor from 2002 to 2008.

He has also been a member of various organizations and associations, including the Montréal Archaeology and History Complex, Pointe-à-Callière (from 2001 to 2009), the Théâtre du Nouveau Monde (from 2005 to 2010), the Montréal Heart Institute Foundation (from 2003 to 2009) and the Montréal Heart Institute (from 2001 to 2011).

Areas of Expertise:

- 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

Director since: December 2008

Age: 73

Mandatory retirement: 2021

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5)
Board of Directors	23 of 23	100%	<ul style="list-style-type: none"> ▪ Advance Inflight Alliance AG
Executive Committee ⁽⁴⁾	4 of 4	100%	
HRCC (C)	9 of 9	100%	
Audit Committee	8 of 8	100%	
Special Committee ⁽⁸⁾	39 of 39	100%	

Security Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	13,000	29,493	42,493	\$688,812	Yes (275.5%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
20,543,527	84.84%	3,670,816	15.16%



IAN RAE

Founder and Chief Executive Officer of CloudOps
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Rae holds a Bachelor of Sciences (Honours) in biology, with a major in Evolutionary Genetics from McGill University and is the founder and Chief Executive Officer of CloudOps Inc., a company offering cloud computing services, solutions and products since 2005. Mr. Rae is also the founder of cloud.ca, a Canadian cloud infrastructure platform. Prior to CloudOps, Mr. Rae was chief engineering at Coradiant and, prior thereto, manager of IT systems at Canderel, a real estate developer.

Mr. Rae has been a member of the Board of Directors of Genome Canada since 2017. He is also involved in the startup community as an advisor and angel investor and is also a member of the Board of Directors of the Council of Canadian Innovators, the **Entrepreneur's Organization and the Government of Canada's Economic Strategy – Digital Industries Table**.

Areas of Expertise:

- Technology
- Professional services
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Marketing and sales
- Operations
- Business development and mergers-acquisitions
- Strategic planning

Director since: October 2018

Age: 47

Mandatory retirement: 2047

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	22 of 23	95.65%	▪ None

Securities Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs (2)	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽⁸⁾
As at October 31, 2019	0	3,949	3,949	\$64,013	In progress (25.6%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes For	Votes Withheld	% of votes withheld
21,146,847	87.33%	3,067,496	12.67%



JACQUES SIMONEAU

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Dr. Simoneau has a Bachelor of Science degree and a Master of Applied Science degree from **Université Laval** and a **Ph.D. from Queen's University**. He has completed the Directors Education Program at McGill University and is certified ICD.D by the Institute of Corporate Directors. He also participated in several intensive executive training courses in finance, accounting, marketing and leadership. From 1982 to 1989, he taught at Royal Military College and then joined Alcan where he held research and management positions. In 1994, he was appointed as Director, Business Development at Advanced Scientific Computing.

In 1995, Dr. Simoneau focused his career in investments. In 1995, he was appointed as President and Chief Executive Officer and a Director of Société Innovatech du sud du Québec, a venture-capital fund. In 1999, he joined the Fonds de solidarité FTQ as Group Vice President for Technology Investment, and was then promoted to Senior Vice President, Industry and Services in 2000. In 2004, he became President and Chief Executive Officer and a director of Hydro-Québec Capitech, the corporate venture capital subsidiary of Hydro-Québec and a member of its Board of Directors. In 2006, Dr. Simoneau joined the Business Development Bank of Canada (BDC) as Executive Vice President, Investment, where he was responsible for the venture capital and **subordinate financing portfolios until 2010**. He also served on BDC's Executive Committee, Asset and Liability Committee and Pension Fund Investment Committee. Dr. Simoneau has then served as President and Chief Executive Officer and a director of Gestion Univalor, L.P. until 2019.

He is currently a Director of Azimut Exploration Inc., Genome Canada, Edilex Inc. and Fer 3 Capital Inc. He also serves as Chair or a member of the Audit, Governance, Investment and Compensation Committees of these organizations.

Areas of Expertise:

- 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

Director since: November 2000

Age: 62

Mandatory retirement: 2032

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	<ul style="list-style-type: none"> ▪ Exploration Azimut Inc. (TSXV: AZM)
Executive Committee ⁽⁴⁾	3 of 4	75%	
Audit Committee	8 of 8	100%	
RMCGC (C)	5 of 5	100%	
Special Committee ⁽⁸⁾	39 of 39	100%	

Securities Held

Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 5 year objective) ⁽³⁾
As at October 31, 2019	18,280	21,658	39,938	\$647,395	Yes (259.0%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
20,509,601	84.70%	3,704,742	15.30%



LOUISE ST-PIERRE

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Ms. Louise St-Pierre was President and Chief Executive Officer of Cogeco Connection from 2013 to 2016. She also held several positions as Vice President within Cogeco Connection, including Senior Vice President, Residential Services from 2009 to 2013, Vice President, Customer Services and Operations from 2007 to 2009, and Vice President, Chief of Information Technology from 1999 to 2007. She is Chair of the Board of Directors of Domaine Forget in Charlevoix since 2017, but has been a director thereof since 2012. She also sits on the Board of Directors of Arterra Wines Canada (OTPP).

Ms. St-Pierre holds a Bachelor of Commerce (Administrative Sciences) – major in Finance and Marketing from McGill University and an honorary degree from the Loyalist College, in Ontario.

She received various awards, including the Women’s Executive Network award – Recognized as one of Canada’s 100 Most Powerful Women, the Mercure Leadership Germaine-Gibara award from the Fédération des chambres de commerce and the Leadership Excellence Award from the Canadian Women in Communications.

Areas of Expertise:

- Technology
- Community involvement
- Corporate management
- Risk management
- Corporate governance
- Marketing and sales
- Professional services
- Operations
- Business development
- Strategic planning
- Consumer and retail
- Academia
- Human resources

Director since: October 2017

Age: 64

Mandatory retirement: 2030

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	▪ None

Security Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 (5 year objective) ⁽³⁾
As at October 31, 2019	0	7,523	7,523	\$121,948	In progress (48.8%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
21,121,885	87.23%	3,092,458	12.77%



PHILIPPE SUREAU – founding member

Corporate Director
Montréal, Québec, Canada

Independent ⁽¹⁾

Mr. Philippe Sureau is one of the three founding members of Transat along with Mr. Jean-Marc Eustache and Ms. Lina De Cesare. Until November 2009, he was President, Distribution, of the Corporation and Advisor to the President from 2009 to 2014. He served as president and CEO of Air Transat A.T. Inc. (from 1997 to 2000) and directed **Transat's first Internet venture. Until November 2009, he was heading the distribution side of Transat, overseeing its activities on both online and traditional channels in Canada and France.** Mr. Sureau has been part of the founding and development of a series of business initiatives (Nortour, Trafic Voyages, Trafic Tour France), which led to the inception of Transat in 1987, and has been a member of its Board of Directors since its inception.

Among other accomplishments, he was Chairman of the Québec Travel Agency Association (ACTA-Québec) in 1986-87; Chairman of the Board of the Air Transport Association of Canada (ATAC) in 1995-96, and from 1999 to 2005, was a member of the Board of Directors of Manoir Richelieu. From April 2005 to June 2011, Mr. Sureau was appointed by the Québec government as a member of the Comité consultatif des agents de voyages (consulting committee of travel agents). He was also Chairman of the Board of Directors of the Corporation du Théâtre Outremont, Chairman of the Board of Directors of La Vitrine culturelle de Montréal and Chairman of the Executive Committee of UQÀM's Transat Chair in Tourism. **Since 2018, he is Chairman of the Board of Tourisme Montréal and is a member of its Board of Directors since 2017.**

Mr. Sureau studied at the René-Descartes Paris V University and holds a degree from the Lycée Carnot, in Paris.

Areas of Expertise:

- Technology
- Tourism
- Transportation and air transportation
- Communications and advertising
- Consumer goods and retail
- Corporate management
- Risk management
- Corporate governance
- Mergers-acquisitions
- Strategic planning
- Public relations
- Operations
- International
- Marketing and sales
- Hotel industry
- Community involvement

Director since: February 1987

Age: 70

Mandatory retirement: 2024

Meeting Attendance ⁽⁷⁾	Number	%	Other directorships of public companies during the last five (5) years
Board of Directors	23 of 23	100%	▪ None
Special Committee ⁽⁸⁾	39 of 39	100%	

Securities Held					
Fiscal Year	Shares	DSUs	Total Number of Shares and DSUs	Total Market Value of Shares and DSUs ⁽²⁾	Compliance with minimum Shares or DSUs ownership requirement (5 X annual retainer, being \$250,000 (5 year objective) ⁽³⁾
As at October 31, 2019	323,209	25,548	348,757	\$5,653,351	Yes (2261.3%)

2019 Annual Meeting of Shareholders Voting Results

Votes For	% of votes for	Votes Withheld	% of votes withheld
19,882,541	82.11%	4,331,802	17.89%

- 1) "Independent" refers to the standards of independence established under section 1.2 of Canadian Securities Administrators' National Instrument 58-101.
- 2) Means (i) the cost of acquiring the shares and DSUs for the Director, or (ii) the market value of the Class B Voting Shares and DSUs held by the Director on January 15, 2020, namely \$16.21, 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, and amended in 2018, 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 as well as the \$375,000 target established for the Lead Director. He had until September 1, 2021, to reach the set target for the Lead Director. It should be noted that no DSUs have been credited after January 31, 2019, considering the trading blackout period then in effect for insiders. Consequently, the amounts usually payable in the form of DSUs have been paid in cash.
- 4) The Executive Committee meets on an ad hoc basis should a situation requiring particular attention arise. This committee is made up of the Chairman of the Board, President and CEO, the Lead Director and the Chair of each Board committee.
- 5) The guidelines adopted by the Corporation provide that the President and CEO must hold a number of Class B Voting Shares or DSUs having a value equivalent to three (3) 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) Attendance at the meetings indicated above is determined for the November 1, 2018, to October 31, 2019, period, inclusively, namely the fiscal year of the Corporation.
- 8) On December 17, 2018, the Board of Directors of the Corporation formed a Special Committee to ensure the implementation of an independent and rigorous process for the review of the proposal contemplating the Arrangement between the Corporation and Air Canada. This committee, which is composed of Messrs. Bachand, Edwards, Simoneau and Sureau, as well as Mr. Leblanc who also acts as Chair.

To the knowledge of Transat, none of the proposed nominees for election as Directors (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 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.

SHAREHOLDERS 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; or only the Board, 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 acquisition	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 the previous 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 on an annual basis.

The following table indicates what is involved in the evaluation process:

Evaluator					
	Board Chair	Lead Director	Chair of the RMC GC	Each Director	HRCC
Performance of the Board	√	√	√	√	
Performance of the Committees				Committee members	
Performance of the Board Chair ⁽¹⁾				√	
Performance of the President and Chief Executive Officer ⁽¹⁾					√
Performance of the Committee Chairs				Committee members	
Performance of each Director	√	√	√	√	
Performance of the Lead Director				√	

(1) Mr. Jean-Marc Eustache holds the positions of Chairman of the Board as well as President and CEO.

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, 2019, 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. For the 12-month period ended on October 31, 2019, a total of 88 in camera meetings of the Board and the committees were held. An in-camera session was held at each meeting of the Board and the committees, without exception. 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 and of the President and CEO without him being present. The members of the HRCC subsequently review the results with him and the Board. A report is then made, in camera, at the Board level and further discussed among Board members. Every year, each Director also assesses the Lead Director's performance. A report is subsequently made, in camera, at the Board level and further discussed among Board members.

