TRANSAT A.T. INC.

Notice of Meeting and Management Proxy Circular
in respect of the

2016 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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

On March 10, 2016 at 10:00 a.m. (Eastern Time)

January 19, 2016

WHAT'S INSIDE THIS MANAGEMENT PROXY CIRCULAR

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NOTICE OF THE 2016 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of the holders of Class A variable voting shares and Class B voting shares (collectively, the "voting shares") of Transat A.T. Inc. (the **"Corporation"** or **"Transat"** or the terms **"we," "us", "our"** and **"ours"** also refer to Transat A.T. Inc. and to one or more of its subsidiaries, or to Transat A.T. Inc. alone, depending on the context) will be held at McGill's University New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, **on March 10, 2016 at 10:00 a.m. (Eastern Time)** (the "**Meeting**"), for the following purposes:

1. To receive the financial statements of the Corporation for the year ended October 31, 2015 and the external auditors' report thereon;
2. To elect the directors;
3. To appoint the external auditors for the ensuing year and to authorize the Board of Directors to determine their remuneration;
4. To consider and approve, in an advisory, non-binding capacity, a resolution, as set out in Schedule B to this Management Proxy Circular, regarding the Corporation's approach to executive compensation;
5. To consider and, if deemed appropriate, reject Proposal No. 1 presented by shareholders and reproduced in Schedule C to this Management Proxy Circular;
6. To consider and, if deemed appropriate, approve Proposal No. 2 presented by shareholders and reproduced in Schedule C to this Management Proxy Circular; and
7. To transact any other business that 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 a single ticker designated "TRZ", bear CUSIP number 89351T401 and are designated for purposes of trading on the TSX and reporting in brokerage accounts under the single designation "Voting and Variable Voting Shares" of Transat.

We invite you to read the information provided in the Circular about the above-mentioned items. It is important that you exercise your vote, either in person at the Meeting or by completing and returning the proxy form. This Meeting gives you the opportunity to ask questions and meet with our management and Board of Directors as well as your fellow shareholders. At the Meeting, the Corporation will also report on its activities during the year ended October 31, 2015. **This Circular is furnished in connection with the solicitation, by the management of Transat, of proxies for use at the Meeting of the holders of voting shares of Transat.**

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

Made at Montréal, Québec, on January 19, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

Transat A.T. Inc.

Bernard Bussières
Vice-President, General Counsel and Corporate Secretary

In order that the greatest possible number of voting shares may be represented and voted at the Meeting, registered shareholders who are unable to attend the Meeting should return their duly completed proxies to our transfer agent, CST Trust Company ("CST"), before 5:00 p.m. (Eastern Time), Tuesday, March 8, 2016 or, in the event that the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern Time) two business days prior to the day fixed for the adjourned or postponed Meeting. The enclosed form of proxy must be completed, dated, signed and transmitted to CST before the above-mentioned date and time either (i) by MAIL in the enclosed prepaid envelope provided for that purpose; (ii) by FAX at (416) 368-2502, Attention: Proxy Unit; or (iii) by PERSONAL DELIVERY at 320 Bay Street, Level B1, Toronto, Ontario, M5H 4A6, Attention: Proxy Unit, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6, Attention: Proxy Unit. Please refer to the annexed Circular for details. If you are not a registered shareholder (i.e., if your voting shares are held through a bank, trust company, securities broker or other nominee), please refer to the sections entitled "How can a Non-Registered Shareholder Vote?" and "How can a Non-Registered Shareholder Vote in Person at the Meeting?" in the Circular, which explain how to vote your shares. The deadline for the deposit of proxies may be postponed by the chair of the Meeting at his or her sole discretion without notice.

MANAGEMENT PROXY CIRCULAR

INFORMATION REGARDING THE MEETING

To ensure representation of your shares at the Annual and Special Meeting of the holders of Class A variable voting shares (the "**Variable Voting Shares**") and Class B voting shares (the "**Voting Shares**") (the Variable Voting Shares and the Voting Shares are collectively referred to as the "**voting shares**") of Transat A.T. Inc. (the **"Corporation"** or **"Transat"** or the terms **"we," "us", "our"** and **"ours"** also refer 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 express 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 of January 19, 2016. In this Circular, any mention of "dollars" or "$" refers to Canadian dollars, unless otherwise indicated. The following questions and answers provide guidance on how to vote your shares.

YOUR QUESTIONS AND OUR ANSWERS ON PROXY VOTING

1. Q: WHO IS SOLICITING MY PROXY?

A: The management of Transat is soliciting your proxy for use at the annual and special Meeting scheduled to be held at McGill University's New Residence Hall, 3625 Avenue du Parc, Prince Arthur Ballroom, Montréal, Québec, Canada, H2X 3P8, on Thursday, March 10, 2016 at 10:00 a.m. (Eastern Time).

2. Q: WHAT WILL I BE VOTING ON?

A: You will be voting on the following items:

(i) the election of each of the directors of Transat;

(ii) the appointment of Ernst & Young s.r.l./S.E.N.C.R.L. ("**EY**") as Transat's external auditors;

(iii) the consideration and approval, in an advisory, non-binding capacity, of a resolution, as set out in Schedule B to this Management Proxy Circular, in respect of the Corporation's approach to executive compensation;

(iv) the consideration and, if deemed appropriate, the rejection of Proposal No. 1 presented by shareholders and reproduced in Schedule C to this Management Proxy Circular;

(v) the consideration and, if deemed appropriate, the approval of Proposal No. 2 presented by shareholders and reproduced in Schedule C to this Management Proxy Circular; and

(vi) any other business which may properly come before the Meeting or any adjournment thereof.

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

A: The election of each of the directors, the appointment of the external auditors, the adoption of the resolution regarding the approach to executive compensation, the rejection of shareholders' Proposal No. 1 and the approval of shareholders' Proposal No. 2 must obtain a majority of the votes cast by all of our shareholders present or represented by proxy at the Meeting.

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

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

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

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

The holders of Voting Shares and Variable Voting Shares vote together at the Meeting, except if the holders of a given class are entitled to vote as a class, as provided in the *Canada Business Corporations Act*. Only votes attached to voting shares represented by shareholders present in person or represented by proxy at a meeting and legally entitled to be voted thereat can be exercised or cast at such meeting.

Pursuant to its powers under Transat by-law no. 1999-1 and the regulations under the *Canada Business Corporations Act*, and in accordance with the provisions of our Articles and the *Canada Transportation Act*, the Board of Directors of Transat (the "**Board of Directors**" or the "**Board**") has implemented a series of administrative measures to ensure that the Voting Shares are owned and controlled by Canadians and the Variable Voting Shares are owned or controlled by non-Canadians at all times (the "**Ownership Restrictions**"). The measures are notably reflected in the forms of declaration of ownership and control. Shareholders who wish to vote at the Meeting either by: (i) completing and delivering a proxy form or a voting instruction form, or (ii) by attending and voting in person at the Meeting, will be required to complete a declaration of ownership and control in order to enable Transat to comply with the Ownership Restrictions. If you do not duly complete such declaration or if it is determined by Transat or its transfer agent, CST Trust Company ("**CST**"), that you indicated (through inadvertence or otherwise) that you owned or controlled the wrong class of shares, the automatic conversion provided for in our Articles shall be triggered. Where a statement made in a declaration appears inconsistent with the knowledge of Transat (through inadvertence or otherwise), we may take any action that we deem appropriate with a view to ensure compliance with the Ownership Restrictions. Further, if a declaration is not duly completed, executed and delivered to Transat through its transfer agent, CST, the vote attached to such declarant's voting shares will not be tabulated. Such declaration is contained in the accompanying form of proxy (or in the voting instruction form provided to you if you are a non-registered shareholder).

Please note that certain legislative amendments concerning the current restrictions on foreign investment contained in the *Investment Canada Act* and the *Canada Transportation Act* are currently being examined. The proposed amendments include a possible increase from 25% to 49% in the limit applicable to foreign investments in Canadian airlines through bilateral negotiations with Canada's trading partners.

Since the annual and special meeting of shareholders held on March 13, 2014, the Corporation obtained an exemption from the Autorité des marchés financiers and the Ontario Securities Commission, further to which the outstanding Class A Variable Voting Shares and the outstanding Class B Voting Shares of the Corporation are considered as a single class of shares for the application of the take-over bid rules and early warning reporting rules, as contained under Canadian securities laws. A copy of the decision is available under Transat's profile at www.sedar.com.

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

A: As at January 19, 2016, a total of 37,024,185 Voting 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 voting shares on January 19, 2016, the record date for the Meeting.

Each Class B Voting Share carries one vote per share. Class A Voting Shares also carry one vote per share, unless the adjustment rule mentioned in the foregoing paragraph 4 applies.

6. **Q: WHO ARE OUR PRINCIPAL SHAREHOLDERS?**

A: To the knowledge of our directors and officers, and based on publicly available information, as at January 19, 2016, the only persons who beneficially own or exercise control or direction over 10% or more of the outstanding Voting and Variable Voting Shares are:

(i) **Letko Brosseau**, which held 6,580,244 Voting and Variable Voting Shares representing approximately 17.8% of all issued and outstanding Voting and Variable Voting Shares;

(ii) **Fonds de solidarité FTQ**, which held 4,810,426 Voting and Variable Voting Shares representing approximately 13.0% of all issued and outstanding Voting and Variable Voting Shares; and

(iii) **Franklin Resources Inc**., which held 4,626,800 Voting and Variable Voting Shares representing approximately 12.5% of all issued and outstanding Voting and Variable Voting Shares.

7. **Q: HOW DO I VOTE?**

A: If you are entitled to vote and your shares are registered in your name, you can vote your shares in person at the Meeting or by proxy.

You may vote by proxy in one of the following four ways, namely by telephone, on the Internet, by mail or fax.

By telephone

Voting by proxy using the telephone is only available to shareholders located in Canada or the United States. Call 1-888-489-7352 (toll-free in Canada and the United States) from a touch-tone telephone and follow the instructions. Your voting instructions are then conveyed by using touchtone selections over the telephone.

You will need your 13-digit control number, which you will find on your proxy form.

If you choose to convey your instructions by telephone, you cannot appoint as your proxy holder any person other than the directors of Transat A.T. Inc. named on your proxy form.

The cut-off time for voting by telephone is 5:00 p.m. (Eastern Time) on March 8, 2016.

On the Internet

Go to the website **www.cstvotemyproxy.com** and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet.

You will need your 13-digit control number, which you will find on your proxy form.

The cut-off time for voting over the Internet is 5:00 p.m. (Eastern Time) on March 8, 2016.

By mail or fax

You may vote by completing and signing the enclosed proxy form and forwarding it to CST in one of the following four ways: (i) by fax at (416) 368-2502, Attention: Proxy Department; (ii) by mail, in the prepaid envelope provided for this purpose; or (iii) by personal delivery at 320 Bay Street, Level B1, Toronto, Ontario, M5H 4A6, Attention: Proxy Department, or at 2001 Robert-Bourassa Blvd., Suite 1600, Montréal, Québec, H3A 2A6, Attention: Proxy Unit.

Please note that in order for your proxy form to be considered as duly completed and therefore, for your votes to be tallied, you must duly complete and forward to CST, no later than March 8, 2016 at 5:00 p.m. (Eastern Time), the declaration of ownership and control included on the proxy form.

If your shares are held in the name of a nominee, please see the instructions below under the headings **"HOW CAN A NON-REGISTERED SHAREHOLDER VOTE?"** and **"HOW CAN A NON-REGISTERED SHAREHOLDER VOTE IN PERSON AT THE MEETING?"**.

8. Q: CAN I VOTE BY PROXY?

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

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

9. Q: HOW WILL MY PROXY BE VOTED?

A: On the proxy form, you can indicate how you want your proxy holder to vote your shares, or you can let your proxy holder decide for you. If you have specified on the proxy form how you want your shares to be voted on a particular matter, then your proxy holder must vote your shares accordingly.

If you have not specified on the proxy form how you want your shares to be voted on a particular matter, your proxy holder can then vote in accordance with his or her judgment. **Unless contrary instructions are provided in writing, the shares represented by proxies received by management will be voted:**

(i) **FOR the election as directors of each of the nominees listed under the heading "Nominees for Election as Directors" of this Circular;**

(ii) **FOR the appointment of EY as external auditors of Transat;**

(iii) **FOR the approval of the non-binding advisory resolution regarding the Corporation's approach to executive compensation;**

(iv) **AGAINST Proposal No. 1 presented by shareholders; and**

(v) **FOR Proposal No. 2 presented by shareholders**.