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

ORIENTATION AND CONTINUING EDUCATION

The members of the RMCGC approved an orientation and continuing education program for new Directors that allows them to individually meet certain executive officers for initiation and information sessions on the corporate activities of the Corporation and its principal 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 directly from each of them a presentation on the activities of their respective business units. 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 2019:

Continuing Education for Directors in 2019		
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 – 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
Review of legal risks	Transat A.T. Inc.	Members of the Special Committee and all Directors via the report from the chairperson and the minutes
Review of financial risks	Transat A.T. Inc.	Members of the Special Committee and all Directors via the report from the chairperson and the minutes
GHG reductions and decarbonisation	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Transactional fraud	Transat A.T. Inc.	Members of the RMCGC and all Directors via the report from the chairperson and the minutes
Breakfast seminars (on different subjects)	Institute of Corporate Directors (ICD)	All Directors.

Part 2 - DIRECTOR COMPENSATION

During the year ended October 31, 2019, 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"). For the 2019 fiscal year, the following terms applied:

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 in 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 issued and outstanding shares of the Corporation at that time.

No DSUs were credited after January 31, 2019, given the trading blackout period then in effect for insiders. The amounts normally payable in DSUs have thus been paid in cash.

In addition, a special committee in charge of assessing the different strategic options available to the Corporation was established on December 17, 2018. Members of this special committee received a special compensation on the following terms:

Monthly Compensation	
Compensation - Chair of the special committee	\$15,000 in cash
Compensation - Members of the special committee	\$10,000 in cash

On November 1, 2019, the special committee members' compensation was reduced to \$10,000 per quarter for all members, except for the Chair of the special committee, for whom the \$15,000 monthly compensation was maintained. Also, attendance fees of \$1,500 per meeting were introduced for each member of the special committee, including the Chair of the special committee.

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, 2019.

Name	Paid in dollars (\$)		Paid in DSUs (\$)		All other compensation ⁽³⁾ (\$)	Total compensation (\$)
	Base annual retainer ⁽¹⁾	Attendance fees	Optional conversion ⁽²⁾	Basic awards		
Raymond Bachand ⁽⁴⁾⁽⁷⁾	180,000	49,000	26,345	8,750	1,300	265,395
Louis-Marie Beaulieu	76,875	49,000	6,875	8,750		141,500
Lucie Chabot	70,000	44,500	13,750	8,750	920	137,920
Lina De Cesare	81,250	32,000		8,750	267	122,267
W. Brian Edwards ⁽⁷⁾	195,401	55,000	9,188	8,750		268,339
Susan Kudzman	71,250	49,500	15,000	8,750	920	145,420
Jean-Yves Leblanc ⁽⁵⁾⁽⁷⁾	259,364	60,500		8,750	797	329,411
Ian Rae ⁽⁶⁾	63,750	28,000	13,451	9,415.76		113,951
Jacques Simoneau ⁽⁷⁾	204,589	52,500		8,750	920	266,759
Louise St-Pierre	72,500	33,500	6,250	8,750		121,000
Philippe Sureau ⁽⁷⁾	181,089	30,500		8,750	312	220,651

(1) Includes the base annual retainer, the additional retainer as a committee member, paid in cash, and the value of DSUs paid in cash commencing February 1, 2019, given the trading blackout period.

(2) Represents the value of the base annual retainer that the Director chose to convert into DSUs upon payment. No DSUs were credited after January 31, 2019, given the trading blackout period for insiders in effect at the time. Amounts payable in DSUs were paid in cash after that date.

(3) Value of the travel privileges.

(4) Includes fees converted into DSUs (\$5,095) for services rendered by Mr. Bachand in fiscal 2017-2018 as Lead Director and member of the Executive Committee.

(5) Includes a \$4,144.02 correction to the fees paid to Mr. Leblanc for overpaid fees in fiscal 2017-2018.

(6) Includes fees converted into DSUs (\$1,617) for services rendered by Mr. Rae in fiscal 2017-2018 as Director.

(7) Includes the additional special committee compensation introduced on December 17, 2018.

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each Director, the number and value of Voting Share-based awards outstanding at the end of fiscal year 2019 (at a price of \$15.37 per share).

Name	DSUs outstanding as at October 31, 2018	DSUs granted in 2019	DSUs outstanding as at October 31, 2019	Value as at October 31, 2019 (\$)
Raymond Bachand ⁽¹⁾	39,087	6,061	45,148	693,925
Louis-Marie Beaulieu	26,902	2,699	29,601	454,967
Lucie Chabot	14,272	3,886	18,158	279,088
Lina De Cesare	17,965	1,511	19,476	299,346
W. Brian Edwards	45,189	3,098	48,287	742,171
Susan Kudzman	41,138	4,102	45,240	695,339
Jean-Yves Leblanc	27,982	1,511	29,493	453,307
Ian Rae ⁽²⁾	0	3,949	3,949	60,696
Jacques Simoneau	20,147	1,511	21,658	332,883
Louise St-Pierre	4,932	2,591	7,523	115,629
Philippe Sureau	24,037	1,511	25,548	392,673

(1) 880 DSUs were credited to Mr. Bachand's account at the beginning of 2019 for services rendered in fiscal 2017-2018.

(2) 279 DSUs were credited to Mr. Rae's account at the beginning of 2019 for services rendered in fiscal 2017-2018.

Part 3 - BOARD COMMITTEES REPORTS

Special Committee report



J-Y Leblanc
(Chair)



R. Bachand



W. B. Edwards



J. Simoneau



P. Sureau

On December 17, 2018, the Board formed a special committee composed only of Independent Directors of the Corporation, namely Jean-Yves Leblanc (Chair), Raymond Bachand, W. Brian Edwards, Jacques Simoneau and Philippe Sureau, to generally oversee the process relating to the evaluation of the Arrangement.

For additional details on the committee and its functions, as well as a summary of its actions, please refer to the section entitled "The Arrangement" in the circular dated July 19, 2019, filed with the Canadian Securities Administrators and available on SEDAR (www.sedar.com).

Since the Arrangement was approved by the shareholders at the special meeting held on August 23, 2019, they continue to perform their duties and play a prominent role in the implementation of the Arrangement. This includes overseeing the Arrangement review process by the regulatory authorities in Canada and in Europe for the purpose of obtaining the approvals required to complete the Arrangement, as well as following-up on commitments contained in the documents relating to the Arrangement.

As of today and since the establishment of the special committee in December 2018, its members held 41 meetings.

2019 HIGHLIGHTS

Within the performance of its duties, the special committee regularly acts jointly with Transat's management. The committee's main duties and responsibilities over the last year relating, among other things, to the process having led to the approval of the Arrangement, are described below:

- Review the terms, conditions and other details of a going-private transaction in conjunction with the Arrangement, based on the advice of the Corporation's legal and financial advisors;
- Consider and, if deemed appropriate, put in place a formal review process of the strategic options available to the Corporation, including the sale of the Corporation or of substantially all of its assets or a major change to its business model or the nature of its activities or any other alternative transaction, and consider and evaluate the terms and conditions and other details of any transaction emerging from this strategic review, including any variations or amendments thereto;
- Make recommendations to the Board with regard to any strategic transaction, including the Arrangement or any other alternative proposal, and supervise any process that it deems appropriate for the purpose of making such recommendations; and
- Oversee the implementation of the Arrangement, including overseeing the due diligence process, the negotiation of the terms and conditions, the granting of the required regulatory approvals and other details related to the Arrangement.

Audit Committee report



J-Y Leblanc
(Chair)



R. Bachand



L-M Beaulieu



L. Chabot



J. Simoneau

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.

For more information on the Audit Committee (including its charter) as well as its powers and mandate, please refer to our 2019 Annual Information Form available at www.transat.com.

The five (5) members of the committee are Independent Directors and financially literate within the meaning of the law. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.

In 2019, the Audit Committee held eight (8) meetings, with an attendance rate of 100%.

2019 HIGHLIGHTS

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:

- Recommendation to the Board regarding the selection of external auditors and the determination of their compensation for fiscal 2019.
- 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



J. Simoneau
(Chair)



L. Chabot



L. De Cesare



W. B. Edwards



S. Kudzman

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.

The RMCGC's Charter can be promptly provided upon written request and is available on SEDAR at www.sedar.com.

The five (5) committee members are Independent Directors. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only.

In 2019, the RMCGC held five (5) meetings, with an attendance rate of 100%.

2019 HIGHLIGHTS

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

- Review of air travel risks, computer and cybersecurity risks and human resource-related risks, and, more specifically, risks related to the Arrangement.
- 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



W. B. Edwards
(Chair)



L-M Beaulieu



S. Kudzman



J-Y Leblanc



L. St-Pierre

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.

The HRCC Charter can be quickly provided on written request and is available on SEDAR at www.sedar.com.

The five (5) 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.

In 2019, the HRCC held nine meetings, with an attendance rate of 100%.

2019 HIGHLIGHTS

- The approval of a compensation policy intended to replace the Voting Share-based grants and Option-based grants by cash bonuses, to encourage employee retention, especially key employees, and to reward the efforts of employees who participated in the transaction. More information concerning this policy can be found under “**Employee Retention Policy**”.
- The approval of a formal severance policy, applicable after the occurrence of a change of control, essentially based on the Corporation’s current practices.
- 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.

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.

Part 4 - 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, 2019: Joseph Adamo, Michèle Barre, Bernard Bussi eres, Grant Elder, Jean-Marc Eustache, Daniel Godbout, Annick Gu erard, Christophe Hennebelle, Bruno Leclair, Jean-Fran ois Lemay, Denis P etrin and Jordi Sol e.

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 P etrin, Annick Gu erard, Jean-Fran ois Lemay and Jordi Sol e.

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.

The guiding principles for executive officer compensation are the following:

Performance-based	Competitive Compensation	Alignment with the Shareholders’ Interest
<p>Most of the compensation programs are designed so that the compensation granted or paid is based on:</p> <ul style="list-style-type: none"> ▪ the overall performance of the Corporation; and/or ▪ if applicable, the performance of the subsidiary in which the executive officer works. <p>Indeed, it is the Corporation’s strategy to maximize the relationships and the cooperation between certain subsidiaries. Therefore, it is deemed important that the compensation programs incorporate this principle.</p>	<p>It is crucial for the Corporation to offer its executive officers competitive compensation to attract the best 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"> ▪ the Voting Share-based awards; and ▪ the long-term programs linked to the value created for all shareholders. <p>Equity-based compensation as a proportion of overall annual compensation increases with the level of the position, thus strengthening the alignment of the executive officers’ interests with those of the shareholders.</p>

The year 2019 was a very special year for Transat. Discussions regarding a potential acquisition of the Corporation took place with several parties and ultimately resulted in the execution of an arrangement agreement with Air Canada on June 27, 2019. The consequences for employees involved in this major project are significant, especially given that they are no longer able to trade securities of the Corporation as a result of the trading blackout period which was gradually imposed beginning February 1, 2019, based on their involvement. In this context, there was no Voting Share-based awards or Option-based awards in January 2019. A cash bonus, with no performance criteria, payable three (3) years after the grant or on the closing of

the Arrangement (change of control), provided such closing occurs before the end of the three-year period, was granted in place of the 2019 grants. Participation in the permanent stock ownership incentive plan was suspended. The employer's contribution was replaced with an amount paid in cash. Lastly, an employee retention policy was implemented. Pursuant to this policy, certain NEOs were granted a special bonus in recognition of their increased duties and their workload for an extended period. These amounts are paid on an extraordinary and non-recurring basis.

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, with the exception of the particular context of the Arrangement mentioned below, 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 the issues related to attracting and hiring employees, 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. In the specific context of the Arrangement, and in particular as the Corporation is waiting for the regulatory authorizations required to conclude the Arrangement, retention policies based on compensation, among other things, have been implemented in order to retain talent and attract high potential candidates to fill vacancies. For more information on this policy, please refer to the section entitled "Employee Retention Policy".

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.



**THE MITIGATION MEASURES IN PLACE MITIGATE THE RISKS
RELATING TO COMPENSATION OR HUMAN RESOURCES
LIKELY TO HAVE A MATERIALLY ADVERSE EFFECT ON THE
BUSINESS OF THE CORPORATION.**

EMPLOYEE RETENTION POLICY

In the context of the Arrangement, the HRCC recommended and the Corporation approved the adoption of the employee retention policy for the benefit of executive officers and other key employees of the Corporation.

The purpose of the employee retention policy is to retain, encourage and reward executive officers and other key employees to (i) protect Transat's brand by pursuing business as usual until the completion of the Arrangement; (ii) actively contribute to the completion of the Arrangement under the best conditions possible and in a timely manner; and (iii) replace long-term incentive grants which would otherwise have been made to Executive Officers and Senior Management of the Corporation in the normal course of business.

The employee retention policy was therefore based on the following measures and principles:

- The value of the long-term incentive awards already granted was taken into consideration and considered as the core of the retention plan for employees who had been granted such incentives.
- The 2019 long-term incentives (RSUs, PSUs and Options), which could not be granted because of the trading blackout period in effect, were replaced with replacement bonuses for a total value of \$5,000,000 (subject to currency variations in some limited cases), which bonuses are not subject to any performance criteria, and are payable three (3) years from the grant date, or on the closing of the Arrangement (on the first date to occur). The amount of this bonus, established at the time of grant, is equal to the target value of the grant that would have been made, were it not for the trading blackout.
- Special bonuses were awarded to employees whose RSUs were to be cancelled in January 2020, for a total amount of \$4,288,000, in order to maintain the retention effect of those instruments. The major part of this amount, namely \$3,573,000, will be paid upon completion of the Arrangement, while the remaining amount will be paid six (6) months later.
- Bonuses in cash, for a total amount of \$4,200,000 were granted to employees participating in the Arrangement and/or deemed key to the continuation of operations. In the latter case, the bonus amount is factored in the sum of the existing long-term incentives and replacement bonus, if any. Out of that amount, bonuses granted to NEOs represented \$375,000 in the aggregate, \$125,000 of which were paid on October 31, 2019.
- A severance policy, valid until 18 months after the closing of the Arrangement, was approved for all employees, with amounts in line with previous practices of the Corporation. The policy provides improved amounts for certain levels and short-tenured employees in the event of loss of employment in certain circumstances, so as to facilitate their retention. The amount was also increased for certain key employees, depending on outstanding long-term incentives.

The residual amounts owed under the employee retention policy will be paid-out to eligible officers and key employees who are at the Corporation's employ on the effective date of the Arrangement. Certain payments, that exclusively concern cash bonuses for employees participating in the Arrangement, were made on October 31, 2019.

Should the Arrangement not be completed, a portion of the Arrangement retention and bonus plan may be payable by the Corporation upon the cancellation date. However, the replacement bonus would only be payable at the third anniversary of the award date, to employees that remained with the Corporation until that date.

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; and
- head office in the province of Québec.

The following table shows the comparison group (in effect since 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 Goup. 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
Québecor Inc.	X	X			X
Quincaillerie Richelieu Itée.	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 ⁽¹⁾	2,937	38	580	5,180
Comparison Group ⁽²⁾	2,332	530	2,149	9,945

(1) Results as at October 31, 2019.

(2) The data was gathered in 2019.

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 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 2019, PCI performed work concerning executive officer compensation, including with respect to the employee retention policy. PCI also assisted the Corporation in its 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 2019 are as follows:

	HRCC	RMCGC	Management	Total
2019	\$199,461	\$6,638	-	\$206,099
2018	\$78,038	\$7,786	-	\$85,524

TOTAL COMPENSATION COMPONENTS

The following table summarizes the components of the global compensation policy of the executive officers for 2019.

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 program 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 program 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"> Recognize the level of responsibility, competencies and contribution to the Corporation's results 	Ongoing	Level of the position, competencies, individual contribution and reference market
	Benefits (group insurance)	<ul style="list-style-type: none"> Cover the executive and his family adequately (illness, dental, disability, death) 	Ongoing	According to the competitive market data; some directly related to the salary
	Perquisites	<ul style="list-style-type: none"> Facilitate access to certain services to favour prioritization of the Corporation's business 	Ongoing	Level of the position
	Retirement Plans: <ul style="list-style-type: none"> Defined Contribution Plan (DC) Executives defined benefit pension plan (DB) Individual retirement account (IRA) and 401(k) (in the United States)⁽¹⁾ 	<ul style="list-style-type: none"> Encourage long-term commitment of the executive by contributing to retirement income 	Ongoing	Level of the position
VARIABLE	Short-term Incentive opportunity <ul style="list-style-type: none"> Short term incentive plan (« STIP ») Hotel division bonus plan 	<ul style="list-style-type: none"> Achieve and exceed annual corporate financial and strategic goals 	1 year	Transat ANI Strategic cost control and reduction objectives related to the business plan
	Special Bonus for Executive Officers	<ul style="list-style-type: none"> Achieve and sustain exceptional performance 	Payment spread over 3 years	Transat ANI
	Mid to long-term incentive opportunity <ul style="list-style-type: none"> Permanent stock ownership incentive plan (Transaction program) 	<ul style="list-style-type: none"> Support the achievement of shareholding guidelines 	3 years	Individual level of investment
	PSUs ⁽²⁾	<ul style="list-style-type: none"> Increase share price Encourage share ownership Achieve the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI Total shareholder return
	RSUs ^{(2) (3)}	<ul style="list-style-type: none"> Increase share price Achieve the Corporation's medium term financial goals Promote retention through vesting conditions (3 years) 	3 years	Transat ANI
	Options ⁽²⁾	<ul style="list-style-type: none"> Encourage share ownership Increase share price Promote retention through vesting conditions (3 years) 	7 years	Transat share price

⁽¹⁾ The 401(k) was introduced in January 2019. Prior to that, an individual retirement account was in place.

⁽²⁾ The 2019 PSU and Option grants were replaced by a cash bonus payable three (3) years after the grant or upon the closing of the Arrangement if the closing occurs before the end of the three-year period. This bonus is not subject to any performance criteria.

⁽³⁾ The last RSU grant to executive officers was made on January 2016 and expired in January 2019.

Details on each NEO compensation component are provided on the following pages. Exceptionally, as a result of the trading blackout period in effect since the end of 2018, or the beginning of 2019 for insiders, NEOs did not receive any PSU or Option grants in 2019. These grants were replaced by a cash bonus with no performance criteria, payable three (3) years after the grant or upon the closing of the Arrangement (change of control) if such closing occurs before the end of the three-year period. In addition, the Transaction program was progressively suspended for insiders beginning February 1, 2019. The employer's contribution was replaced by a cash payment.

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 2019, and those that have been approved since that fiscal year-end.

	Salary	Revision as at January 1, 2019		Revision as at January 1, 2020	
	(Nov. 1, 2018)	(%)	Revised Salary	(%)	Revised Salary
Jean-Marc Eustache	\$913,000	+ 1 %	\$922,130	0 %	\$922,130
Denis Pétrin	\$424,000	+ 2 %	\$432,480	+ 2,4 %	\$442,860
Annick Guérard	\$530,000	+ 2 %	\$540,600	+ 2,4 %	\$553,574
Jean-François Lemay	\$424,000	+ 2 %	\$432,480	+ 2,4 %	\$442,860
Jordi Solé ⁽¹⁾	US\$250,000 (US\$310,199)	0 %	US\$250,000 (US\$321,333)	+ 3,0 %	US\$257,500 (US\$331,350)

(1) Mr. Solé's base salary is expressed in US dollars and in net value after tax, in accordance with his employment agreement. The amounts in brackets represent the approximate value of Mr. Solé's gross salary before tax. For 2018, the salary paid while Mr. Solé was in Canada was converted in US dollars at an exchange rate of US\$1.00 = \$1.2953.

Employee Benefits Program

The Canadian 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 (4) 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 2019.

Mr. Solé has a plan offering similar protections in the United States.

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 2019.

Mr. Solé is not entitled to participate in this perquisites program. However, he is eligible for a housing and car allowance equal to a total of US\$50,000 annually. This amount represents the net value received by Mr. Solé. Transat assumes taxes and payroll taxes.

Retirement Plans

Defined Benefit Plan (for NEOs residing in Canada)	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 five (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 (for NEOs residing in Canada)	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 <i>Income Tax Act</i> (Canada). Please refer to the section entitled " Benefits Under a Retirement Plan " for more details on the retirement plan provisions.
401(k) Plan (in effect in the United States)	Mr. Solé received an amount equal to 10% of his base salary as a contribution from Transat to his retirement plan. The contributions were made to his individual retirement account (IRA) until December 31, 2018, and subsequently to a 401(k), from January 1, 2019, until income tax limits were reached. The excess was paid in cash.

Short-Term Incentive Plan ("STIP") and Hotel Division Bonus Plan

2019 STIP highlights:

- ANI of -0.32%, 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.

2019 Hotel Division Bonus Plan highlights:

- Mr. Solé's objectives related to the hotel division were fully attained (100%).

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; and
- 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 (2) 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 2019, depend on the achievement of cost-reduction goals;
- The total STIP payment amount may not be higher than 50% of the available ANI; and
- Mr. Solé is not eligible to participate in the STIP, but is eligible to participate in the hotel division bonus plan. This bonus, in addition to having financial objectives, includes divisional objectives. The financial and divisional objectives account respectively for 50% of the total maximum bonus. The financial objectives are the same as the financial objectives of the STIP, namely ANI and revenue.

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

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

(1) The total bonus payments cannot be higher than 50% of the available ANI, except for Mr. Solé, for whom only the portion based on financial results is subject to this rule.

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 2019, the target was an ANI equal to 1.40% of the revenue, i.e. \$41,119,820 for a revenue of \$2,937,130,000.

The following table illustrates the scale of achieved financial goals linked to achieving the ANI as a percentage of the revenues for the year 2019.

	Under the threshold	Threshold	Target	Maximum	Results	
					Actual 2019	Weighted (75%)
ANI as a % of revenue	<0.70%	0.70%	1.40 %	2.50 %	-0.32%	-
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	5% penalty
If real revenue < 90% of objectives	10% penalty

Strategic objectives:

Four (4) 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:

Strategic target results	Number of indicators reaching at least the target level				If all the indicators reach the target, number of indicators reaching the maximum				Actual results 2019	Weighted results (25%)
	1	2	3	4	1	2	3	4	1 target reached	
	25%	50%	75%	100%	125%	150%	175%	200%	25%	6.25 %

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 2019.

Divisional objectives (hotels):

	1	2	3	4	5	6	Actual results 2019	Weighted results (50%)
Weighting	40%	20%	5%	15%	15%	5%		
Results	40%	20%	5%	15%	15%	5%	100%	50%

For 2020, the targets for the STIP are the following:

Financial objectives (75% of the STIP and 50% of the hotel division bonus):

	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 (25% of the STIP):

Strategic target results	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
	25%	50%	75%	100%	125%	150%	175%	200%

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

	Minimum	Target	Maximum
% of target bonus paid	0%	100%	200%
J.-M. Eustache	0%	100%	200%
D. Pétrin	0 %	50 %	100 %
A. Guérard	0%	50%	100%
J.-F. Lemay	0%	50%	100%
J. Solé	0%	50%	

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 3-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 2019.