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

A: Subject to the foregoing noted in answer 8, the enclosed proxy form gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified 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. If, however, any such amendments or other matters properly come before the Meeting, the persons named on the enclosed proxy form will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred in writing by you pursuant to the proxy form.

11. Q: BY WHEN MUST I VOTE?

A: No later than 5:00 p.m. (Eastern Time) on March 8, 2016 (unless you intend to attend the Meeting in person). All shares represented by proper proxies accompanied by duly completed declarations received by CST prior to such date and time will be voted in accordance with your instructions as specified in the proxy form, on any ballot that may be called at the Meeting.

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

A: You can revoke your proxy at any time before it is acted upon. To do this, 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 Vice-President, 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 8, 2016 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.

13. Q: WHO COUNTS THE VOTES?

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

14. Q: HOW ARE PROXIES SOLICITED?

A: Our management requests that you sign and return the proxy form to ensure your shares are voted at the Meeting. Proxies will be solicited primarily by mail or by any other means our management may deem necessary. Members of our management will receive no additional compensation for these services, but will be reimbursed for any transaction expenses they incurred in connection with these services. Transat has retained D.F. King Canada, a proxy solicitation firm, for assistance in connection with the solicitation of proxies for the Meeting for a fee of approximately $25,000 plus additional charges related to telephone calls and other services. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of shares registered in the names of these persons and Transat may reimburse them for the reasonable transaction and clerical expenses they will incur. We will pay for all costs related to this proxy solicitation, including printing, postage and delivery costs.

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

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

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

A: Since we do not have access to the names of our non-registered shareholders, if you attend the Meeting, we will have no record of your shareholdings or of your entitlement to vote, unless your nominee has appointed you as proxy holder. 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. By doing so, you are instructing your nominee to appoint you or such other person as proxy holder. Then follow the signing and return instructions provided by your nominee.

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

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

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

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

A: Please contact our Proxy Solicitation Agent, D.F. King Canada, toll-free at 1-866-822-1239 (or 201-806-7301 collect) or by email at inquiries@dfking.com with any question you might have regarding the Meeting.

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

A: Only persons nominated in accordance with the procedure set out in the Advance Notice By-law, as set forth in Schedule D 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.

GETTING TO THE BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS

The audited consolidated financial statements for the year ended October 31, 2015 and report of the external auditors thereon, and the comparative financial statements for the years ended October 31, 2014 and 2015, 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 or can be promptly provided upon written request and which are available at www.sedar.com. No vote is required on this matter.

2. NOMINEES FOR ELECTION AS DIRECTORS

Pursuant to the Articles of the Corporation, the Board of Directors must consist of a minimum of nine (9) and a maximum of fifteen (15) directors. Following the death of Tony Mignacca on February 8, 2015, the members of the Board of Directors appointed Lucie Chabot, CPA, CA, as director at a meeting held on October 22, 2015, and also recommended that the number of directors to be elected to the Board be set at eleven (11). Therefore, the Board of Directors is presently composed of eleven (11) directors, and in accordance with a resolution adopted by our Board of Directors on January 13, 2016, the number of directors of the Corporation to be elected at the Meeting has been set at eleven (11).

Eleven (11) directors will be put forward at the Meeting as nominees for election to the Board, of which eight (8) are independent from the Corporation. See section 8.7 "Independence of Directors" of this Circular for more information. As you will note in the enclosed proxy form or voting instruction form, the shareholders may vote for each director individually. Moreover, in January 2010, the Corporation has adopted a majority voting policy, which is described in section 2.1 below.

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 proxy form 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 Risk Management and Corporate Governance Committee, recommend to replace such nominee(s) among those named hereinafter, unless a shareholder indicates in his proxy form his intention to abstain from voting for the election of directors. Each director will remain in office until the next annual meeting of our shareholders or until his or her successor is elected or appointed.

Unless a shareholder indicates his intention to abstain from voting for the nominees, the voting rights attached to the shares represented by the proxy form enclosed herewith will be voted FOR the election of each of the eleven (11) nominees described below.

The following tables set out the names of the proposed nominees for election as directors on our Board, together with their age, province and country of residence, year first elected as directors, current principal occupation, biography and their main areas of expertise, and whether the nominees are independent. Also indicated for each nominee is, among other things, the number and value of Voting Shares and deferred share units ("**DSUs**") beneficially owned, directly or indirectly, or over which control or direction is exercised as at January 19, 2016 (where applicable), the number of stock options to purchase Voting Shares held as at such date, if applicable, the committees on which he or she serves, the number of committee meetings and Board meetings he or she attended during the year ended October 31, 2015, as well as information regarding compensation received as a director during such year. Information is based on the statements made by the persons concerned and updated on a yearly basis.

Raymond Bachand

Age: 68

Mandatory retirement: 2023

Québec, Canada

Director since March 2014

Independent(1)

Raymond Bachand has held several key positions in Québec's public life. 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 Fonds de solidarité des travailleurs du Québec (FTQ) in 1994 as First Vice-President and Chief Investment Officer and was appointed as Chief Executive Officer from 1997 to 2001. He was also Chief Executive Officer of Secor Conseil from 2002 to 2005. Finally, he was a member of the Board of Directors of the newspaper Le Devoir between 2002 and 2005 and the Board of Trade of Metropolitan Montréal between 2004 and 2005. He received the MBA of the Year Award in 1997 and the Prix Dimensions in 2000. In 2002, he was mandated to develop a cultural policy for the City of Montréal.

Mr. Bachand was elected to the Québec National Assembly for Outremont on December 12, 2005 and reelected three times in 2007, 2008 and 2012. 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 Montréal 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.

In addition, on January 20, 2014, Mr. Bachand joined the firm Norton Rose Fulbright as 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, Chairman of the Board of Tourisme Montréal since June 2014 and a member of the Board of Directors and the Risk Management Committee of National Bank of Canada since October 29, 2014.

A native of Montréal, 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.

Areas of expertise: Financial services, tourism, professional services, consumer goods and retail, risk management, academic community, corporate governance, corporate management, finance and accounting, operations, strategic planning, board service for other public companies, marketing and sales, international, community involvement, business development and mergers-acquisitions.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015(2)**	**Value of equity compensation in FY 2015(2)**
Board of Directors	8 of 8	100%	$14,625	$61,875
Audit Committee	2 of 2	100%	$3,000	$3,202

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs(3)	Minimum equity ownership required(4)	Compliance with requirement	Stock options
0	12,031	12,031	$93,240	$165,000	In progress	n/a

Louis-Marie Beaulieu	
 Age: 61 Mandatory retirement: 2029 Québec, Canada Director since March 2013 Independent[(1)]	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 graduate of the Université du Québec à Rimouski (UQAR) and a Fellow of the Ordre des comptables professionnels agréés du Québec, 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 Société Immobilière du Québec from 1997 to 2003 and the Canadian Commercial Corporation (CCC) from 2001 to 2004. 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 president of the Great Lakes / St-Lawrence Maritime and Industrial Coalition. He also served as co-president of the Marine Industry Forum with the Québec Minister of Transport. He is currently a member of several boards of directors, including those of SCALA since 1995 (and Chairman of the Board since October 2013), the Canadian Shipowners Association since 1990, the Chamber of Marine Commerce since 1997 and the Conseil du patronat du Québec since May 2011 (and Chairman of the Board since April 2014). Also, 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 and QG-100 Network. **Areas of expertise:** Marine transportation, corporate management, risk management, corporate governance, finance and accounting, operations, strategic planning, community involvement and human resources.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015[(2)]**	**Value of equity compensation in FY 2015[(2)]**
Board of Directors	8 of 8	100%	$36,500	$40,000
Human Resources and Compensation Committee	4 of 4*	100%	$6,961	$960

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs[(3)]	Minimum equity ownership required[(4)]	Compliance with requirement[(4)]	Stock options
10,000	10,194	20,194	$156,504	$159,000	In progress	n/a

* Mr. Beaulieu joined the Human Resources and Compension Committee in March 2015.

Lucie Chabot	
 Age: 56 Mandatory retirement: 2035 Québec, Canada Director since October 2015 Independent(1)	Ms. Chabot is Vice-President and Chief Financial Officer of SAIL Outdoors Inc. / SAIL Plein Air inc., a major Canadian retailer of sporting goods and outdoor equipment, and as such is 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 ten years, 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, Chapter's 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 the Canadian leader in sporting goods and sportswear retailing, Sports Experts Inc. 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. **Areas of expertise:** Finance, consumer goods and retail, corporate management, risk management, human resources, digital marketing, information technology, financing, mergers and acquisitions and strategic planning.

Board/Committee membership	Attendance		Fees paid during FY 2015(2)	Value of equity compensation in FY 2015(2)
Board of Directors	1 of 1	100%	$2,859	$407

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs(3)	Minimum equity ownership required (4)	Compliance with requirement	Stock options
0	58	58	$450	$150,000	In progress	n/a

Lina De Cesare

Age: 64

Mandatory retirement: 2027

Québec, Canada

Director since May 1989

Non-independent from November 1, 2009 to October 31, 2015(1)

(Ex-executive officer)

Independent since January 13, 2016(1)

Lina De Cesare is a director of the Corporation since May 1989, and is one of its three founding members along with Messrs. Eustache and Sureau. She was Advisor to the President of the Corporation from November 2009 to October 2014, and acted as consultant to the Corporation from November 2014 to October 2015. Until November 2009, she was President, Tour Operators, as well as President of several subsidiaries of the Corporation, namely: Cameleon Hotel Management Corporation, Cameleon Marival (Canada) Inc., Trafictours Canada Inc. and Transat Holidays USA, Inc. She was a director of Solareh Inc. and served on the Board of Directors of Cirque Eloize. She is also a member of the Board of Directors of Trafictours Canada Inc. and the Ocean company held in part by Transat.

Areas of expertise: Tourism, air transportation, corporate management, risk management, operations, consumer goods and retail, international, hotel industry, strategic planning and community involvement.

Board/Committee membership	Attendance		Fees paid during FY 2015(2)	Value of equity compensation in FY 2015(2)
Board of Directors	7 of 8	88%	$60,000	$15,000

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs(3)	Minimum equity ownership required as at October 31, 2015(4)	Compliance with requirement	Stock options
75,576	10,953	86,529	$670,600	$150,000	Yes	60,658

Jean Pierre Delisle

Age: 71

Mandatory retirement: 2020

Québec, Canada

Director since September 2007

Independent[1]

Jean Pierre Delisle is a corporate director and estate administrator. Mr. Delisle joined Ernst & Young s.r.l./S.E.N.C.R.L. ("**EY**") in 1965 and became a partner in their tax group in 1974. From 1980 to 1986, he was in charge of the Montréal office's Entrepreneurial Services Group. He has held the position of Vice-President of Groupe Soficorp Inc., where he advised a number of companies in their initial public offerings (IPOs) including Transat A.T. Inc., of which he was a director from April 1987 to October 1988 until his return to EY in November 1988. Until his retirement in 2000, Mr. Delisle held a number of positions within EY including that of Managing Partner of the Montréal South Shore and Laval offices. He is also a member of the Board of Directors of Placements Verane Inc. since October 2000. From September to December 2001, Mr. Delisle joined Transat's senior management team as Advisor to the President in the context of the crisis facing the airline industry resulting from the events of September 11, 2001. Mr. Delisle obtained a Bachelor of Commerce degree from Concordia University (Loyola College) and is a member of the Ordre des comptables professionnels du Québec since 1967. In 2009, he obtained the designation of "Certified Corporate Director" from Université Laval.

Areas of expertise: Corporate governance, financial services, finance and accounting, risk management, professional services, corporate management, business development and board service for other public companies.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015[2]**	**Value of equity compensation in FY 2015[2]**
Board of Directors	8 of 8	100%	$61,500	$15,000
Audit Committee	5 of 5	100%	$12,000	–
Risk Management and Corporate Governance Committee (RMCGC)	5 of 5	100%	$10,000	–

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs[3]	Minimum equity ownership required as at October 31, 2015[4]	Compliance with requirement	Stock options
33,000	12,521	45,521	$352,788	$174,000	Yes	n/a

W. Brian Edwards

Age: 66
Mandatory retirement: 2025
Québec, Canada
Director since June 2010
Independent(1)

W. Brian Edwards is a corporate director and founder of BCE Emergis Inc., serving as its Chief Executive Officer from 1988 to 2002. Mr. Edwards presently serves on the boards of directors and board committees of a number of corporations. 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 is the Chairman of the Board of Directors of AtmanCo since 2012. From 2010 to 2014, he was a member of the Board of Directors of Pethealth Inc., a public company listed on the TSX, until its acquisition in 2014. He is a member of the Board of Directors of Camso Inc. since 2004 and the Chairman of its Compensation Committee. Since 2014, Mr. Edwards has been a member of the Board of Directors of Atrium Innovations Inc. He 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 2011.