Long-Term Incentive Program

2019 LTIP highlights:

- 2014 and 2015 Options: Tranches of 331/3% of the Options granted in 2014 and 2015 would normally have had a second chance to vest during the year. Given the trading blackout period in effect at the time when vesting would have occurred, the test is suspended and the Options will vest upon closing of the Arrangement, pursuant to the change of control clause. If the Arrangement is not completed, the test will be applied at the end of the trading blackout period.
- 2017 and 2018 Options: Acquisition resulting from the passage of time of 331/3% of the September 2017 grant and of 331/3% of the January 2018 grant.
- PSUs granted in 2017: Given the trading blackout period in effect at the time when vesting would have occurred, the rules and provisions provided in the plan were applied. Therefore, such PSUs are extended until the closing of the Arrangement or the day following the end of the trading blackout period (whichever is earlier).
- RSUs granted in 2017: Cancellation of 100% of the units granted in the 2016-2019 cycle. However, the HRCC has decided to replace the value of this grant with a cash bonus equivalent to \$15 per unit payable upon closing of the Arrangement (cancelled if the Arrangement is terminated). This decision is in line with the employee retention policy implemented in 2019. In addition, a cash bonus equivalent to \$3 per unit will be payable six (6) months after the closing of the Arrangement, or will be cancelled if the Arrangement is terminated. No executive officers, and especially no NEOs, hold such RSUs.
- Given the trading blackout period in effect, no RSUs, PSUs and Options were granted in January 2019. The grants were replaced by a fixed value cash bonus, with no performance criteria, payable three (3) years after the grant or upon closing of the Arrangement (whichever is earlier). The value of the bonus represents the LTIP target compensation value normally granted.
- Beginning on February 1, 2019, and depending on the date on which an employee became an insider in the proposed Arrangement, the Transaction and Transcapital programs were gradually suspended. The plans were finally suspended for all non-insider employees on June 27, 2019, the date on which the arrangement agreement relating to the Arrangement was executed. The employer's contribution was replaced by a cash payment.

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

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

The following table sets forth, for each NEO, the target value of each component of the long-term incentive program in effect during fiscal year 2019. Given the trading blackout period in effect, no grants were made in 2019. The grants were replaced by a fixed value cash bonus, with no performance criteria, payable three (3) years after the grant or upon closing of the Arrangement. The value of the bonus represents the LTIP target value normally granted. The Transaction program was gradually suspended beginning February 1, 2019. The employer's contribution was replaced by a cash payment.

Name	Annual long-term incentive opportunity ⁽¹⁾		
	Option grants	PSU awards	Share awards ^{(3) (4)}
	Notional par value = [# of Options x price per share on date of grant ⁽²⁾]/salary	Par value = [# of PSUs x price per share on date of grant ⁽²⁾]/salary	Par value = [# of shares x price per share on date of grant] / salary
Jean-Marc Eustache	75.0 %	85.0 %	10.0 % ⁽⁵⁾
Denis Pétrin	37.5 %	45.0 %	10.0 %
Annick Guérard	60.0 %	65.0 %	10.0 %
Jean-François Lemay	37.5 %	45.0 %	10.0 %
Jordi Solé ⁽⁶⁾	0.0 %	0.0 %	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 (5) 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.

(5) Even though he is eligible, Mr. Eustache does not participate in the permanent stock ownership incentive plan (Transaction program).

(6) Mr. Solé is not eligible to participate in the Option and PSU plans.

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 program 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 meeting of shareholders.
Eligible Members	Designated executive officers of the Corporation.
Participation Level	<ul style="list-style-type: none"> ▪ NEOs can subscribe for a number of shares the total subscription price of which may represent up to 10% of their base salary. ▪ The other executives may subscribe for a number of shares the total subscription price of which varies between 5% and 10% of their base salary.
Subscription Price	The subscription price under the Transaction program is equal to the weighted average of the shares' closing price on the TSX 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 TSX 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 (3) 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 (3rd) January 1 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, 2018, to October 31, 2019, an aggregate of 19,992 shares having an approximate aggregate value of \$123,977 were awarded to executive officers of the Corporation under the Transaction program. Of that number, 2,526 shares vested on January 10, 2019, 6,664 vested on January 10, 2020, 6,664 will vest on January 10, 2021, and 4,138 will vest on January 10, 2022.

All NEOs, with the exception of the President and CEO, participated in the plan at a rate of 10% of their base salary until February 1, 2019. On that date, the plan was suspended for insiders, given the trading blackout period. The employer's contribution was replaced by a cash payment.

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 one and five percent (1% to 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 five percent (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 TSX 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 five percent (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 TSX 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 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, 2019, the Corporation recorded \$128,326 (\$188,000 in 2018) in compensation expenses in respect of its Transcapital program.

For the period from November 1, 2018, to October 31, 2019, an aggregate of 19,641 shares having an approximate aggregate value of \$128,326 were awarded to eligible employees under the Transcapital program. Of that number, 6,743 shares vested on July 1, 2019, and 12,898 will vest on July 1, 2020.

Beginning on February 1, 2019, and based on the date on which an employee became an insider in the proposed Arrangement, the plan was suspended. The plan was finally suspended for all non-insider employees on June 27, 2019, the date on which the arrangement agreement related to the Arrangement was executed.

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 (five percent (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 TSX over the five (5) 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, 2019, we issued under this plan a total of 76,881 Voting Shares (namely 0.20% of the issued shares) and, as at October 31, 2019, the remainder of shares that we were authorized to issue under the said plan amounted to 691,780 Voting Shares (namely 1.83% of the issued shares).

Beginning on February 1, 2019, and based on the date on which an employee became an insider in the Arrangement, the plan was suspended. The plan was finally suspended for all non-insider employees on June 27, 2019.

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.

PSU Plan

The purpose of the PSU 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 (three years (3) 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.

Mr. Solé is not eligible to participate in this plan.

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 five (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 TSX 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 3-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 diluting 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 PSUs 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 2019

No PSUs from the 2016-2019 cycle vested in fiscal 2019 given the trading blackout period in effect. The PSU Plan provides for the extension of the PSUs' term until the closing of the Arrangement or the day following the end of the trading blackout period (whichever is earlier).

PSU Grants during Fiscal Year 2019

In January 2019, given the trading blackout period in effect, no PSU grant was made to the NEOs. The PSU grant was replaced by a cash bonus, with no performance criteria, payable on the earlier of (a) three (3) years after the grant and (b) the closing date of the Arrangement. The amount of this bonus, established at the time of grant, is equivalent to the target value of the PSU grant that would have been made if no trading blackout was in effect.

The following table sets forth the amounts granted and targets for each NEO.

	Target (In % of base salary)	Amount awarded
Jean-Marc Eustache	85%	\$783,811
Denis Pétrin	45 %	\$194,616
Annick Guérard	65 %	\$351,390
Jean-François Lemay	45 %	\$194,616
Jordi Solé	n/a	\$0

RSU Plan

The objective of the RSU 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.

This plan no longer applies to executive officers, but still applies to other eligible employees. The last RSUs granted to NEOs expired in January 2019.

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 five (5) trading days preceding the grant.
Vesting Terms	All RSUs granted vest at the end of a 3-year financial cycle.
Performance criterion	Vesting is conditional on the achievement of the ANI target as a % of average revenues for the three (3) 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 (5) 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 2019

The last RSU grant to executive officers was made in January 2016 and expired in January 2019. Therefore, no vesting of RSUs to NEOs for the 2016-2019 cycle was expiring on October 31, 2019.

RSU Grants during Fiscal Year 2019

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 2019. Eligible executives did not receive RSU grants in January 2019 given the trading blackout period then in effect. The RSU grant was replaced by a cash bonus, with no performance criteria, payable three (3) years after the grant or upon closing of the Arrangement (whichever is earlier). The amount of such bonus, established at the time of grant, is equivalent to the target value of the RSU grant that would have been made if no trading blackout was in effect.



RSUs ARE NO LONGER PART OF THE CORPORATION’S CURRENT EXECUTIVE COMPENSATION POLICY, BUT ARE USED IN THE COMPENSATION PROGRAMS FOR OTHER POSITIONS. THEREFORE, SINCE THE END OF THE 2018 FISCAL YEAR, EXECUTIVE OFFICERS 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 Option 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.

Mr. Solé is the only NEO not eligible to participate in the Option Plan.

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

Maximum Number of Securities Issuable	1,122,337 (2.97% of the issued and outstanding Voting Shares).
Reserve	Expired or cancelled Options are put back into the reserve for future grants only if they do not represent more than five percent (5%) of the outstanding Voting Shares of the Corporation. Options in excess of 5% will be cancelled. Options that have not yet been granted under the 2009 and 1995 plans have been transferred to this reserve.
Eligible Members	Executives and other eligible employees of the Corporation and its subsidiaries.(1) The options granted under the 2016 Option Plan are non-transferrable.
Exercise Price	Weighted average trading price of the shares of the Corporation on the TSX for the five (5) trading days preceding the grant.
Vesting Terms	One third of the initial grant per year on each of the first three (3) anniversary dates of the grant. In the event of change of control, any Option granted and not vested may be exercised, and the Board 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 seven (7) years. The plan gives the Board the latitude to grant Options with a term of up to ten years. If the expiry date of an Option falls within a blackout period (or within ten days after the end of a blackout period), the expiry date will be postponed to the 10 th day after the end of the trading blackout period.
Participation	The number of Voting Shares which may be subscribed for by a single person (including any insider and associate of such person within the meaning of the <i>Securities Act</i> (Québec), within a one-year period, under this Plan and any other option plan or voting share purchase plan of the Corporation, shall not represent more than five percent (5%) of the Corporation's shares that are issued and outstanding. 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 issued and outstanding Voting Shares of the Corporation.
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 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 10% of the number of issued and outstanding Voting 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 2019

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 2019, two (2) tranches of Options were to be subject to this second chance to vest, namely the third tranche of the 2014 grant and the second tranche of the 2015 grant. Because of the Arrangement, achievement of the performance criteria was not validated, and the Options will remain unvested until completion of the Arrangement, in which case they would vest, or until the Arrangement is terminated, in which case the test would be effectively applied.

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 (3) anniversary dates of the grant. 33⅓% of the Options granted in 2017 and 2018 vested during fiscal 2019.

Option Grants During Fiscal Year 2019

In January 2019, given the trading blackout period in effect, no Option grants were made to NEOs. Option grants were replaced by a cash bonus, with no performance criteria, payable three (3) years after the grant or upon closing of the Arrangement (on the first date to occur). The amount of such bonus, established at the time of grant, is equivalent to the Black-Scholes value of the grant that would have been made if no trading blackout was in effect. The following table sets forth the target and the amount effectively granted to each NEO.

	Target (in % of base salary)	Amount awarded ⁽¹⁾
Jean-Marc Eustache	75%	\$112,304
Denis Pétrin	37.5 %	\$26,335
Annick Guérard	60 %	\$52,671
Jean-François Lemay	37.5 %	\$26,335
Jordi Solé	n/a	\$0

(1) The amount awarded was determined based on the fair value of the Options normally granted, i.e. taking into account the share price on January 10, 2019, the date on which the Option grant would have normally been made if no trading blackout was in effect, and the value determined based on the Black-Scholes model, namely 32.86%.

Status of Outstanding Options

	Total as at October 31, 2019	Total as at October 31, 2018	Total as at October 31, 2017
Total number of Options granted during fiscal year, including Options granted to NEOs	0	157,735	135,406
	0	118,388	99,503
Options granted during the fiscal year as a % of the outstanding Voting Shares	0.00 %	0.42 %	0.40 %
Total number of outstanding Options ⁽¹⁾	1,748,570	1,786,588	2,243,328
Outstanding Options as a % of the total outstanding Voting Shares	4.63 %	4.76 %	6.06 %
Balance available for future grants ⁽²⁾	829,196	829,196	986,931
Balance available for future grants as a % of the total outstanding Voting Shares	2.20 %	2.21 %	2.66 %

(1) The weighted average number of securities outstanding for the applicable fiscal year is 37,747,090 in 2019, 37,545,335 in 2018, and 37,040,000 in 2017.