Areas of expertise: Technology, corporate management, risk management, human resources, operations, strategic planning, business development and community involvement

Board/Committee membership	Attendance		Fees paid during FY 2015(2)	Value of equity compensation in FY 2015(2)
Board of Directors	8 of 8	100%	$36,500	$40,000
Executive Committee	1 of 1	100%	$3,000	$1,500
Human Resources and Compensation Committee (Chair)	7 of 7	100%	$15,000	$5,000
Risk Management and Corporate Governance Committee (RMCGC)	4 of 5	80%	$7,000	$1,500

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs(3)	Minimum equity ownership required as at October 31, 2014(4)	Compliance with requirement	Stock options
18,790	26,005	44,795	$347,161	$198,000	Yes	n/a

Jean-Marc Eustache

Age: 68

Mandatory retirement: 2023

Québec, Canada

Director since February 1987

Non-independent[1]

(Executive officer)

Jean-Marc Eustache is Chairman of the Board, President and CEO, and Chairman of the Executive Committee of the Corporation, as well as one of its three founding members along with Ms. Lina De Cesare and Mr. Philippe Sureau. Mr. Eustache is also Chairman of the Board of Directors and President of Transat Distribution Canada Inc. and Transat Tours Canada Inc., as well as President of Air Transat A.T. Inc., subsidiaries of the Corporation. He also serves on the boards of directors of many other subsidiaries of the Corporation. Mr. Eustache also sits on the Board of Directors of the non-profit organizations Théâtre Espace Go and UQAM Foundation (of which he is Chairman). In order to devote himself entirely to the Corporation’s operations and its return to profitability, Mr. Eustache gave his resignation on January 17, 2012 as director of Quebecor Inc., a public company listed on the TSX of which he was a director since 2005. He was a director of the Canadian Tourism Commission from April 1998 to September 2011 and also served on its Executive Committee. He also served on the Board of Directors of the Conference Board of Canada from November 2008 to September 2011. Mr. Eustache holds a B.A. in economics from UQAM (Université du Québec à Montréal).

Areas of expertise: Tourism, air transportation, corporate management, risk management, operations, board service for other public companies, consumer goods and retail, mergers-acquisitions, international, corporate governance and community involvement.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015[2]**	**Value of equity compensation in FY 2015[2]**
Board of Directors (Chair)	8 of 8	100%	–	–
Executive Committee (Chair)	1 of 1	100%	–	–

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Acquisition cost of Voting Shares and DSUs[3]	Minimum equity ownership required as at October 31, 2015[5]	Compliance with requirement	Stock options
401,766	10,331	412,097	$4,130,209	$2,534,277	Yes	1,021,504

Susan Kudzman

Age: 53

Mandatory retirement: 2038

Québec, Canada

Director since March 2014

Independent(1)

A specialist in risk management and human resources, Ms. Susan Kudzman is Executive Vice-President and Chief Risk and Corporate Affairs Officer at Laurentian Bank. She was a partner at Mercer Canada, where she led the risk management practice from 2011 to 2014. Previously, she held the position of Executive Vice-President and Chief Risk Officer at Caisse de dépôt et placement du Québec, where she worked from 2005 to 2010. In addition to risk management, she was responsible for depositor services, performance calculation and analysis and strategic planning. From 2000 to 2005, she held the positions of Chief Human Resources Officer and Chief Corporate Officer at BCE Emergis Inc., a publicly traded company specializing in electronic transactions.

She is a member of the Board of Directors of Yellow Pages Group and Chair of its Human Resources Committee. From 2013 to 2015, she was also a member of the Board of Directors and the Audit Committee of AtmanCo, a publicly traded company specializing in online employee assessment. She was Vice-Chair of the Board of Directors and the Executive Committee and a member of the Audit Committee of Les Grands Ballets Canadiens de Montréal from 2000 to 2015. She is a member of the Board of Directors and the Human Resources Committee of the Montréal Heart Institute Foundation. She served as Chair of the Board of Directors of Quartier International de Montréal from 2006 to 2013.

Ms. Kudzman holds a Bachelor’s degree in Actuarial Science and the titles of Fellow of the Canadian Institute of Actuaries (FCIA), Fellow of the Society of Actuaries (FSA) and Certified Enterprise Risk Analyst (CERA).

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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 and human resources.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015(2)**	**Value of equity compensation in FY 2015(2)**
Board of Directors	8 of 8	100%	$11,500	$65,000
Human Resources and Compensation Committee	7 of 7	100%	$10,000	$3,000
Risk Management and Corporate Governance Committee (RMCGC)	2 of 2	100%	$3,000	$1,921

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Acquisition cost of Voting Shares and DSUs(3)	Minimum equity ownership required(4)	Compliance with requirement	Stock options
0	13,563	13,563	$107,296	$168,000	In progress	n/a

Jean-Yves Leblanc

Age: 69

Mandatory retirement: 2022

Québec, Canada

Director since December 2008

Lead Director

Independent(1)

Jean-Yves Leblanc is a corporate director. He was President and Chief Executive Officer of Bombardier Transportation from 1986 to 2001, and Chairman of its Board of Directors from 2001 to 2004. Mr. Leblanc is currently a director and Board committee member of various corporations and organizations. Mr. Leblanc has been a member of the Supervisory Board of Groupe Kéolis S.A.S. (France) since 2007; he is also Chairman of the Audit and Ethics Committee, Chairman of the Compensation and Human Resources Committee and Chairman of the Risk Management and Safety Committee. He has also been a member of the Board of Directors, the Audit and Risk Management Committee and the Human Resources and Governance Committee of Pomerleau Inc. since 2003. He has also been a member of the Board of Directors of Premier Tech Inc. since 2005 and a member of its Audit and Risk Management Committee, Acquisitions Committee and Innovation Committee. From September 2011 to April 2014, Mr. Leblanc served on the Supervisory Board of Advanced Inflight Alliance AG, a public company listed on the General Standard Trading Segment of the Frankfurt Stock Exchange, in Germany. Mr. Leblanc was also Chairman of the Board of Directors of the Conseil du Patronat du Québec from 2010 to 2014. He was a member of the Board of Directors of Desjardins Securities from 2004 to 2013, as well as Chairman of its Audit, Risk Management and Ethics Committee and a member of its Compensation Committee. He also served on the Board of Directors of the Montréal Heart Institute from 2001 to 2011. He was a member of the Board of Directors of IPL Inc. from 2006 to 2010, as well as Chairman of its Human Resources and Governance Committee. Mr. Leblanc was also a member of the Board of Directors of ADS Inc. from 2004 to 2009, a member of its Audit and Risk Management Committee and Chairman of its Human Resources and Governance Committee. Mr. Leblanc was Chairman of the Board of Directors of Théâtre du Nouveau Monde from 2005 to 2010 and a member of the Board of Directors of the Montréal Heart Institute Foundation from 2003 to 2009. Mr. Leblanc holds a Bachelor's degree in Mechanical Engineering from Université Laval, a Master's degree in Industrial Engineering from the University of Toronto and a M.B.A. from the University of Western Ontario.

Areas of expertise: Corporate governance, risk management, academic community, marketing and sales, transportation, corporate management, finance, mergers-acquisitions, board service for other public companies, operations, international, strategic planning, human resources and community involvement.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015(2)**	**Value of equity compensation in FY 2015(2)**
Board of Directors (Lead Director)	8 of 8	100%	$86,500	$25,000
Executive Committee	1 of 1	100%	$4,500	–
Human Resources and Compensation Committee	7 of 7	100%	$13,000	–
Audit Committee (Chair)	5 of 5	100%	$22,000	–

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Acquisition cost of Voting Shares and DSUs(3)	Minimum equity ownership required(4)	Compliance with requirement	Stock options
13,000	17,203	30,203	$303,606	$288,000	Yes	n/a

Jacques Simoneau

Age: 58

Mandatory retirement: 2033

Québec, Canada

Director since November 2000

Independent(1)

Jacques Simoneau is President and CEO as well as a director of Gestion Univalor, LP, a limited partnership with the mission to commercialize the innovations of the researchers of the Université de Montréal and its affiliated institutions, Polytechnique Montréal and HEC Montréal. He is also a director of various corporations as well as a member and Institute-certified Director (ICD.D) of the Institute of Corporate Directors.

Mr. Simoneau was Executive Vice-President, Investments of the Business Development Bank of Canada ("BDC") from 2006 to 2010. In that capacity, he was responsible for the venture capital and subordinate financing portfolios. Prior to assuming this position, he was President, CEO and board member of Hydro-Québec CapiTech Inc., Senior Vice-President of the Fonds de solidarité FTQ and CEO and board member of Société Innovatech du sud du Québec. He also held executive positions at Advanced Scientific Computing and Alcan.

Mr. Simoneau has been a member of the Board of Directors of Diagnocure Inc. (TSX: CUR) since 2012 and its Chairman since 2015. He has been a director of Exploration Azimut inc. (TSXV: AZM) since 2012, Génome Québec since 2013, and Sustainable Development Technology Canada since 2003. Mr. Simoneau was a director of the Canadian Venture Capital & Private Equity Association from 2006 to 2011 and a member of the Conseil de la science et de la technologie du Québec from 2004 to 2011. He also served on the boards of directors of several other private and public companies in the course of his career.

Mr. Simoneau is a mechanical engineer and holds a M.Sc. from Université Laval as well as a Ph.D. from Queen's University. He is a member of the Ordre des ingénieurs du Québec and of Professional Engineers Ontario.

Areas of expertise: Corporate governance, air transportation, finance and accounting, risk management, marketing, communications, advertising, strategic planning, operations, technology, academic community, human resources, business development and mergers-acquisitions, corporate management and board service for other public companies.

Board/Committee membership	**Attendance**		**Fees paid during FY 2015(2)**	**Value of equity compensation in FY 2015(2)**
Board of Directors	8 of 8	100%	$61,500	$15,000
Executive Committee	1 of 1	100%	$4,500	–
Audit Committee	5 of 5	100%	$12,000	–
Risk Management and Corporate Governance Committee (Chair)	5 of 5	100%	$17,000	–

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs(3)	Minimum equity ownership required as at October 31, 2015(4)	Compliance with requirement	Stock options
18,280	13,135	31,415	$243,466	$204,000	Yes	n/a

Philippe Sureau

Age: 66

Mandatory retirement: 2025

Québec, Canada

Director since February 1987

Non-independent from November 1, 2009 to October 31, 2015[(1)]

(Ex-executive officer)

Independent since January 13, 2016[(1)]

Philippe Sureau is a director of the Corporation since February 1987, and is one of its three founding members along with Mr. Jean-Marc Eustache and Ms. Lina De Cesare. He was Advisor to the President of the Corporation from November 2009 to October 2014, and acted as consultant to the Corporation from November 2014 to October 2015. Mr. Sureau is also Chairman of the Board of Directors of Travel Superstore Inc. Until November 2009, he was also President, Distribution, of the Corporation and served on the boards of directors of several of its affiliates. He has been part of the founding and development of a series of business initiatives, which led to the inception of Transat in 1987 (Nortour, Trafic Voyages, Trafic Tour France), and has been a member of its Board of Directors since its inception. As a travel industry professional, his chief contribution has been in the field of public relations as Director of communications, marketing, sales strategy and corporate relationship. More recently, he served as President and CEO of Air Transat A.T. Inc. (1997-2000) and directed Transat's Internet venture. Until November 2009, he was heading the distribution side of the Corporation, overseeing its activities on both online and traditional channels in Canada and France. Among other accomplishments, he was Chairman of the Québec Travel Agency Association (ACTA-Québec) in 1986-87; President 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 is also Chairman of the Board of Directors of the Corporation du Théâtre Outremont and a member of the Board of Directors of La Vitrine culturelle de Montréal.

Areas of expertise: Tourism, air transportation, technology, corporate management, risk management, corporate governance, mergers-acquisitions, consumer goods and retail, communications and advertising, strategic planning, public relations, marketing, operations and international.

Board/Committee membership	Attendance		Fees paid during FY 2015[(2)]	Value of equity compensation in FY 2015[(2)]
Board of Directors	8 of 8	100%	$61,500	$14,908

Securities beneficially owned, directly or indirectly, or controlled or directed:

Voting Shares	DSUs	Total of Voting Shares and DSUs	Total market value of Voting Shares and DSUs[(3)]	Minimum equity ownership required as at October 31, 2015[(4)]	Compliance with requirement	Stock options
323,209	17,025	340,234	$2,636,814	$150,000	Yes	57,034

(1) "Independent" refers to the standards of independence established under section 1.2 of *Canadian Securities Administrators' National Instrument 58-101*. For Ms. Lina De Cesare and Mr. Philippe Sureau, please refer to paragraph 8.1.

(2) Please refer to section 4, "Directors' Compensation", of this Circular for a description of the compensation policy applicable to our outside directors during the year ended October 31, 2015.

(3) The "Total market value of Voting Shares and DSUs" is determined by multiplying the closing price of the Voting Shares on the TSX on October 31, 2015 ($7.75) by the number of Voting Shares and DSUs held as of such date.

(4) Under the guidelines adopted by Transat, each director who is not an employee must hold a number of shares or DSUs having a value equivalent to at least three times the base annual Board retainer paid in cash to which they are entitled after having served three years as director. The amount used to determine compliance with the directors' minimum equity ownership requirement is (i) the cost of acquiring the shares and DSUs for the director or (ii) the market value of the Voting Shares and DSUs held by the director on October 31 of each year, whichever is the higher.

(5) For the President and Chief Executive Officer, the guidelines adopted by the Corporation provide that such officer must hold a number of Voting Shares or DSUs having a value equivalent to three times his annual base salary.

To the knowledge of Transat, none of the proposed nominees for election as directors of the Corporation is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that (i) was subject to an order that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

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

2.1 Majority Voting Policy

On January 13, 2010, our Board of Directors 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 submit his resignation to the Board of Directors immediately after the annual meeting of shareholders. The Risk Management and Corporate Governance Committee then reviews this offer to resign and recommends that the Board of Directors accept or reject it. The Board of Directors makes a final decision in this regard and announces it by press release within ninety (90) days of the annual meeting of shareholders. A director who submits his resignation in accordance with this policy does not attend any of the meetings of the Board of Directors or the Risk Management and Corporate Governance Committee at which his resignation is reviewed.

2.2 Board Interlocks

Except for Ms. Susan Kudzman and Mr. W. Brian Edwards, who both served on the Board of Directors of AtmanCo Inc. until Ms. Kudzman resigned from her position as director of that corporation on November 19, 2015, no member of our Board of Directors serves with another member of the Board of Directors of another operating corporation.

2.3 Shareholding Guidelines for Directors

In order to align the interests of the directors with those of the shareholders, the Board of Directors has adopted a minimum equity ownership requirement for directors. After having served three years as director, each director must hold a number of Voting Shares and DSUs equivalent to at least three times the annual cash Board retainer to which he or she is entitled. As at the date of this Circular, all the directors already comply or, in the case of Mr. Raymond Bachand, Mr. Louis-Marie Beaulieu. Given their recent appointments, Ms. Lucie Chabot and Ms. Susan Kudzman are in the process of complying with the shareholding guidelines.

3. APPOINTMENT OF OUR EXTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board of Directors proposes that EY be reappointed as external auditors of the Corporation to hold office until the next annual meeting of shareholders and that their remuneration be determined by the Audit Committee.

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

In 2015, the aggregate amounts billed for professional services provided by the external auditors to the Corporation and its subsidiaries were approximately $1,155,000 for audit fees, $99,000 for audit-related fees and $303,000 for tax fees. The comparative figures for 2014 were $1,122,000, $72,000 and $163,000, respectively. During those two years, no amounts were billed for all other non-audit fees. "Audit fees" are fees for professional services provided for the audit of the Corporation's consolidated financial statements, for services that are normally provided by the Corporation's external auditors in connection with statutory and regulatory filings or engagements and for other services performed by the external auditors to comply with generally accepted auditing standards; "audit-related fees" are fees for assurance and related services; "tax fees" are fees for tax compliance, tax advice and tax planning services.

3.1 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.

4. DIRECTORS' COMPENSATION

During the year ended October 31, 2015, annual retainers and attendance fees were paid to the members of the Board who are not employees or officers of the Corporation on the following basis:

	Compensation policy in force since November 1, 2007 with amounts revised as of August 1st, 2014
Annual Board retainer (for board service only)	$50,000 in cash plus an additional amount of $15,000 awarded in DSUs, at $3,750 per quarter
Additional annual retainer payable to the chairperson of the Audit Committee	$15,000
Additional annual retainer payable to each of the other committee chairpersons	$10,000
Additional annual retainer payable to the Audit Committee members	$5,000
Additional annual retainer payable to committee members (excluding committee chairpersons and Audit Committee members)	$3,000
Additional annual retainer payable to the Lead Director	$25,000 in cash and an additional amount of $10,000 awarded in DSUs, at $2,500 per quarter
Attendance fees for each Board or committee meeting attended	
– in person	$1,500
– by conference call	$1,000
Annual grant of stock options under the terms of the Corporation's stock option plan	No new grants. Since March 15, 2006, option grants to non executive directors are suspended

A director can choose to have between 0 and 100% of the annual fees and supplements paid in the form of DSUs pursuant to the deferred share unit plan for Independent Directors which was implemented in 2004 (and amended on June 8, 2005 and January 18, 2006) to better link the compensation of directors to the creation of added value for shareholders. Each DSU will be valued on the basis of the market value of a Transat Voting Share on the dates that such DSUs are 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 value of the shares at that time.

Outside directors are reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. In addition, travel privileges are granted to our directors pursuant to the same policy which applies to all the employees of Transat.

- ***Total Compensation of Outside Directors***

During the year ended October 31, 2015, the following annual retainers and attendance fees were paid to the members of the Board who are not employees or officers of the Corporation:

Name	Compensation ($)		Share-based awards (DSU)[2]	Option-based awards[3]	Non-equity incentive plan compensation	Pension value[4]	All other compensation[5]	Total compensation
	Annual retainer[1]	Attendance fees[1]	($)	($)	($)	($)	($)	($)
Raymond Bachand[6]	3,125	14,500	65,077	–	–	–	510	83,212
Louis-Marie Beaulieu	25,961	17,500	40,961	–	–	–	–	84,422
Lucie Chabot[6]	1,359	1,500	407				–	3,266
Lina De Cesare	50,000	10,000	15,000	–	–	–	3,265	78,265
Jean Pierre Delisle	58,000	25,500	15,000	–	–	–	1,571	100,071
W. Brian Edwards	33,000	28,500	48,000				1,072	110,572
Susan Kudzman	–	24,500	69,921	–	–	–	1,908	96,329
Jean-Yves Leblanc	96,000	30,000	25,000	–	–	–	2,252	153,252
Tony Mignacca[6]	6,882	2,500	10,978	–	–	–	–	20,360
Jacques Simoneau	68,000	27,000	15,000	–	–	–	481	110,481
Philippe Sureau	50,000	11,500	14,908	–	–	–	2,425	78,833

(1) These amounts represent the portion paid in cash to the outside directors.
(2) These amounts represent the value in cash of the annual retainer paid in DSUs to the outside directors.
(3) On March 15, 2006, the Board of Directors stopped granting options to directors who are not employees or executive officers of the Corporation.
(4) The Corporation does not provide a pension plan to its directors.
(5) These amounts represent the value in cash of the travel privileges.
(6) Mr. Tony Mignacca passed away on February 8, 2015 and Ms. Lucie Chabot took office on October 22, 2015.

- ***Credited Deferred Share Units (DSUs)***

The following table sets forth the date on which DSUs were credited to directors and their value on such date:

DSUs CREDITED DURING THE YEAR ENDED OCTOBER 31, 2014										
	Quarter									
	Q1 January 31		Q2 April 30		Q3 July 31		Q4 October 31		Total DSUs credited	Total value of DSUs credited
	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)
Raymond Bachand	1,500	13,125	2,154	16,952	2,585	17,500	2,496	17,500	8,735	65,077
Louis-Marie Beaulieu	1,143	10,000	1,298	10,211	1,532	10,375	1,480	10,375	5,453	40,961
Lucie Chabot[2]	–	–	–	–	–	–	58	407	58	407
Lina De Cesare	429	3,750	476	3,750	554	3,750	535	3,750	1,994	15,000
Jean-Pierre Delisle	429	3,750	476	3,750	554	3,750	535	3,750	1,994	15,000
W. Brian Edwards	1,371	12,000	1,525	12,000	1,773	12,000	1,712	12,000	6,381	48,000
Susan Kudzman	1,943	17,000	2,214	17,421	2,622	17,750	2,532	17,750	9,311	69,921
Jean Yves Leblanc	714	6,250	794	6,250	923	6,250	892	6,250	3,323	25,000

DSUs CREDITED DURING THE YEAR ENDED OCTOBER 31, 2014										
	Quarter									
	Q1 January 31		Q2 April 30		Q3 July 31		Q4 October 31		Total DSUs credited	Total value of DSUs credited
	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)
Tony Mignacca(1)	1,143	10,000	124	978	-	-	-	-	1,267	10,978
Jacques Simoneau	429	3,750	476	3,750	554	3,750	535	3,750	1,994	15,000
Philippe Sureau	418	3,658	476	3,750	554	3,750	535	3,750	1,983	14,908

(1) Following the death of Mr.Tony Mignacca on February 8, 2015, the total DSUs he held were redeemed on March 19, 2015 in accordance with the terms and conditions of the Deferred Share Unit Plan.

(2) Ms. Lucie Chabot took office on October 22, 2015.

5. EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

In 2015, the Board of Directors and, in particular, the Human Resources and Compensation Committee pursued the reevaluation of the executive compensation structure, especially in light of a lower FOR vote than in previous years in the advisory vote on this compensation. Meetings were held with Transat's principal shareholders and the management representatives, on the one hand, and the Human Resources and Compensation Committee, on the other hand, to obtain a good understanding of the eventual concerns regarding executive compensation and stock options, in particular.

Based on the information gathered during these meetings, recognized practices in the companies that are part of the comparison group and the recommendations of its external advisor, the Human Resources and Compensation Committee then considered the improvements that could be made to the plans, which led it to meet seven times during the year and to make a number of changes.

The following changes were made to the Corporation's compensation programs:

Changed elements	Situation in 2015	Situation for 2016 and the following years
Definition of the change of control clause (under the Stock option plan, the Share purchase plan (Transcapital/Transaction) and the Defined benefit pension plan (1))	Unsolicited event or series of events (except for the events described in iii) hereinafter) with one of the following results: (i) acquisition or enjoyment of 20% or more of the voting rights; (ii) loss of majority by the directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or Transat Tours Canada Inc. ("**TTC**"); (iv) loss of 10% or more of the assets or voting rights after an event, such as nationalization or imposition of a confiscatory tax or assessment.	Event or series of events with one of the following results: (i) acquisition or enjoyment of more than 50% of the voting rights by a person acting alone or persons acting in concert; (ii) loss of majority by the directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.
Supplemental pension plan formula for executive officers	Supplemental pension plan formula varying between 1.5% and 2% based on seniority and covering the base salary (average of 5 years) plus the target bonus under the short-term incentive plan.	Supplemental pension plan formula for future executive officers limited to 1.5% and covering only the base salary (average of 5 years).
Operation of the Stock option plan	Upper limit on the number of Options granted, through the use of a minimum price per Share of $8 in the calculation; Expired or cancelled options are put into the	Upper limit on the number of Options granted, through the use of a minimum price per Share of $12 in the calculation (the number of Options granted to each Named Executive Officer is equal to a percentage of the base salary

Changed elements	Situation in 2015	Situation for 2016 and the following years
	reserve. Options are subject to a performance rule. Replacement of a portion of the Option grants with PSU awards.	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); The expired or cancelled options are not put back into the reserve, as long as the sum of the number of options outstanding or in the reserve is greater than 5% of the number of outstanding shares. Options granted under the 2016 Plan will not be subject to a performance rule in accordance with the practices in the vast majority of our comparison group, while ensuring competitive compensation.
Performance criteria of the Performance-based share unit (PSU) plan	The peformance rule used in connection with the Plan is the adjusted net income per share.	Introduction of total shareholder return (TSR) as one of the performance conditions related to the vesting of PSU.
Restricted share unit (RSU) plan	Senior executives are eligible to RSUs.	Replacement of the RSUs with PSUs payable in shares purchased on the secondary market for senior executives.

5.1 Compensation Approach and Objectives

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. Thus, the positioning of the fixed compensation aims 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 fixed costs when the Corporation does not meet its goals and to reward the Named Executive Officers commensurate with the organizational goals achieved and the Corporation's financial performance.