(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 issued and outstanding voting 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 3-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; and
- 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 5-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 3-year period effective from the date of his promotion to reach the new minimum shareholding multiple which will then be applicable to him.

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

Position	Minimum shareholding multiple
President and CEO	3.0 times the annual salary
Chief Operating Officer Chief Financial Officer President General Manager, 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



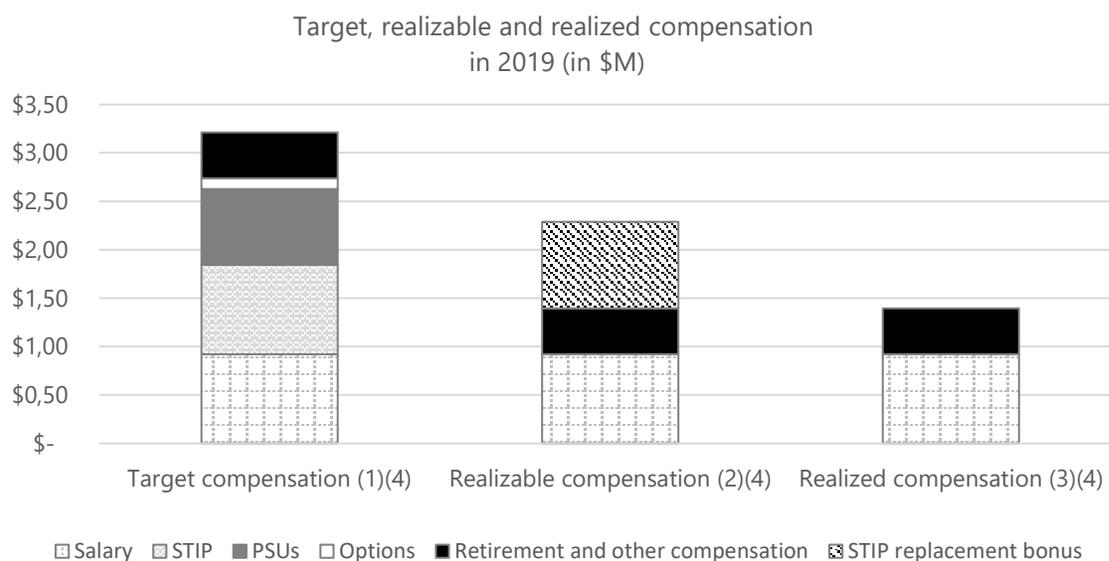
JEAN-MARC EUSTACHE

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 meetings.

- No bonus was awarded to Mr. Eustache for fiscal year 2019 since the threshold was not met.
- Normally, 66% of Mr. Eustache's total direct compensation target is variable and linked to the performance of the business. In 2019, the replacement bonus granted is linked only to attendance.

Allocation of targeted total direct compensation for 2019



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2019 bonus at the target.
- (2) No Options or PSUs were granted in 2019 as a result of the trading blackout period. A replacement bonus was granted instead. No bonus was paid in 2019 under the STIP.
- (3) No PSU vested in 2019. No Option was exercised in 2019. No bonus was paid in 2019 under the STIP.
- (4) The base salary, retirement and other compensation are the same for each scenario.

Shareholding Guidelines for Directors (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required
427,202	10,331	\$6,724,882	\$2,766,390

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2019, i.e. \$15.37 per unit.



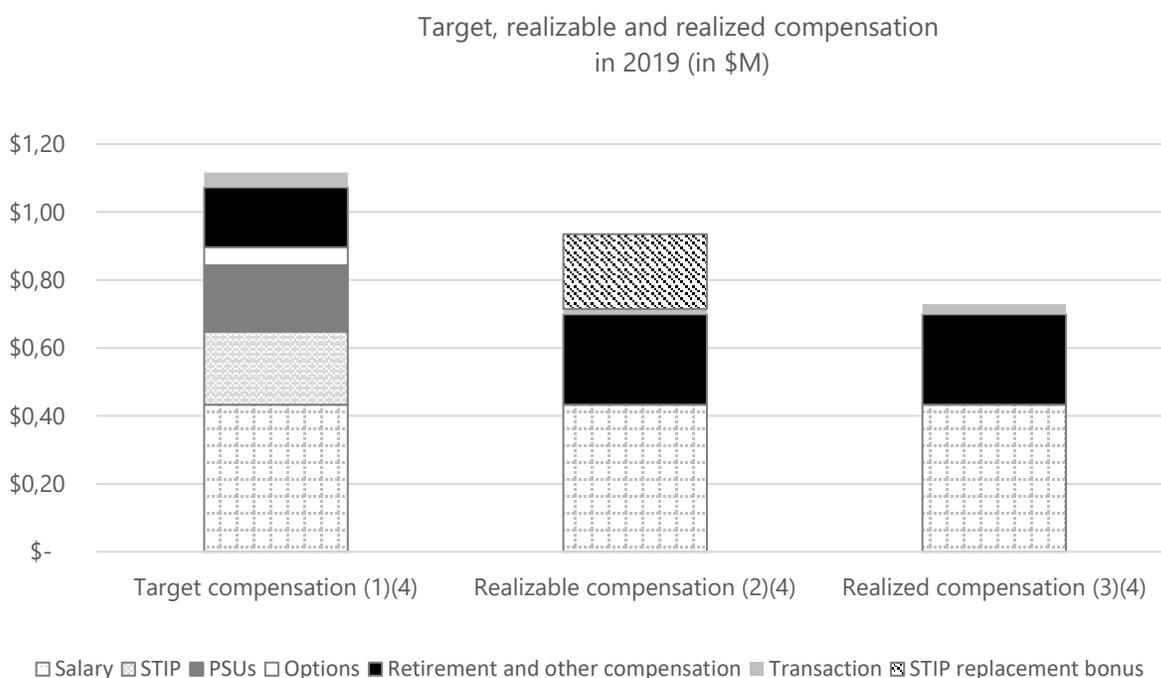
DENIS PÉTRIN

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 2019 since the threshold was not met.
- An exceptional bonus of \$58,333 was paid to Mr. Pétrin to recognize his contribution in connection with the Arrangement.
- Normally, 54% of Mr. Pétrin’s total direct compensation target is variable and linked to the performance of the business. In 2019, the replacement bonus is linked only to attendance.

Allocation of targeted total direct compensation for 2019



(1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2019 bonus at the target.
 (2) No Options or PSUs were granted in 2019 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
 (3) No PSU vested in 2019. No Option was exercised in 2019. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
 (4) The base salary and retirement are the same for each scenario.

Shareholding Guidelines for Directors (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required
94,930	—	\$1,459,072	\$648,720

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and (ii) the market value of the shares held on October 31, 2019, i.e. \$15.37, including the Corporation’s non-acquired contribution under the terms of the Transaction program.



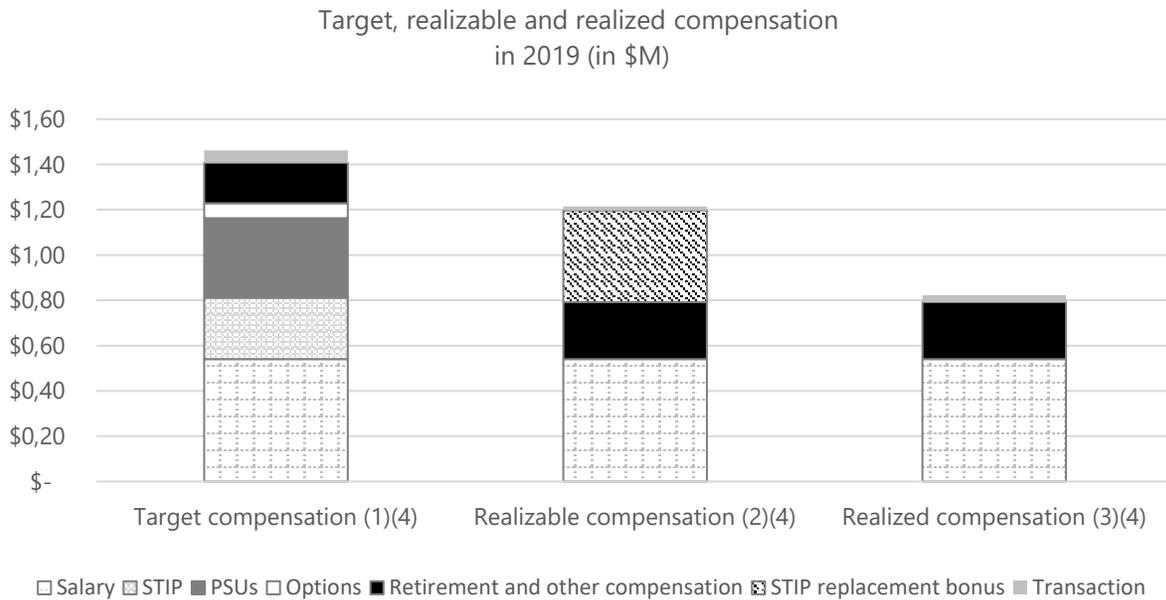
ANNICK GUÉRARD

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 2019 since the threshold was not met.
- An exceptional bonus of \$33,333 was paid to Mrs. Guérard to recognize her contribution in connection with the Arrangement.

Allocation of targeted total direct compensation for 2019



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2019 bonus at the target.
- (2) No Options or PSUs were granted in 2019 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
- (3) No PSU vested in 2019. No Option was exercised in 2019. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
- (4) The base salary and retirement are the same for each scenario.

Shareholding Guidelines for Directors (2017) (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
70,115	—	\$1,077,661	\$810,900

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and (ii) the market value of the shares held on October 31, 2019, i.e. \$15.37, including the Corporation’s non-acquired contribution under the terms of the Transaction program.
⁽²⁾ Following her appointment as Chief Operating Officer on November 1, 2017, Mrs. Guérard’s shareholding requirement increased from 1 to 1.5 times the base salary.



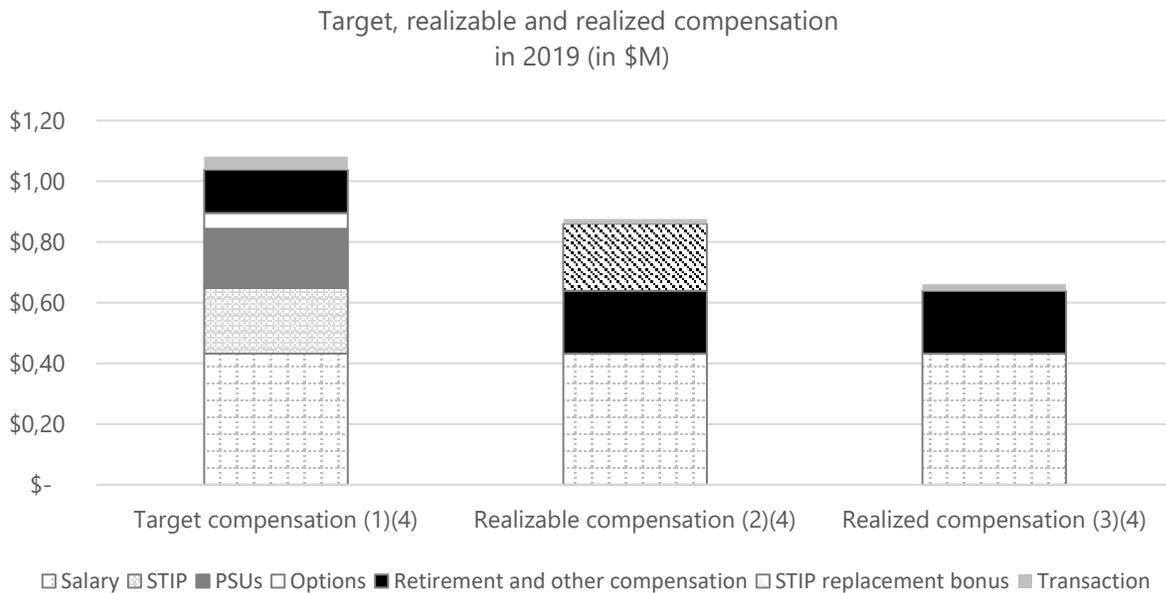
JEAN-FRANÇOIS LEMAY

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 2019 since the threshold was not met.
- An exceptional bonus of \$33,333 was paid to Mr. Lemay to recognize his contribution in connection with the Arrangement.