In this Circular, the term "executive officers" refers to the senior executives holding Level 1 to 6 positions in Transat's salary structure. The executive officers are Joseph Adamo, Michel Bellefeuille, Bernard Bussières, Patrice Caradec, André De Montigny, Jean-Marc Eustache, Daniel Godbout, Annick Guérard, Christophe Hennebelle, Bruno Leclaire, Jean-François Lemay, Michel Lemay and Denis Pétrin. The term "Named Executive Senior Officers" refers to the President and Chief Executive Officer, the Vice-President, Finance and Administration and Chief Financial Officer and the three other mostly highly compensated executive officers of the Corporation and its subsidiaries. The Named Executive Officers are Jean-Marc Eustache, Denis Pétrin, Daniel Godbout, Jean-François Lemay and Annick Guérard.

The guiding principles for executive compensation are the following:

- ***Performance-Based Compensation***

Most of the Corporation's executive compensation programs are designed so that the compensation granted or paid is based on the Corporation's overall performance, combined, if applicable, with the performance of the subsidiary in which the executive works. 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.

- ***Competitive Compensation***

It is crucial for the Corporation to offer its executive officers competitive compensation to attract the best resources and maintain their loyalty. 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. The Corporation, in collaboration with independent external advisors, periodically reviews the nature of the compensation programs and their potential value. 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.

- ***Compensation Aligned with the Shareholders' Interest***

Several of the component programs of overall executive compensation seek to establish a direct correspondence between the interests of the shareholders and the interests of the executive officers, whether by programs in the form of equity-based awards or programs which have a long-term relationship with the value created for all shareholders. Moreover, 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.

5.2 Human Resources and Compensation Committee

- ***Responsibilities***

The Human Resources and Compensation Committee of our Board of Directors (referred to hereinafter in this section as the "**Committee**") is responsible for establishing the policies regarding the compensation of executives and the development and training of their successors, as well as for continuously supervising their implementation with non-unionized employees. The Committee makes recommendations regarding the compensation of the executive officers, which are subject to the approval of the Board of Directors. The Committee also reviews the yearly performance goals of the Chairman of the Board, President and Chief Executive Officer and the other executive officers and performs the evaluation of the Chief Executive Officer. The Committee also reviews, together with the Chief Executive Officer, the evaluation of the other executive officers by the Chief Executive Officer. The annual evaluation of the Chief Executive Officer is conducted by the Committee without the Chief Executive Officer being present, is then submitted to the Board and discussed by the Board *in camera*, and feedback is given thereafter.

In particular and without limiting the scope of its mandate, the Committee has the following duties and responsibilities:

I. After reviewing the recommendations from senior management, make recommendations to the Board on the annual general policy on basic remuneration applicable to all employees;

II. Make recommendations to the Board on the structure of the remuneration programs forming the total remuneration of executives in salary grades 1 through 11;

III. Review any recommendation on the total remuneration policy and each one of its components, including base salary, short-term and long-term incentive programs, employee benefits and other benefits; and annually ensure that this policy and all programs that support it satisfy the internal equity and outside competitiveness objectives of the Corporation for salary grades 1 through 11 and reflect the evolution of practices in this regard;

IV. Review the policies established for assessing the performance of executives in salary grades 1 through 11;

V. In collaboration with the President and Chief Executive Officer, examine the actions taken for ensuring the development and succession of the President and Chief Executive and the senior executives in salary grades 1 through 6 and report thereon to the Board;

VI. Approve, for each fiscal year, the objectives of the President and Chief Executive Officer and review the objectives of senior executives in salary grades 1 through 6 with the President and Chief Executive Officer;

VII. Assess the performance of the President and Chief Executive Officer, report and make any recommendations to the Board regarding this assessment;

VIII. In collaboration with the President and Chief Executive Officer, review the performance of senior executives in salary grades 1 through 6 and report thereon to the Board;

IX. Make recommendations to the Board on the remuneration of the President and Chief Executive Officer;

X. Review the recommendations of the President and Chief Executive Officer on the lower and upper limits of the salary to be paid to senior executives in salary grades 1 through 6 and on the remuneration to be paid to senior executives;

XI. Approve the eligibility to and objectives of the short-term and long-term incentive plans and the eligibility to the retirement agreements for senior executives in salary grades 1 through 6, and recommend any action or allotment of shares or securities under any plan included in these incentive plans and approve the award allocations to be paid to eligible executives;

XII. Review and make recommendations to the Board on the appointment of the President and Chief Executive Officer;

XIII. Review the recommendations of the President and Chief Executive Officer on the appointment of senior executives in salary grades 1 through 6 and provide feedback, if any;

XIV. Conduct an annual assessment of the services and independence of all outside advisors hired from time to time by the Committee;

XV. Ensure compliance with the hiring policies established by the Audit Committee regarding partners and employees and former partner and employees of the external auditors;

XVI. Make recommendations to the Board on the remuneration of its members and of the directors involved in the committees of the Corporation;

XVII. Supervise the process of preparing the Management Proxy Circular regarding the contents of the disclosure on compensation of certain executives and the directors; and

XVIII. Conduct an annual review of the performance of the Corporation's pension plans.

- ***Composition***

The Committee is currently composed of Mr. Louis-Marie Beaulieu, Mr. Brian Edwards, Ms. Susan Kudzman and Mr. Jean-Yves Leblanc. Mr. Brian Edwards was appointed chair of the Committee on March 15, 2012 and Mr. Louis-Marie Beaulieu was appointed a member of the Committee on March 12, 2015. No member of this Committee is currently employed by Transat or any of its subsidiaries, or is a former officer or employee of Transat or any of its subsidiaries. None of our executive officers is a member of the boards of directors of the corporations that employ Mr. Louis-Marie Beaulieu, Mr. Brian Edwards, Ms. Susan Kudzman and Mr. Jean-Yves Leblanc. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation only and withdraws from the meeting upon request or if matters relating to him are discussed.

- ***Qualifications and Experience of the Committee Members***

Each Committee member has direct experience that is relevant to his or her responsibilities in executive compensation, as well as the skills and experience that enable him or her 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. Mr. Jean-Yves Leblanc has had the opportunity to supervise, control and orient all aspects of the human resources function, including labour relations, bargaining agreement negotiations, staffing, compensation, training, succession plans, etc. He is also chair of the human resources and compensation committee of Groupe Kéolis S.A.S. (France) and a member of the humain resources and corporate governance committee of Pomerleau Inc. Ms. Susan Kudzman is Executive Vice-President and Chief Risk and Corporate Affairs Officer (including Human Resources) at Laurentian Bank. In the past, she was also Executive Vice-President, Corporate Affairs, at Emergis, where she directed Human Resources. From 2011 to 2014, she was responsible for the risk management practice at Mercer and, previously, she was Executive Vice-President and Chief Risk Management Officer at Caisse de dépôts et placements du Québec. Mr. W. Brian Edwards, as founder of BCE Emergis, of which he was CEO from 1988 to 2002, has also solid experience with respect to compensation and human resources issues. He is also chairman of the compensation committee of Camso and chairman of the Board of Directors of AtmanCo. Lastly, Mr. Louis-Marie Beaulieu, as CEO of Groupe Desgagnés, has gained extensive experience with respect to compensation and human resources issues.

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 serves as a member of the Board of Directors or the Committee.

The responsibilities, powers and operation of the Committee are described more fully in the charter of the Committee, which is reviewed every two years. This charter is described in paragraph 5.2 above and is available on the Corporation's website at www.transat.com.

- ***Policies and Practices***

The policies and practices adopted by the Committee to determine the compensation for executive officers are focused on short-term and long-term incentives, which are described below. The following are the principal activities of each regularly scheduled meeting of the Committee:

Meeting	Principal Activities
December	Conducting the annual performance review of the President and CEO and executive officers. Examining the executive officer salary review proposals. Examining the proposals for amounts payable to executive officers under the Short-Term Incentive Program. Defining senior management objectives for the coming year. Reviewing the Committee's charter and annual work program. Monitoring the succession plan for Transat.
January	Approving the financial targets for the incentive plans (STIP, RSUs, PSUs, Options) for the next fiscal year. Preparing/approving the contents of the disclosure regarding the compensation paid to the most senior executive officers and the members of the Board of Directors via the Management Proxy Circular. Recommending the annual stock option grants and PSU and RSU awards. Reviewing, if applicable, the retirement agreements of the President and CEO and other eligible executive officers. Monitoring the succession plan for Transat.
April	Proposing the compensation of the members of the Board and its committees. Conducting an annual review of the yields of the employees' pension funds, making recommendations and submitting them to the Board of Directors for approval. Reviewing the performance evaluation policy and process. Examining the proposals for the desirable changes to the overall compensation policy or to certain specific programs. Evaluating the services rendered by the consultant chosen for senior executive compensation and establishing his independence. Take stock of the status of labour relations and collective bargaining. Monitoring the succession plan for Transat.

Meeting	Principal Activities
October	Examining the budget proposals for salary reviews and salary scale increases. Analyzing the preliminary results regarding the achievement of the objectives of our incentive plans for the fiscal year then ending. Analyzing the potential risks associated with the compensation plans. Examining the proposals for desirable changes to the overall compensation policy or to certain specific programs. Reviewing the succession plan for Transat A.T. Inc. and its subsidiaries.

- ***Risk Oversight***

Each year, the Committee reviews and approves the Corporation's compensation policies and practices, taking into consideration any risks associated therewith, as well as each compensation component (base salary, short-term incentives (annual bonuses), long-term incentives (stock options, performance-based share units (PSUs), restricted share units (RSUs)) and retirement benefits more fully described hereunder.

In 2015, the following changes were made to the Corporation's compensation programs. The changes are aimed at:

1. Limiting the cost related to the long-term incentive plans and the defined benefit supplemental pension plan for executive officers:

   a) Supplemental pension plan formula for future executive officers limited to 1.5% and covering only the base salary (average of 5 years);

   b) Tightening and standardization of the conditions triggering a change of control applicable to all compensation programs for grants effective from January 2016, except for retirement, where changes will apply only to future participants (see section 5.8).

2. Limiting dilution caused by the stock options:

   a) Replacement of a portion of the Option grants with PSU awards;

   b) Introduction of an upper limit on the number of Options granted, through the use in the calculation of a minimum price per share of $8 for the 2015 grant, increased to $12 for grants after 2015; refer to subsection "Option Grant Process" on page 44 for more details (The number of Options granted to each Named Executive Officer 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.);

   c) Expired or cancelled options are not put back into the reserve, as long as the sum of the number of options outstanding and in the reserve is greater than 5% of the number of outstanding shares.

3. Simplifying the LTIPs in 2016 and introducing a relative performance measurement to improve their impact:

   a) Replacement of the RSUs with PSUs payable in shares purchased on the secondary market for level 1 to 6 positions (effective starting in 2016);

   b) Introduction of total shareholder return (TSR) as one of the performance conditions related to the vesting of PSUs (effective starting in 2016).

Within the context of the review conducted during the last year, the Committee is satisfied that the changes made to the Corporation's compensation programs and practices have allowed their adjustment to the most recent governance and compensation practices and thus limit the risks of significant adverse effects for the Corporation.

Moreover, as part of the review of all risks presented to the Corporation's Risk Management and Corporate Governance Committee, 62 risks have been identified, 6 of which are related to human resources. Beyond the succession risk regarding executives and the organization's key positions, there is the risk specific to compensation. This risk refers to the inability to recruit or retain executives due to compensation, to pay above-market compensation or having compensation not in line with the shareholders' interests. To mitigate this risk, the Corporation has adopted various measures over the past few years to mitigate this risk: salary surveys, specific analysis of the salary positioning of employees and executives in terms of succession or critical positions, annual review of the short-term and long-term incentives, analysis of hiring problems, and exit interviews to determine whether there are consequences related to compensation. All these measures facilitate recruiting or reduce the risk that key employees will leave the Corporation.

Each of these 62 risks is presented individually on a roadmap and monitoring of the implementation of the measures is performed in accordance with established priorities. The Risk Management and Corporate Governance Committee then reports back to the Board of Directors. 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 Corporation's financial condition and results of operations. No such risks relate to the Corporation's compensation policies and practices.

The Corporation's insider trading guidelines include a prohibition against participating in a hedge trade 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 to the shares, including, without limitation, outstanding stock 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 market value of Transat's equities.

5.3 Comparison Group

The following selection criteria are used for companies that are part of our comparison group:

- size in terms of sales;
- sector of activity, i.e. the entertainment, consumer discretionary, airline operations, distribution and retail sectors;
- company with several business units: integrated or complex operation, i.e. several subsidiaries operating in different markets;
- geographical scope of operations (Canada-wide and international);
- head office in the province of Québec.

The following table sets out the comparison group, comprising 20 corporations.

Company	Comparable size	Sector of activity			Several business units	International scope of operations	Head office in Québec
		Entertainment Discretionary	Airline operations	Distribution and Retail			
Air Canada Inc.			X			X	X
Aimia Inc. (Aeroplan)	X	X			X	X	X
Canadian Tire Corporation, Limited				X	X		
Cascades Inc.	X				X	X	X
Chorus Aviation Inc.			X				
Cineplex Inc.		X					
Cogeco Inc.	X	X			X		X
Corus Entertainment Inc.		X			X		
Dollarama Inc.	X			X			X
Hudson's Bay Company	X			X			
The Jean-Coutu Group (PJC) Inc.	X			X		X	X
Metro Inc.				X			X
Quebecor Inc.	X	X		X	X	X	X
Rona Inc.	X			X			X
Shaw Communications	X	X					
Tim Hortons Inc.	X			X		X	
Torstar Corporation		X			X		
Transcontinental Inc.	X	X			X	X	X
TransForce Inc.	X				X		X
WestJet Airlines Ltd.	X		X			X	

The Committee reviews the composition of our comparison group as needed and updates the total compensation data from this group. The Committee also studies general compensation surveys to compare our compensation policies with the generally accepted practices for public companies. Finally, the Committee reviews the positioning of the compensation of the Corporation's executive officers within the comparison group as needed to ensure that it remains appropriate, particularly in view of the evolution of the group's compensation practices and the market in general, and the Corporation's relative financial results.

5.4 External Advisors

With respect to the Corporation's compensation policy, the Committee resorts to external advisors, if needed, in order to ensure its efficiency in the achievement of the goals set and competitiveness in relation to the comparison group. Since 2006, the Committee retains the services of advisors from the firm PCI-Perrault Consulting Inc., to advise it on corporate governance and executive compensation. These advisors report to the Committee. Although the advisors from this firm contribute to the Committee's discussions with their expertise and knowledge of compensation and Transat, the decisions are made by the Committee, which remains accountable for them and may consider factors other than those raised by PCI-Perrault Consulting Inc. Occasionally, this firm is solicited by other committees of the Board and by executives to perform assignments other than those mandated by the Committee. PCI-Perrault Consulting Inc. only performs such assignments with the Committee's consent. During fiscal year 2015, PCI-Perrault Consulting Inc. performed assignments concerning senior executive compensation and evaluation of the Board. The total fees paid to PCI-Perrault Consulting Inc. for the services rendered to the Committee and to the Risk Management and Corporate Governance Committee during fiscal year 2015 amount to $98,508 and $9,680 respectively (compared to $65,891 and $9,050 in 2014). No work was performed on the Corporation's account during fiscal year 2015.

5.5 Total Compensation Components

The following table sets forth the components of the total compensation for executive officers, the objectives and the criteria for progression or awards of each of the programs for 2015. Note that changes were made in 2016, described on page 27.

Compensation component		Objectives	Compensation period	Short term	Long term	Subject to a performance rule	Criteria
FIXED	**Base salary**	• Attract and retain. • Recognize the level of responsibility, competencies and contribution to the Corporation's results.	1 year	x			Level of the position, competencies and individual contribution
	Benefits (group insurance)	• Cover adequately (illness, disability, death). • Competitive benefits to promote retention.	1 year	x			According to the competitive market data; some directly related to the salary
	Perquisites	• Facilitate access to certain services to favour prioritization of the Corporation's business.	1 year	x			Related to the level of the position
	Retirement programs: ▪ Defined contribution plan	• Offer competitive total compensation (attract, build loyalty).	Annual contribution according to base salary		x		Related to the level of the position
	▪ Executive retirement agreements	• Offer competitive total compensation (attract, build loyalty).	Benefits accumulate with years of service		x		Related to the level of the position; the value increases with years of service

Compensation component		Objectives	Compensation period	Short term	Long term	Subject to a performance rule	Criteria
VARIABLE	**Short-term incentive opportunity** ▪ Short-term incentive program ("STIP")	• Motivate senior executives to achieve and exceed corporate financial goals.	1 year	x		x	Adjusted net income of Transat and income before income tax and interest expenses of the subsidiary
	▪ Special bonus for senior executives	• Motivate senior executives to achieve and sustain exceptional performance.	Payment of the bonus spread over 3 years, potentially 5 years	x		x	Adjusted net income of Transat
	Long-term incentive opportunity ▪ Stock options	Promote share ownership and: • Motivate to increase the price per share. • Motivate to achieve corporate financial goals. • Promote retention through vesting conditions.	7-year term, with 1/3 of options vesting after 1 year, 1/3 after 2 years, 1/3 after 3 years, subject to the performance rule		x	x	Adjusted net income of Transat and price per share
	▪ Performance-based restricted share units ("RSUs")	• Motivate to achieve operational performance targets and create economic value. • Promote retention through vesting conditions.	RSUs vest at the end of the 3-year cycle after the award, subject to the performance rule		x	x	Adjusted net income of Transat
	▪ Performance-based share units ("PSUs")	• Motivate to increase the price per share. • Promote share ownership. • Motivate to achieve corporate financial goals. • Promote retention through vesting conditions.	1/6 of PSUs vest after 1 year, 1/6 after 2 years, 1/6 after 3 years, subject to the performance rule. ½ vest at the end of 3-year after the award		x	x	Adjusted net income per share of Transat and total shareholder return (effective from the January 2016 award)

	Compensation component	Objectives	Compensation period	Short term	Long term	Subject to a performance rule	Criteria
VARIABLE	▪ Permanent stock ownership incentive plan	• Support the achievement of shareholding guidelines. • Stimulate executive interest in increasing the price per share. • Promote executive retention.	1/3 vesting on January 10 after the end of the plan year in which the shares are awarded, 1/3 vesting on January 10 of the 2nd and 3rd years after the year of the award		x		Individual investment and price per share

- ***Base Salary***

For the purposes of internal equity, our senior management positions are first evaluated and classified into six different salary grades based on responsibilities, qualification requirements and other conditions specific to each position. Our senior management positions are 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 Named Executive Officers, who are Jean-Marc Eustache, Denis Pétrin, Daniel Godbout, Jean-François Lemay and Annick Guérard, were entitled to a salary review as at January 1st, 2015, ranging between 1.50% and 3.25%, according to their respective position in the salary scale. Consequently, Mr. Eustache was entitled to a 1.50% salary review, Mr. Godbout and Ms. Guérard to 2.25%, and Mr. Lemay to 3.25%. Mr. Pétrin was entitled to a 10% increase in his base salary, to be consistent with the market comparison performed in December 2014. In December 2015, it was decided that the Named Executive Officers would be entitled to a salary review as at January 1, 2016, of 1.25% for Mr. Eustache, 2.25% for Mr. Godbout, and 3.12% for Mr. Lemay. Ms. Guérard was entitled to an increase of 5.73% of her base salary, and Mr. Pétrin to an increase of 6.60% of his base salary to be consistent with the market comparison performed in December 2014.

- ***Employee Benefits Program***

The objective of the employee benefits program, to which senior executives are also eligible, is to ensure a target compensation value positioned at the median of the comparison group. The executive 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 employee group insurance plan is based on four guiding principles: financial security, flexibility of choice, simplicity and control of the increase in costs. No change was made to Transat's group insurance plan in 2015.

- ***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% for executive officers, 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. Regarding perquisites, under the terms of Transat's total compensation policy, it is expressly stipulated that the dollar value of perquisites must be about equal to the comparative market average. No change was made to the Corporation's perquisites program during fiscal year 2015.

- ***Retirement Plans***

  - *Defined Benefit Plan*

Since 1999, the Corporation's executive officers are eligible for the defined benefit pension plan, under individual retirement agreements, all of which have similar parameters.

Under the terms of the defined benefit pension 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 by multiplying a percentage, which varies between 1.5% and 2% based on the number of credited years of service, by the "final average salary 5 years", which is equal to the sum of the base salary and the target bonus under the short-term incentive program. 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, consisting of a group registered retirement savings plan ("**RRSP**") and a deferred profit sharing plan ("**DPSP**"); and
- 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 defined benefit pension plan also contains the following terms and conditions:

- the participant may elect early retirement between the ages of 55 and 65. In the event that early retirement is taken between the ages of 55 and 60, the retirement benefit is reduced by 5/12% for every full month that the retirement was taken before the participant's 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 equal 85 (provided the participant is at least age 55), no reduction applies to the retirement benefit;
- payment to the participant of the retirement benefit is conditional on his or her continuous and uninterrupted participation in the group RRSP for non-unionized employees of Transat until the date of his or her retirement, at the prescribed contribution level required under the terms thereof;
- 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.

All obligations stemming from the 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, in the following contingencies:

Participants before January 13, 2016	**New participants on or after January 13, 2016**
Unsolicited event or series of events (except for the events described in iii) hereinafter) with one of the following results: (i) acquisition or enjoyment of 20% or more of the voting rights; (ii) loss of majority by the directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC; (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.	Event or series of events with one of the following results: (i) acquisition or enjoyment of more than 50% of the voting rights by a person acting alone or persons acting in concert; (ii) loss of majority by the directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC;

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

During 2015, the Committee decided that the following amendments to the defined benefit pension plan for senior executives of Transat will be applied to future participants in the plan:

- The "final average salary 5 years" will include only the base salary and no longer include the target bonus under the short-term incentive plan.

- The amount of the benefit will be established according to a fixed percentage of 1.5% of the "final average salary 5 years" per year of service, and no longer according to a percentage ranging between 1.5% and 2%.

▪ *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 management positions, the contributions are 2% and 2% respectively, not exceeding the maximum contributions permitted by the *Income Tax Act* (Canada).

▪ ***Short-Term Incentive Program ("STIP")***

The objectives of the STIP are to:

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

Basic Principles:

- The global financial indicator on which the bonuses are based is the adjusted net income of Transat A.T. Inc., defined so as to exclude unusual items and expressed as a percentage of the revenue;

- If the parent company Transat A.T. Inc. does not reach the adjusted net income threshold equivalent to 0.75% of the revenue, no bonus is paid;

- For all the Named Executive Officers, the bonus calculation formula is as follows:

Base salary	x	Target bonus 37.5%, 45%, 50% or 90% depending on the position level	x	Achievement of the financial target*	=	Bonus

Financial Targets:

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

The financial targets to be achieved and their weighting, depending on the position, are as follows:

	Corporate (Transat AT)		Subsidiaries	
	Performance criterion	Weighting	Performance criterion	Weighting
Jean-Marc Eustache President and Chief Executivce Officer,Transat A.T.	Adjusted net income (ANI) of Transat A.T.	50%	Weighted average of income before income tax and interest expenses of all subsidiaries	50%
Denis Pétrin VP Finance and Chief Financial Officer, Transat A.T.	Adjusted net income (ANI) of Transat A.T.	50%	Weighted average of income before income tax and interest expenses of all subsidiaries	50%
Daniel Godbout Senior VP, Transport and Yield Management, Transat A.T.	Adjusted net income (ANI) of Transat A.T.	50%	Income before income tax and interest expenses of the Canadian tour operator	50%
Jean-François Lemay General Director, Air Transat	Adjusted net income (ANI) of Transat A.T.	50%	Income before income tax and interest expenses of the Canadian tour operator	50%
Annick Guérard General Director, Transat Tours Canada	Adjusted net income (ANI) of Transat A.T.	50%	Income before income tax and interest expenses of the Canadian tour operator	50%

For fiscal year 2015, Transat's overall target was an adjusted net income equivalent to 1.50% of revenue, i.e. $56,445,000.

At the meeting of the Board held on January 13, 2016, it was decided that the adjusted net income targets for the fiscal year 2016 would be the following:

(i) the target will be an adjusted net income equivalent to 1.50% of the revenue;
(ii) if the adjusted net income reaches 0.75%, the bonus paid will be equal to 25% of the target bonus;
(iii) if the Transat A.T. Inc. 0.75% adjusted net income threshold is not reached, no bonus will be paid;
(iv) if the adjusted net income reaches 2.50% or more, the bonus paid will be the maximum bonus; and
(v) if the adjusted net income reached falls between the threshold and the maximum, the bonus paid will be prorated linearly.