Allocation of targeted total direct compensation for 2019



- (1) Includes the estimated value of the Options and of the PSUs at the target, as well as the 2019 bonus at the target.
- (2) No Options or PSUs were granted in 2019 as a result of the trading blackout period in effect. A replacement bonus was granted instead. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
- (3) No PSU vested in 2019. No Option was exercised in 2019. No bonus was paid in 2019 under the STIP. Other compensation includes the value of the special bonus paid in connection with the Arrangement as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.
- (4) The base salary and retirement are the same for each scenario.

Shareholding Guidelines for Directors (achieved)			
Shares	DSUs	Value ⁽¹⁾	Value Required
63,785	–	\$980,375	\$648,720

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares held on October 31, 2019, i.e. \$15.37, including the Corporation’s non-acquired contribution under the terms of the Transaction program.



JORDI SOLÉ

President, Hotel Division, Transat A.T. Inc.

Jordi Solé was appointed President of Transat’s hotel division in 2018. He is responsible for the implementation of the entire division, of the hiring of teams as well as of the acquisition of land and/or hotels, the construction of hotels on the acquired land and the creation of eventual partnerships.

- The bonus awarded to Mr. Solé under the hotel division bonus for fiscal year 2019 was granted as to half as a result of Transat’s financial results (which did not generate a payment) and as to the other half, for meeting the strategic targets for the hotel division. The bonus paid amounts to \$138,300, equal to 50% of the target.

Allocation of targeted total direct compensation for 2019 (In Canadian dollars)

Target, realizable and realized compensation in 2019 (in \$M)



(1) Includes the value of the target bonus. Other compensation includes the value of the car and housing allowance as well as Transat’s contribution to his retirement capital accumulation plan.

(2) Includes the bonus paid in 2019. Other compensation includes the value of the car and housing allowance, Transat’s contribution to his retirement capital accumulation plan as well as the employer’s contribution to the Transaction program paid in cash following the suspension of the plan.

(3) Includes the bonus paid in 2019. Other compensation includes the value of the car and housing allowance, Transat’s contribution to his retirement capital accumulation plan as well as the employer’s contributions to the Transaction program paid in cash following the suspension of said program.

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

Shareholding Guidelines for Directors (In progress)			
Shares	DSUs	Value ⁽¹⁾	Value Required ⁽²⁾
13,194	–	\$202,792	\$631,177

⁽¹⁾ This is the higher of (i) the cost of acquiring the shares and DSUs and (ii) the market value of the shares and DSUs held on October 31, 2019, i.e. \$15.37, including the Corporation’s non-acquired contribution under the terms of the Transaction program.

⁽²⁾ Mr. Solé has until 2023 to reach the required value, namely five (5) years after hiring.

Part 5 - 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 CEO, 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 "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.

Name and principal position	FY	Salary ⁽²⁾ (\$)	Share-based awards		Option-based awards ⁽⁵⁾ (\$)	Short-term incentive plan compensation ⁽⁶⁾ (\$)	Retirement plan value ⁽⁷⁾ (\$)	All other compensation ⁽⁸⁾ (\$)	Total compensation (\$)
			PSUs ⁽³⁾ (\$)	Transaction Program ⁽⁴⁾ (\$)					
Jean-Marc Eustache Chairman of the Board, President and CEO, Transat A.T. Inc.	2019	920,608	0	0	0	0	398,185	73,649	1,392,442
	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
Denis Pétrin Vice President, Finance and Administration, and Chief Financial Officer, Transat A.T. Inc.	2019	431,067	0	15,168	0	0	176,943	128,524	751,702
	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
Annick Guérard Chief Operating Officer, Transat A.T. Inc.	2019	538,833	0	18,960	0	0	179,178	121,072	858,043
	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
Jean-François Lemay President and General Manager, Air Transat A.T. Inc.	2019	431,067	0	15,168	0	0	141,943	107,835	696,013
	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
Jordi Solé⁽¹⁾ President, Hotel Division, Transat A.T. Inc.	2019	420,405	0	13,817	0	138,300	0	175,676	748,198
	2018	345,566	0	35,945	0	88,017	0	147,755	617,283

(1) Mr. Solé joined Transat on February 20, 2018. He worked in Canada until July 27, 2018, then moved to the United States where he now performs his duties.

(2) Mr. Solé's base salary is expressed as its net value and established in American dollars. Transat assumes the taxes and payroll taxes in order for Mr. Solé to receive a net amount equal to US\$250,000.

(3) The amounts in American dollars were converted to Canadian dollars according to the following average exchange rates:

2019 US\$1 = \$1.3288

2018 US\$1 = \$1.2973

The value of the PSUs awarded under the PSU Plan 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 (5) trading days preceding the award, i.e. \$10.94 in 2019 and \$8.97 in 2017. No PSUs were granted in 2019 as a result of the trading blackout period in effect. These grants were replaced with the awarding of a replacement bonus as detailed above. Mr. Solé is not eligible to participate in these plans.

(4) This amount represents Transat's contribution to the share purchase plan (Transaction program). This contribution is equivalent to 10% of the executive's base salary. In 2017, participation in the Transaction program was suspended during the blackout period that ended on September 11, 2017. 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 program. These catch-up contributions were made between September 2017 and April 2018. Participation in the program was again suspended as of February 1, 2019, for the NEOs because of the trading blackout period in effect. The employer's contribution was replaced by a cash payment. The value of these payments is presented in the "All other compensation" column. Transat's contributions to Mr. Solé's account are based on his gross base salary.

The amounts in American dollars were converted to Canadian dollars using the following average exchange rates:

2019 US\$1 = \$1.3029

2018 US\$1 = \$1.2972

Mr. Eustache does not participate in the Transaction program.

- (5) 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. No Options were granted in 2019 as a result of the trading blackout period in effect. These grants were replaced with the awarding of a replacement bonus as detailed above. The previous grants and the calculation of the value of the replacement bonus take into account the following assumptions:

	2019 (no grant of Options in 2019)	2018	2017
Exercise price:	\$5.93	\$10.94	\$8.97
Risk-free rate:	1.80%	1.80%	1.43%
Dividends:	-	-	-
Volatility (60 months):	39.00%	39.00%	42.00%
Expected lifetime:	4 years	4 years	4 years
Fair value per Option:	\$1.95	\$3.59	\$3.09

Mr. Solé is not eligible to participate in the Option Plan.

- (6) The NEOs are eligible to participate in the STIP, except Mr. Solé who is eligible for the hotel division bonus plan. For Mr. Solé, the Corporation assumes the taxes and payroll taxes related to the amounts received under the bonus plan.

The amounts in American dollars were converted to Canadian dollars using the following exchange rates in effect on the last day of the fiscal year:

2019 US\$1 = \$1.3160

2018 US\$1 = \$1.3142

- (7) 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 2019, 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, 2017, 2018 and 2019 respectively, in accordance with generally accepted accounting principles. The value of the contributions to Mr. Solé's IRA and 401(k) is included in the "All other compensation" column.
- (8) For Mr. Eustache, Mr. Pétrin and Lemay as well as for Ms. Guérard:
- For 2017 and 2018, this amount only includes the value of the perquisites paid under the perquisites program (allowance).
 - For 2019, it includes the value of the perquisites paid under the perquisites program (allowance): Mr. Eustache: \$73,649; Mr. Pétrin: \$38,796; Mrs. Guérard: \$48,495; Mr. Lemay: \$43,107; as well as the value of the cash payments following the suspension of the Transaction program: Mr. Pétrin: \$31,395; Mrs. Guérard: \$39,244; Mr. Lemay: \$31,395. Finally, this amount also includes the value of an exceptional bonus intended to recognize the increase in responsibilities and well as the additional workload taken on during an extended period of time as a result of the Arrangement: Mr. Pétrin: \$58,333; Mrs. Guérard: \$33,333; Mr. Lemay: \$33,333.

For Mr. Solé:

- This amount includes the value of Transat's contributions to the retirement capital accumulation plan (IRA and 401(k) and supplemental cash component), namely \$45,537 for 2019 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.3288) and \$36,278 for 2018 (converted to Canadian dollars at an exchange rate of US\$1 = CA\$1.2973).
- This amount also includes his housing and car allowance equal to \$99,858 in 2019 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.3288) and \$76,036 in 2018 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.2978).
- An amount of \$35,442 is included in 2018 for Mr. Solé's relocation expenses from Canada to the United States (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.2821).
- In 2019, the increase reflects the value of the cash payments made following the suspension of the Transaction program, namely \$30,281 (converted to Canadian dollars at the average exchange rate of US\$1 = CA\$1.3288).

Part 6 - INCENTIVE PLANS

TABLE OF OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The following table sets forth, for each NEO, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2019.

Name of the officer	Option Based Awards					Share Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money Options ⁽¹⁾		Number of shares or share units that have not vested ⁽²⁾ (#)	Market or payout value of share-based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested share-based award (not paid out or distributed) ⁽⁴⁾ (\$)
				Vested (\$)	Not vested (\$)			
Jean-Marc Eustache	118,538	11.22	May 6, 2019 ⁽⁵⁾	491,933		152,798	2,348,505	158,787
	110,743	12.25	May 5, 2020	345,518				
	49,844	19.24	January 12, 2021	0				
	192,313	7.48	January 11, 2022	1,517,350				
	147,137	6.01	January 9, 2023	1,377,202				
	116,612	12.49	January 8, 2021 ⁽⁶⁾	223,897	111,946			
	72,574	8.73	January 14, 2022 ⁽⁶⁾	321,263	160,628			
	53,992	8.97	Sept. 18, 2024	230,368	115,181			
	57,063	10.94	January 11, 2025	84,263	168,526			
Annick Guérard	4,000	11.22	May 6, 2019 ⁽⁵⁾	16,600		58,103	893,043	0
	6,699	12.25	May 5, 2020	20,901				
	2,500	19.24	January 12, 2021	0				
	16,871	7.48	January 11, 2022	133,112				
	14,362	6.01	January 9, 2023	134,428				
	18,330	12.49	January 8, 2021 ⁽⁶⁾	35,194	17,597			
	10,726	8.73	January 14, 2022 ⁽⁶⁾	47,483	23,738			
	11,875	8.97	Sept. 18, 2024	50,669	25,331			
	26,500	10.94	January 11, 2025	39,135	78,260			
Denis Pétrin	14,880	11.22	May 6, 2019 ⁽⁵⁾	61,752		44,447	683,150	0
	29,230	12.25	May 5, 2020	91,198				
	7,537	19.24	January 12, 2021	0				
	37,433	7.48	January 11, 2022	295,346				
	23,898	12.49	January 8, 2021 ⁽⁶⁾	45,884	22,942			
	16,118	8.73	January 14, 2022 ⁽⁶⁾	71,347	35,677			
	12,750	8.97	Sept. 18, 2024	54,400	27,200			
	13,250	10.94	January 11, 2025	19,567	39,130			
Jean-François Lemay	26,471	7.48	January 11, 2022	208,856		41,293	634,673	0
	18,330	12.49	January 8, 2021 ⁽⁶⁾	35,194	17,597			
	10,831	8.73	January 14, 2022 ⁽⁶⁾	47,947	23,970			
	11,875	8.97	Sept. 18 2024	50,669	25,331			
	13,250	10.94	January 11, 2025	19,567	39,130			
Jordi Solé ⁽⁷⁾	-	-	-	-	-	4,496	69,104	-

- (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, 2019, i.e. \$15.37, and the Option exercise price.
- (2) Vesting of shares under the Transaction program 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 3-year cycle. Please refer to the "Long Term Incentive Plan" section.
- (3) Includes the PSUs, RSUs and share awards under the Transaction program. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 31, 2019, i.e. \$15.37.
- (4) Represents the DSUs. The monetary value was calculated using the trading price of the Voting Shares of Transat on the TSX on October 31, 2019, i.e. \$15.37.
- (5) In accordance with the provisions of the Option Plan, the Options that were set to expire on May 6, 2019, did not expire, as a result of the trading blackout period in effect.
- (6) The unvested Options that expire on January 8, 2021, and January 14, 2022, are temporarily exempted from the performance criteria evaluation as a result of the trading blackout period in effect.
- (7) Mr. Solé is not eligible to participate in the Option, RSU or DSU Plans.