Financial Results:

For fiscal 2015, Transat exceeded its adjusted net income threshold, thus allowing payment of bonuses to its eligible employees. The adjusted net income represented 1.20% of revenue. The following table shows, for each Named Executive Officer, the potential bonuses (minimum, target and maximum) expressed as a percentage of base salary, and the actual bonuses paid for fiscal year 2015:

Name	Minimum bonus opportunity (% of base salary)	Target bonus opportunity (% of base salary)	Maximum bonus opportunity (% of base salary)	Bonus paid for FY 2015 ($)
Jean-Marc Eustache	0%	90%	180%	$487,943
Denis Pétrin	0%	50%	100%	$118,713
Daniel Godbout	0%	45%	90%	$105,661
Jean-François Lemay	0%	45%	90%	$96,194
Annick Guérard	0%	45%	90%	$95,430

At the meeting of the Board held on January 14, 2015, it was decided that for fiscal year 2015, the target bonus opportunity of the President and Chief Executive Officer would be increased from 75% to 90%, to be consistent with the market comparison performed in December 2014. The maximum bonus opportunity was increased from 150% to 180%.

Determination of the Bonus of the President and Chief Executive Officer:

The bonus of the President and CEO, like that of the other Named Executive Officers, is determined according to the same formula as above. For fiscal year 2015, when the financial criteria calculated at the end of the fiscal year reaches the budgeted target (i.e. adjusted net income of 1.50% of the revenue), the bonus of the President and CEO is paid at the target, namely the equivalent of 90% of the base salary. When the adjusted net income reaches 2.50% or more, the bonus paid is the maximum bonus, namely the equivalent of 180% of the base salary, and when the adjusted net income reaches 0.75%, the bonus paid is equal to 25% of the target bonus, i.e. 22.50% of the base salary. When the threshold of 0.75% of adjusted net income for Transat A.T. Inc. is not reached, no bonus is paid to the President and CEO. If the adjusted net income falls between the threshold and the maximum, the bonus paid will be prorated linearly.

Special Bonus for Executive Officers:

At the meeting held on January 13, 2010, a special bonus plan was approved by the Board of Directors. 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. This plan is essentially intended for position levels 1 to 6, namely the levels of President and Chief Executive Officer, Vice-President, Finance and Chief Financial Officer, general managers of subsidiaries, and corporate Vice-Presidents.

This plan operates on a three-year cycle and the bonus payments can be spread over a maximum of five years, i.e. two years after the end of the cycle. A bonus is earned and a reserve is constituted when Transat A.T. Inc. realizes an adjusted net income of 3% or more. Half of the reserve is paid to the participants at the end of each year of the cycle. If, during the cycle, Transat A.T. Inc. does not reach a performance threshold (adjusted net income) of 2%, the reserve is reduced by 50%. The balance of the reserve is paid at the end of the second year after the end of the three-year cycle.

When the 3% target for the adjusted net income 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 adjusted net income of 3.5% or more, the bonus earned corresponds to 100% of the salary of each of the Named Executive officers. The bonus earned under this special bonus plan is added to the bonus earned under the STIP.

No bonus was earned under this plan since its implementation.

- ***Long-Term Incentive Program***

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 (as defined hereinabove) at the median of our comparison group when all targeted results are achieved, with the potential to exceed the median of the comparison group if results are exceptional.

Plan	Objective	Vesting / Performance rule
Stock Option Plans	• Motivate to increase the price per share • Motivate to achieve the Corporation's financial objectives • Promote retention through vesting conditions	• Vesting of Options is subject to the achievement of a performance rule • If the performance rule is achieved, 1/3 of the Options vest after 1 year, 1/3 after 2 years, 1/3 after 3 years • The Options have a 7-year lifespan (10 years for grants before 2014)
Restricted Share Unit ("RSU") Plan	• Motivate to maintain achievement of the Corporation's financial objectives over a 3-year cycle • Promote retention through vesting conditions	• RSU vesting is subject to the achievement of a performance rule valid for a 3-year cycle • At the end of the 3-year cycle, the vesting percentage depends on the level of achievement of the performance rule • The RSUs are cancelled at the end of the cycle if the achievement of the performance rule is below the predetermined minimum threshold

Plan	Objective	Vesting / Performance rule
Performance-Based Share Unit ("PSU") Plan – effective from fiscal 2014-2015	• Motivate to increase the price per share • Promote share ownership • Motivate to achieve the Corporation's financial objectives • Promote retention through vesting conditions	• Vesting of 50% of the PSUs is subject to the achievement of a performance rule valid for a 3-year cycle • If the performance rule is achieved, 16.7% of the PSUs vest after 1 year, 16.7% after 2 years, and 16.7% after 3 years • The PSUs are cancelled if the performance rule for a given year is not achieved • The other 50% of the PSUs for a given cycle vest at the end of the cycle
Permanent Stock Ownership Incentive Plan	• Support the achievement of shareholding guidelines • Motivate to increase the price per share • Promote retention through vesting conditions	• 1/3 of the shares vest on the January 10 following the award year, and 1/3 on January 10 of the 2nd and 3rd years following the award year • On condition of participation in the stock option plan

After the review of the long-term incentive program during fiscal year 2014-2015, the Corporation implemented the amendments affecting Transat's long-term incentive plans as described on page 27 of this Circular and in more detail in the description of each plan.

The following table sets forth, for each Named Executive Officer (as defined on page 28 of this Circular), the estimated values of each component of the long-term incentive program, effective during fiscal year 2014-2015:

Name	Annual long-term incentive opportunity(1)			
	Option grants	PSU awards	RSU awards(2)	Share awards(3)
	Par value (a) = [# of options x price per share on date of grant(2)] / salary	Par value (b) = [# of PSUs x price per share on date of award(2)] / salary	Par value (b) = [# of RSUs x price per share on date of award(2)] / salary	Par value (c) = [# of shares x price per share on date of award(3)] / salary
Jean-Marc Eustache	75.0%	55.0%	30.0%	0.0%
Denis Pétrin	37.5%	30.0%	15.0%	10.0%
Daniel Godbout	30.0%	25.0%	10.0%	10.0%
Jean-François Lemay	30.0%	25.0%	10.0%	10.0%
Annick Guérard	30.0%	25.0%	10.0%	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 per share for the options granted and for the PSUs and RSUs awarded is determined according to the weighted average-trading price of Transat voting shares on the Toronto Stock Exchange for the five trading days preceding the date of grant or award. (See the "Stock Option Plans" and the "Restricted Share Unit (RSU) Plan" sections below).

(3) The value of the shares awarded under the permanent stock ownership incentive plan depends on the value invested by the participant in the Share Purchase Plan for the Benefit of All Employees or Executives, 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. (See the "Permanent Stock Ownership Incentive Plan" section below.)

Each long-term incentive program in place at Transat and the option-based and share-based awards to the Named Executive Officers during fiscal year 2015 are described below.

- ***Performance-Based Stock Option Plans***

  - *The 2009 Stock Option Plan*

On January 14, 2009, the Board of Directors adopted the 2009 Stock Option Plan for officers and employees of the Corporation, which was approved by the shareholders on March 11, 2009. This plan was amended on January 12, 2011 and December 10, 2014. The 2009 Stock Option Plan complies with the rules and policies of the Toronto Stock Exchange (the "**TSX**"). Under the 2009 Stock Option Plan and before the amendments approved on December 10, 2014 came into force, the Board of Directors could grant Options for issuance of up to a maximum of 1,945,000 voting shares of the Corporation, which represent 5.17% of the issued and outstanding voting shares of the Corporation as at October 31, 2015. At the meeting of March 12, 2015, shareholders approved a new reserve of Options for the issuance of up to a maximum de 850,000 voting shares of the Corporation, which represent 2.26% of the issued and outstanding voting shares of the Corporation as at October 31, 2015.

The purpose of the 2009 Stock Option Plan is to attract, retain and motivate the Beneficiaries by means of the grant of Options. The 2009 Stock Option Plan allows the Beneficiary of each Option to purchase one Voting Share for each Option held. The Option exercise price is equal to the weighted average trading price of the voting shares of the Corporation on the TSX for the five (5) trading days preceding the grant of the Options.

The Board of Directors of the Corporation may determine in its entire discretion, upon recommendation of the Committee, which beneficiaries will be granted Options, the grant dates, the date on which the Options may vest, as well as the frequency at which each of the beneficiaries may exercise their Options. The plan authorizes the grant of stock options with a lifespan of no more than ten (10) years. However, the Options issued since fiscal year 2014 have a 7-year lifespan. Should the option's expiry date fall within a cease-trading or other such period (barring certain exceptions) or within ten (10) business days following the end of such a period, the term of the said option shall be extended so that the end of its term falls on the tenth (10^{th}) business day following the end of the cease-trading period.

Granting of Options under the 2009 Stock Option Plan is subject to the following limitations:

- The number of Options granted within one year cannot exceed 2% of the issued and outstanding Voting Shares of the Corporation;
- The number of voting shares (i) issuable to insiders (within the meaning of the *Securities Act* (Québec)), at any time, and (ii) that are issued to these insiders, within any one-year period, under the 2009 Stock Option Plan and all of the other share-based compensation plans of the Corporation, cannot exceed ten percent (10%) of the number of issued and outstanding voting shares of the Corporation;
- The number of voting shares which may be purchased by any person (including insiders and their associates within the meaning of the *Securities Act* (Québec), within any one-year period under the 2009 Stock Option Plan and all of the other share-based compensation plans of the Corporation must not exceed five percent (5%) of the issued and outstanding voting shares of the Corporation.

Vesting of the Options granted under the 2009 Stock Option Plan may be subject to a performance condition determined by the Board of Directors at the time of each grant. Since the adoption of the 2009 Stock Option Plan, the performance condition used is an adjusted net income target expressed as a percentage of the Corporation's revenue. When the adjusted net income target is not reached, the Options are not vested and the Beneficiary may not exercise them.

Under the 2009 Stock Option Plan, the Board of Directors may, without the shareholder's approval, make certain amendments of the following nature: (i) minor or technical amendments to any provision of the 2009 Plan; (ii) corrections to any provision of the 2009 Stock Option 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 expiry date. However, the following amendments require the approval of a majority of the shareholders present at a duly called shareholders' meeting:

(a) any increase to the maximum number of Voting Shares issuable under the 2009 Stock Option Plan (other than for standard anti-dilution purposes);

(b) the reduction of the subscription price of the Options held by an insider (other than for standard anti-dilution purposes);

(c) the extension of the term of an Option held by an insider; and

(d) the extension of the blackout expiration term.

Upon exercise of his Options, the Beneficiary must be a director, officer or employee of the Corporation or its subsidiaries. However, within three months following his voluntary termination of employment or the date on which he ceases to be a director of the Corporation or of one of its subsidiaries, the Beneficiary may exercise the Options then vested to him. In the event of termination of employment following his retirement or permanent disability, termination of employment without serious reason, or death, dismissal or layoff of the Beneficiary, the Beneficiary, heirs or legal representatives, as the case may be, may, within six months following such event, exercise the Options that were vested to him at the date of such event. Options not exercised prior to the expiry of such delays will become null and void. In the event of termination of employment for serious reason, the Options granted will become null and void as of the date of termination of employment.

Notwithstanding the foregoing, in the event of a take-over bid or exchange bid for Transat shares, within the meaning of the *Securities Act* (Québec), providing for the purchase of shares or securities conferring direct or indirect ownership of 20% or more of the votes that may be cast to elect Transat's directors (the "**Offer**") or of a change of control (as defined in the 2009 Stock Option Plan), any Option granted but not yet vested may be exercised. Moreover, in such a case, any Option granted, regardless of whether or not it has vested, may be forced to be exercised by the Board of Directors. Unless a contrary decision is made by the Board of Directors, in the case of an Offer, these provisions are only applied if the Offer is successful so that the exercise of any unvested option or the exercise forced by the Board of Directors is conditional on the Offer's success.

The Corporation may take any measure it may deem necessary or appropriate in order to proceed with the tax withholdings (including all deductions) it is required to make in respect of the 2009 Stock Option Plan. The Corporation's obligation to deliver the shares offered upon the exercise of an option is conditional on payment, by the beneficiary, of any amount that the Corporation may demand in order to satisfy any liability in respect of such withholding.

The options granted under the 2009 Stock Option Plan are non-transferrable.

- *The Former 1995 Plan*

On December 5, 1995, before the adoption of the 2009 Stock Option Plan, the Corporation established a stock option plan for directors, officers and employees, which was amended from time to time (the "**Former Plan**"). The Former Plan allowed Transat to grant stock options (the "**Options**") to directors, officers and employees of the Corporation and its subsidiaries in which it held at least 50% of the Voting Share capital (the "**Beneficiaries**"). Since the implementation of the 2016 Plan (as defined below), all Option grants are made under the 2016 Plan.

Except for the following conditions, the Former Plan is identical to the 2009 Stock Option Plan (including the provisions governing the amendment of its terms and conditions with or without the shareholders' approval):

- For the Options granted prior to January 8, 2014, vesting of the Options granted was not specifically subject to a performance condition. Only time determined the vesting of the Options granted;
- There is no rule stipulating that the number of Options granted within one year may not exceed 2% of the issued and outstanding shares of the Corporation;
- The Options granted in the past under the Former Plan which have not yet been exercised continue to be governed by the terms of the Former Plan.