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 ⁽¹⁾	Share-based awards: value vested during the fiscal year ⁽²⁾	Non-equity Incentive plans: value paid during the fiscal year ⁽³⁾
Jean-Marc Eustache	\$112,481	\$0	\$0
Denis Pétrin	\$26,563	\$29,970	\$0
Annick Guérard	\$24,738	\$30,511	\$0
Jean-François Lemay	\$24,738	\$21,968	\$0
Jordi Solé	\$0	\$10,243	\$138,300

- (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 Transaction program, the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date. As a result of the trading blackout period in effect, no PSU vested in 2019. The PSUs will become fully vested on the date of the change of control. No RSUs were granted in 2017 for the 2016-2019 cycle
- (3) No payment was made for the fiscal year 2018-2019 under the Short-Term Incentive Plan (STIP). For Mr. Solé, the value shown represents the amount paid for the fiscal year 2018-2019 under the hotel division bonus plan.

Part 7 - 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 (in Canada), 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 (5) 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.
- 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 years.
 - In the event that early retirement is taken between the ages of 55 and 60, the retirement benefit is reduced by 5/12% for every full month that the retirement was taken before the participant's 60th birthday.
 - Where early retirement is taken between the ages of 60 and 65, no reduction applies to the retirement benefit.
 - Furthermore, for participants with over 20 eligible years of credited service, if early retirement is taken upon the date where the sum of age attained plus eligible years of credited service equals 85 (provided the participant is at least 55 years of age), no reduction applies to the retirement benefit.
- If the participant ceases to be employed by Transat before the date of his or her retirement, Transat will issue a certificate or promise of payment of the retirement benefit calculated as of his date of termination of employment, but payable only when the participant turns 65, except in the case of dismissal for cause or if the participant ceases his or her participation to the retirement plan, which results in the automatic cancellation of the participant's right to any retirement benefit pursuant to the standard retirement agreement.

The following table indicates, for each of the NEOs (except Mr. Solé who is eligible for the 401(k) plan), the annualized eligible earnings, years of credited service and estimated annual retirement benefits payable at age 65 accrued as at October 31, 2019, 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 November 1, 2018, to October 31, 2019, including the annual cost attributable to compensatory items for fiscal year 2019. 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, 2019, in accordance with generally accepted accounting principles.

Table of Benefits under a Retirement Plan

Name of the officer	Number of years credited service ⁽¹⁾	Annual benefits payable ⁽²⁾		Accrued benefit obligation as at November 1, 2018 ⁽³⁾ (\$)	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2019 ⁽³⁾ (\$)
		As at October 31, 2019 (\$)	At age 65 (\$)		Change attributable to compensatory items ⁽⁴⁾ (\$)	Change attributable to non-compensatory items ⁽⁵⁾ (\$)	
Jean-Marc Eustache	40.78	1,387,655	N/A	15,640,000	385,000	1,603,000	17,628,000
Denis Pétrin	10.00	121,348	255,439	1,484,000	168,000	325,000	1,977,000
Annick Guérard	6.91	64,051	547,527	967,000	168,000	419,000	1,554,000
Jean-François Lemay	8.00	66,253	152,259	847,000	133,000	202,000	1,182,000

- (1) Number of years credited service in a position eligible to the senior executives' retirement plan on or prior to October 31, 2019, or before that date following termination of employment or retirement in 2019.
- (2) Represents the benefits payable at age 65 based on the average final salary and the participation at the forecasted date and without subtracting the benefits coming from the Canada Pension Plan or the Québec Pension Plan. There is no data for Mr. Eustache because he is over 65 years of age.
- (3) Represents the value of the projected pension benefits earned for years credited service up to October 31, 2018, or October 31, 2019, accounting for the benefits of the Canada Pension Plan and the Québec Pension Plan, established in accordance with the assumptions described in Transat's respective financial statements.
- (4) Corresponds to the cost of the services rendered during the fiscal year plus the value of the amendments to the agreement, if any, and the value corresponds to the variation of the compensation that differs from the actuarial assumptions.
- (5) Represents the impact of all the other changes, including the interest related to the obligation for the previous year plus the change in the discount rate used to measure the obligation, the changes in other assumptions and the gains or losses realized other than those related to the compensation.

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 prior to 2016);
- the loss of majority by the Directors in office; and
- 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 offered to the officers of Transat in Canada, they 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 two percent (2%), up to the maximum contributions allowed under the Income Tax Act (Canada).

Mr. Solé is eligible for a capital accumulation plan equal to 10% of his base salary. For the period that he worked in Canada, the contributions were paid to him as salary. Then, following his relocation to the United States, and until December 31, 2018, the contributions were paid in an individual retirement account (IRA). From January 2019, a 401(k) plan was created. The fraction eventually exceeding the maximum allowable contributions is paid as salary.

The following table sets forth the changes in the sums accumulated in the defined contribution plan between November 1, 2018, and October 31, 2019, including the Corporation's contributions for fiscal year 2019.

Name of the officer	Accumulated value as at November 1, 2018 (\$)	Compensatory amount ⁽¹⁾ (\$)	Accumulated value at the end of FY 2019 (\$)
Jean-Marc Eustache	761,000	13,185	842,399
Denis Pétrin ⁽²⁾	560,057	8,943	616,232
Annick Guérard ⁽²⁾	316,372	11,178	368,123
Jean-François Lemay	94,718	8,943	121,145
Jordi Solé ⁽³⁾	8,682	41,503	51,482

- (1) Represents the employer contributions (equivalent to the employee contributions), namely two percent (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.
- (3) The amounts indicated for Mr. Solé were converted using the exchange rate of US\$1 = CA\$1.3288. In addition to the amount paid in his capital accumulation account, the portion exceeding the maximum allowable contributions was paid to him as salary, namely an amount of \$3,595 (converted to Canadian dollars at the exchange rate of US\$1 = CA\$1.3288).

Part 8 - 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 12 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 (except Mr. Solé who is not contemplated by this last consideration).

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 or the hotel division bonus plan in the case of Mr. Solé, 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"> 24 months of base salary plus one month per year of service (maximum 36 months, which is reached) Target under STIP for the duration of the allowance 	
Denis Pétrin	<ul style="list-style-type: none"> 12 months of base salary plus one month per year of service (maximum 18 months, which has been reached) Target under STIP for the duration of the allowance 	<ul style="list-style-type: none"> 18 months of base salary plus one month per year of service (maximum 24 months, which is reached) Target under STIP for the duration of the allowance
Annick Guérard et Jean-François Lemay	<ul style="list-style-type: none"> 24 months of base salary STIP based on the average of actual payments over the last two (2) years for the duration of the allowance. 	
Jordi Solé	<ul style="list-style-type: none"> 36 months of base salary if the termination occurs before the 1st anniversary of the employment date. 36 months of base salary and three (3) times the average value of the bonuses paid before the 2nd anniversary of the employment date, if the termination occurs after the 1st anniversary but before the 2nd anniversary. 12 months of base salary and the average value of the bonuses paid during the 24 months prior to the termination, if the termination occurs after the 2nd anniversary of the employment date. 	

The allowance is paid only if the Corporation terminates the officer's employment for a reason other than serious cause and 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; a significant reduction of compensation; relocation of the offices more than 100 kilometres away; and more generally, any constructive dismissal.

In the case of Mr. Eustache, the "valid reasons" also include a material adverse change of duties affecting the positions of Chairman of the Board and/or Chief Executive Officer.

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

- acquisition or holding of 20% or more of the voting rights; except acquisition by the Corporation itself, a subsidiary or affiliate of the Corporation, or a company with the same shareholders;
- 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); and
- 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.

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 Program	Retirement Plan	Employee and other benefits
Involuntary departure (termination WITHOUT cause)	<ul style="list-style-type: none"> ▪ 180 days to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: converted into cash based on the % of the last vesting cycle ended, prorated in accordance with the number of months worked in the cycle of each award, at the value of the Corporation's shares on the termination date.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on the termination date by the value of the Corporation's shares on the termination date.</p>	PSUs vest based on the % of the last vesting cycle ended, pro rata 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 the termination date is issued to the member.	Group insurance (basic life insurance, medical and dental care insurance for the employee and his dependents, as the case may be, as well as travel insurance for a maximum period of 14 consecutive days) will remain in effect, until the earlier of the following dates: (i) the effective date of a group insurance policy with a new employer; or (ii) 6 months after the termination of employment.
Involuntary departure (termination WITH cause)	<ul style="list-style-type: none"> ▪ 180 days to exercise vested Options. ▪ Unvested Options at the termination date are cancelled. 	<p>RSUs: no payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on termination date by the value of the Corporation's shares on the termination date.</p>	No payment.	All the shares subscribed by the member and the vested shares become unrestricted. The non-vested shares are lost.	Vesting of the portion of the defined contributions. Cancellation of the right to benefits of the defined benefit plan.	End of coverage.

Trigger	Options	RSUs and DSUs	PSUs	Share Purchase Plan/Transaction Program	Retirement Plan	Employee and other benefits
Resignation	<ul style="list-style-type: none"> 90 days to exercise vested Options. Unvested Options at the termination date are cancelled. 	<p>RSUs: No payment.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on his termination date by the value of the Corporation's shares on that date.</p>	No payment.	All the shares subscribed by the member, and all the vested shares become unrestricted. The unvested shares are lost.	A certificate of the accrued benefits on the termination date is issued to the member.	End of coverage.
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.	<p>RSUs: All the RSUs awarded and not vested vest on the date of change of control⁽¹⁾.</p> <p>DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on the date of the change of control by the redemption value of the shares of the Corporation.</p>	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).

On January 13, 2016, and December 13, 2017, the Corporation amended the 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	Option Plan Share Purchase Plan/Transaction Program Defined Benefit Pension Plan ⁽¹⁾ DSU Plan for Executive Officer ⁽²⁾ DSU Plan for Independent Directors ⁽³⁾	RSU Plan	PSU Plan
Grants and awards before January 13, 2016	<p>Unsolicited event or series of events (except for the events described in (iii) hereinafter) with one of the following results:</p> <p>(i) acquisition or holding of 20% or more of the voting rights;</p> <p>(ii) non-re-election of the majority of the members of the Board;</p> <p>(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC;</p> <p>(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.</p>	<p>Automatic acceleration of RSU vesting in the event of non-re-election of the majority of the members of the Board.</p> <p>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.</p>	<p>Event or series of events with one of the following results:</p> <p>(i) acquisition or holding of more than 50% of the voting rights;</p> <p>(ii) loss of majority by the Directors in office;</p> <p>(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.</p>
Grants and awards on or after January 13, 2016	<p>Event or series of events with one of the following results:</p> <p>(i) acquisition or holding of more than 50% of the voting rights by a person acting alone or persons acting in concert;</p> <p>(ii) loss of majority by the Directors in office;</p> <p>(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC⁽⁴⁾.</p>		

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

(2) The DSU Plan for Executive Officers has not been amended. No grant was made under the plan since 2008.

(3) The DSU Plan for Independent Directors no longer has a change of control clause since June 13, 2018.

(4) 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) AND CHANGE OF CONTROL

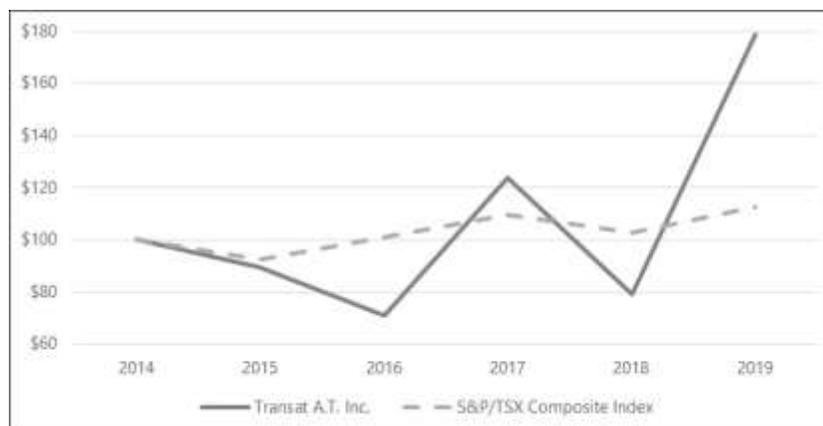
The following table reflects the monetary value of the termination allowance in the event of involuntary departure (ID) or a change of control (CofC) as well as the accelerated benefits payable to each NEO following a change of control, as provided in the various compensation plans and the individual agreements, if the event had occurred on October 31, 2019.

Name		Termination allowance ⁽¹⁾	Options ⁽²⁾⁽⁴⁾	RSUs ⁽³⁾⁽⁴⁾	PSUs ⁽³⁾⁽⁴⁾	Share Purchase Plan/Transaction Program ⁽⁴⁾	Retirement Plan ⁽⁶⁾
Jean-Marc Eustache	ID	\$5,532,780	N/A	\$0	\$1,654,256	N/A	N/A
	CofC		\$556,281	\$0	\$2,348,505	\$0	
Denis Pétrin	ID	\$973,080	N/A	\$0	\$411,108	N/A	N/A
	CofC	\$1,297,440	\$124,949	\$0	\$582,277	\$100,474	
Annick Guérard	ID	\$1,621,800	N/A	\$0	\$513,081	N/A	N/A
	CofC		\$144,926	\$0	\$777,015	\$116,028	
Jean-François Lemay	ID	\$1,297,440	N/A	\$0	\$393,112	N/A	N/A
	CofC		\$106,029	\$0	\$561,082	\$73,576	
Jordi Solé ⁽⁶⁾	ID	\$1,600,377	N/A	\$0	N/A	N/A	N/A
	CofC			\$0		\$69,104	

- (1) The termination allowance is only paid in the event of an involuntary departure or termination of employment following a change of control.
- (2) The value indicated is for Options that have not vested and which would vest further to the termination of employment in a change of control context on October 31, 2019.
- (3) The value indicated represents all RSUs/PSUs at the price per share on October 31, 2019, i.e. \$15.37, which would all vest in the event of a change of control as defined in the plan.
- (4) Note that early vesting under these plans occurs at the time of the change of control, regardless of whether or not the NEO's employment is terminated. The termination allowance is not automatically payable upon the change of control.
- (5) A change of control does not result in any additional retirement benefits. However, the trust agreement provides for the immediate payment of the constituted value of the benefits under the plan.
- (6) Mr. Solé holds no Options, RSUs or PSUs

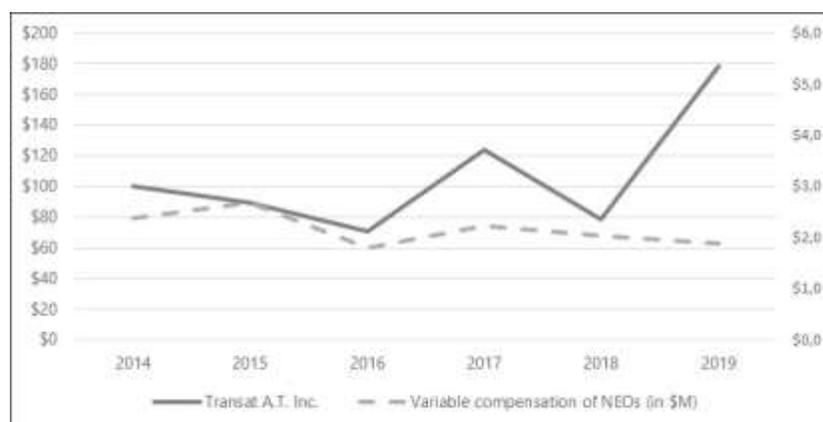
Part 9 - PERFORMANCE GRAPHS

The following performance graph indicates the cumulative total return over five (5) years, assuming a \$100 investment made on October 31, 2014, in Voting Shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



Financial years	2014	2015	2016	2017	2018	2019
Transat A.T. Inc.	100	90	71	124	79	179
S&P/TSX Composite Index	100	93	101	110	103	113

The following graph indicates the trend of the total variable compensation granted to the NEOs over the same 5-year period as the previous graph. It compares the sum of the total variable compensation granted to the NEOs (STIP bonuses paid, PSU awards, and Option grants) with the cumulative total return over five (5) years, assuming a \$100 investment made on October 31, 2014, 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 2017, the total variable compensation granted to the NEOs also increases.



Financial years	2014	2015	2016	2017	2018	2019
Transat A.T. Inc.	100	90	71	124	79	179
Variable compensation of NEOs (in \$M)	2,386	2,695	1,811	2,235	2,044	1,880

- (1) For the 2018-2019 fiscal year, no PSUs were awarded, nor Options granted. These awards and grants were replaced by a replacement bonus payable in cash, which is included in the compensation presented in the graph and table above. No STIP bonus was paid. A bonus in the amount of \$138,300 was paid to Mr. Solé under the hotel division bonus plan.

Part 10 - 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 on an annual basis. The criticality of a position is evaluated based on three (3) criteria: the financial impact on Transat, the difficulty of recruiting for the position, and the risk of the individual's departure.

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 Public Affairs.

In the perspective of his future retirement, the process to identify a successor to Mr. Jean-Marc Eustache, President and CEO, was 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 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 are 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. Forty people are presently identified as having strong potential, and nine (9) of them (or 22.5%) were promoted internally in the last year.

Part 11 - SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS

EQUITY SECURITIES

The following table indicates the number of Voting Shares available for future issuance under the Option Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants or rights as at October 31, 2019 (a)	Weighted average exercise price of outstanding Options, warrants and rights as at October 31, 2019 (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2019 (c)
Equity compensation plans approved by securityholders	1,748,570	\$10.15	829,196
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	1,748,570	\$10.15	829,196

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 five percent (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 may determine other vesting provisions.
- The 1995 Plan does not provide for an annual maximum grant equal to two percent (2%) of the Corporation's outstanding shares, while the 2009 and 2019 Plans do.

DSU Plan

The awards of 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.

Part 12 - ADDITIONAL DISCLOSURE

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Certain directors and officers of Transat have interests in connection with the Arrangement that may be in addition to, or separate from, those of Shareholders generally, including regarding the Arrangement. For further details regarding the interests of certain persons in the Arrangement, please refer to “Interests of Certain Persons in the Arrangement” of the Arrangement Circular dated July 19, 2019.

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, among other things, earnings announcements, reviewing analyst reports, conference calls and meetings with analysts, selective disclosure of information, the use of forward-looking information, dealing with rumours and blackout periods. The policy provides for a disclosure compliance system and procedures to ensure that material information concerning Transat’s affairs is brought to the attention of the disclosure committee members in a timely and accurate manner.

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

ADDITIONAL INFORMATION

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

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

RELATIONSHIP WITH SHAREHOLDERS

The Corporation believes in the importance of a frank and constructive dialog with the shareholders. Between the annual meetings, the Corporation will provide the shareholders with a transparent process that will allow them to communicate with the Board, including the Executive Chairman of the Board, the Lead Director and the chairmen of the committees of the Board. The Board has designated Denis Pétrin, VP, Finance and Administration as the representative responsible for receiving and examining the communications and requests for meetings addressed to the Board. Mr. Pétrin will decide if the purpose of the communication is the responsibility of the Board or if it is more appropriate to transfer the communication to management.

The shareholders may formulate requests for information, observations or suggestions verbally or send them by email to relationsinvestisseurs@transat.com or by mail (indicating "Confidential" on the envelope) to the attention of the corporate secretary of the Corporation at 300 Léo-Pariseau Street, Suite 500, Montreal, Québec H2X 4C2.

APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

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

Montréal, Québec, January 23, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.



Bernard Bussi eres
Vice President, General Counsel and Corporate Secretary

SCHEDULE A – Approach to Executive Compensation

The section entitled “Executive Officer Compensation Discussion and Analysis” explains in detail the Corporation’s approach to executive compensation which is based on three (3) founding principles, namely to be based on the Corporation’s performance, to be competitive with the market and to be aligned with the best interests of the shareholders.

Upon recommendation of the HRCC, the Board recommends that the shareholders vote in favour of the following non-binding advisory resolution.

“BE IT RESOLVED:

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

Although it is an advisory vote and the results will not be binding upon the Board, the members of the Board and of the Human Resources and Remuneration Committee will review and analyze the results of the vote. In 2019, this resolution received 22,158,305 votes in favour, namely 91.50%, and 2,059,538 votes against, namely 8.50%.

Unless it is indicated that the shareholder wishes to abstain from voting, the shares represented by the form of proxy will be voted FOR of the Corporation’s approach to executive compensation.

SCHEDULE B – Shareholder Proposal

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

On the date its proposal was filed and based on the public information available, MÉDAC held, as at December 19, 2020, 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, among 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. The same approach should be followed for the ESG objectives.

The Corporation's Position

Environmental, Social and Governance (ESG) Considerations are among 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 (2) years after committing to this difficult undertaking that scrutinized, with more than 200 criteria, its workplace practises, 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 HRCC to present a specific and separate document thereon, since all the information is already available.

SCHEDULE C – 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.

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

2. Timely Notice

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

3. Manner of Timely Notice

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

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

4. Proper Form of Timely Notice

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

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - i. the name, age, business address and residential address of the person;
 - ii. the principal occupation or employment of the person;
 - iii. the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - iv. any other information relating to the person that would be required to be disclosed in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder proposing a nomination and giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident shareholder's proxy circular in connection with solicitations of proxies for the election of Directors pursuant to the Act and Applicable Securities Laws (as defined below).

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

5. Eligibility for Nomination as a Director

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

6. Definitions

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

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

7. Delivery of Notice

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

QUESTIONS? NEED HELP VOTING?

CONTACT US

North American Toll Free Phone:

 **1.888.518.1552**

E-mail: contactus@kingsdaleadvisors.com

Fax: 416.867.2271

Toll-Free Fax: 1.866.545.5580

Outside North America, Banks and Brokers

Call Collect: 416.867.2272