On December 13, 2013, the Board of Directors of the Corporation amended the Former Plan in order to subject the Options available for grant purposes under the Former Plan to the same terms and conditions as those contained in the stock option grant agreement under the 2009 Stock Option Plan. This includes the subjection of these Options to a performance rule identical to that of the 2009 Plan, namely an adjusted net income target expressed as a percentage of the Corporation's revenue.

Consequently, on January 14, 2015, Options were granted under the Former Plan, but with the same terms and conditions as the 2009 Stock Option Plan, i.e.:

- All Options granted on January 14, 2015 have a lifespan limited to 7 years;
- All Options, including those granted under the Former Plan, are subject to the same performance rule.

- *The 2016 Plan*

On January 13, 2016, the Board of Directors amended the 2009 Stock Option Plan to make the modifications described below, including a change to the name of the plan (the "2016 Plan") thus ending the grants of Options on the terms and conditions described in subsection "The 2009 Option Plan" of this section. The 2016 Plan complies with the rules and policies of the Toronto Stock Exchange (the "TSX") and the modifications do not require the shareholders' approval as they are permitted under the 2009 Stock Option Plan. The Options that could be granted under the 2009 Stock Option Plan and the Former Plan were transferred to the 2016 Plan and the balance available for future grants is now 1,122,337 Options. The 2016 Plan is subject to the same rules and limitations as the 2009 Plan, except for the following elements:

- Plan Name change;
- Introduction of an upper limit on the number of Options granted, through the use of a minimum price per share of $12 in the calculation (the number of Options granted to each Named Executive Officer 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);

- The Options granted under the 2016 Plan will not be subject to a performance rule, in accordance with the practices in the vast majority of our comparison group, while ensuring competitive compensation;
- Contrary to what was the case under the 2009 Stock Option Plan and the Former Plan, the cancelled or expired Options will be put back into the reserve of Options available for future grants, except if the sum of the outstanding Options and the Options available for future grants represents more than 5% of the outstanding Shares of Transat. In such a case, the expired or cancelled Options will not be put back into the reserve of Options available for grants;
- Amendment to the change of control definition;
- Amendments of an administrative nature.

The 2016 Plan provides for automatic vesting of the Options granted in the contingency of an event or a series of events with one of the following results:

(i) acquisition or enjoyment of more than 50% (previously established at 20%) of the voting rights by a person acting alone or persons acting in concert;

(ii) loss of majority by the directors in office;

(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.

All Options granted under the 2009 Stock Option Plan and the Former Plan remain subject to the terms and conditions of the 2009 Stock Option Plan or the Former Plan, as applicable.

- *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 Named Executive Officer 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 Committee, which then makes its recommendation at the next Board meeting for final approval.

- *Option Grants during Fiscal Year 2015*

On January 14, 2015, a total of 88,692 Options were granted under the 2009 Stock Option Plan at an exercise price of $8.73, and a total of 147,755 Options were granted under the Former Plan, for a total of 236,447 Options, representing 0.61% of the total outstanding voting shares. Of this number, an aggregate of 142,428 Options were granted to the Named Executive Officers, representing 0.37% of the total outstanding voting shares as at January 14, 2015. All Options granted as at January 14, 2015 have a lifespan limited to 7 years, and all Options, including those granted under the Former Plan, are subject to the same performance rule.

The Options granted under the 2009 Stock Option Plan and the Former Plan will vest, on each vesting date, the whole in accordance with the defined exercise conditions, based on the performance criteria described in the following table:

Exercise period	Proportion of Options granted that may be exercised on each vesting date (around mid-December of each year)	Adjusted net income realized, expressed as a percentage of the Corporation's revenue for the year ending October 31
Year 2015	$33^{1/3}$%	Vested, ANI greater than 0.75%
	(carried over to 2018)	Not applicable

Exercise period	Proportion of Options granted that may be exercised on each vesting date (around mid-December of each year)	Adjusted net income realized, expressed as a percentage of the Corporation’s revenue for the year ending October 31
Year 2016	$33^{1/3}$%	If equal to or greater than 0.75%
	(carried over to 2019)	If less than 0.75%
Year 2017	$33^{1/3}$%	If equal to or greater than 0.75%
	(carried over to 2020)	If less than 0.75%
Year 2018	$33^{1/3}$% (if tranche carried over from 2015)	Not applicable
	(cancellation of $33^{1/3}$% of the Options)[1]	Not applicable
Year 2019	$33^{1/3}$% (if tranche carried over from 2016)	If equal to or greater than 0.75%
	(cancellation of $33^{1/3}$% of the Options)[1]	If less than 0.75%
Year 2020	$33^{1/3}$% (if tranche carried over from 2017)	If equal to or greater than 0.75%
	(cancellation of $33^{1/3}$% of the Options)[1]	If less than 0.75%
Year 2021	All unexercised vested Options[2]	Not applicable

(1) Any option tranche carried over for three years is cancelled if the adjusted net income realized by the Corporation during the year of the carry-over is less than 0.75%.
(2) Unexercised vested Options comprise the proportion of the Options vested during the six years after the grant date that are still outstanding.

▪ *Performance-Based Restricted Share Unit (RSU) Plan*

The objective of the Corporation’s restricted share unit plan (“**RSU Plan**”) is to attract and retain competent people to hold positions as executive officers and executives of the Corporation and its subsidiaries, and to promote harmonization of the interests of the executive officers and executives with those of the shareholders of the Corporation.

The number of restricted share units (“**RSUs**”) awarded to each participant is equal to a percentage of base salary divided by the weighted average trading price of the Corporation’s voting shares on the TSX for the five (5) trading days preceding the date of award.

RSUs vest to each participant at the end of a three-year cycle based on the achievement of a financial performance criterion. For the cycle ended in 2015 (2012-2015 cycle) and for the cycles that will end in 2016, 2017 and 2018, the financial performance criterion is the average adjusted net income that will be achieved for the three-year cycle.

- ✓ All awarded RSUs vest upon the achievement of an average adjusted net income target over a three-year cycle.
- ✓ No RSU vests if the return is lower than an average adjusted net income threshold over a three-year cycle.
- ✓ The vesting percentage is prorated linearly between defined milestones.

For each vested RSU, participants are entitled to receive a cash payment from Transat equivalent to the weighted average trading price of the voting shares on the TSX for the five (5) trading days preceding the ending date of the cycle multiplied by the number of RSUs that have vested during the cycle. The RSU Plan contains change of control provisions that provide for the accelerated vesting of the RSUs in certain circumstances.

The RSU Plan provides for automatic acceleration of vesting of the RSUs, only in the contingency of non-reelection of the majority of the directors elected at the previous meeting. The Board of Directors, 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.

Effective January 2016, the RSU Plan will be amended to provide for automatic acceleration of vesting of the RSUs in the contingency of an event or a series of events with one of the following results:

(i) acquisition or enjoyment of more than 50% of the voting rights by a person acting alone or persons acting in concert;

(ii) loss of majority by the directors in office;

(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.

All RSUs awarded under the former RSU Plan remain subject to the terms and conditions of the the former RSU Plan.

For the 2012-2015 cycle, which ended on October 31, 2015, 87.5% of the RSUs were vested. The average adjusted net income realized in the three-year cycle represents 1.375% of the Corporation's revenue. For this cycle, vesting and the performance criterion were as follows:

*Average adjusted net income realized (2012-2015), expressed as a% of the Corporation's revenue for the year ending October 31	Vesting%
If less than 0.75%	0%
If equal to 0.75% (threshold)	25%
If equal to 1.00%	50%
If equal to 1.25%	75%
If equal to or greater than 1.50% (target)	100%

- *RSUs Awarded during Fiscal Year 2015*

During fiscal year 2015, 304,653 RSUs were awarded and may vest if the average adjusted net income target is achieved for the three-year cycle that will end in January 2018. Of this number, an aggregate of 47,103 RSUs were awarded to Named Executive Officers. The RSUs may vest according to the following parameters:

Average adjusted net income realized (2014-2017), expressed as a% of the Corporation's revenue for the year ending October 31	Vesting%
If less than 0.75%	0%
If equal to 0.75% (threshold)	25%
If equal to 1.00%	50%
If equal to 1.25%	75%
If equal to or greater than 1.50% (target)	100%

The vesting percentage is prorated linearly if the adjusted net income realized falls between two of the levels of performance described above.

- ***Performance-Based Share Unit (PSU) Plan***

On December 10, 2014, the Committee approved the implementation of a Performance-Based Share Unit Plan (the "**PSU Plan**"), which came into force on January 1st, 2015. The purpose of the PSU Plan is to attract, motivate and retain competent people to hold positions as executives and managers of the Corporation and its subsidiaries and to align the interests of the executives and managers with those of the shareholders of the Corporation.

With the implementation of the PSU Plan, the Corporation reduced by approximately 60% the number of options awarded annually to senior executives at levels 1 to 7 and replaced them with PSU awards.

Once vested, the PSUs awarded represent the participant's right to receive, on the vesting date and subject to the provisions of the Plan, a number of common shares equivalent to the number of PSUs vested in accordance with the provisions of the PSU Plan or, at the Committee's sole and absolute discretion, a lump-sum payment in cash equal to the fair market value of one common share as at the vesting date, net of all deductions at source, any other withholding tax, GST, QST or any other sales tax applicable, if any.

The PSU Plan has no dilution effect. The PSUs will be settled in shares purchased on the secondary market or in cash, at the Board's discretion, in accordance with the terms and conditions described in the PSU Plan. The PSU Plan does not use currently unissued shares of the Corporation and no currently unissued share of the Corporation is reserved for the purposes of this PSU Plan.

The PSU Plan is administered by the Committee. The Committee determines the number of PSUs that will be awarded and may amend, suspend or cancel the PSU Plan or the terms and conditions of any PSU awarded under this Plan. The Committee may also establish, at the time of each award, in accordance with the restrictions set out in the PSU Plan, the award date, the vesting date, the financial performance criteria that must be achieved for the purposes of awarding PSUs or vesting part thereof, if applicable, and other special conditions applicable to an award of PSUs under the PSU Plan.

Unless the Committee decides otherwise: a) the PSUs shall expire on the vesting date stipulated therefore if the specified performance objectives have not been achieved, and the participant shall have no right whatsoever regarding such PSUs, the whole in accordance with the conditions of the applicable PSU award agreement; b) when a participant ceases to be a senior executive or an employee of Transat following their voluntary resignation or termination for serious cause, during a vesting period, vesting of PSUs shall cease and all the PSUs awarded but not vested will be cancelled as of the date of termination of employment, without any payment; c) when a participant ceases to be a senior executive or employee of Transat following the participant's long-term disability, retirement, termination of employment without serious cause or death, the PSUs for which vesting is based solely on time, if any, will be prorated and will be deemed vested and payable, while such PSUs not vested will be cancelled and the PSUs that could be vested on the basis of performance in the current fiscal year at the termination date will continue until their vesting date, while such PSUs with a vesting date subsequent to the foregoing vesting date will be cancelled at the date of termination of employment.

Notwithstanding the foregoing, all PSUs held by the participant would become fully vested in the contingency of an event or a series of events with one of the following results:

(i) acquisition or enjoyment of more than 50% of the voting rights by a person acting alone or persons acting in concert;

(ii) loss of majority by the directors in office;

(iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.

The PSUs may not be assigned, encumbered, pledged, transferred or disposed of in any way, other than by a will or according to the rules of inheritance law. Any assignment following the death of the participant must comply with the applicable laws.

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.

- *PSUs Awarded during Fiscal Year 2015*

During fiscal year 2015, 182,469 PSUs were awarded. Of this number, an aggregate of 93,978 PSUs were awarded to Named Executive Officers. These PSUs may vest according to the following parameters:

Vesting date	Vesting%	Performance criterion
Mid-January 2016	$16^{1/3}$%	Earnings per share (EPS) of $0.75 for fiscal 2014-2015
Mid-January 2017	$16^{1/3}$%	Earnings per share (EPS) of $0.75 for fiscal 2015-2016
Mid-January 2018	$16^{1/3}$%	Earnings per share (EPS) of $0.75 for fiscal 2016-2017
Mid-January 2018	50%	None

- ***Permanent Stock Ownership Incentive Plan***

The share purchase plan put in place for executive officers, the "**Transaction Plan**", is part of the long-term variable compensation of the Corporation's executive officers. By this plan, Transat seeks to incite its executive officers to become and remain shareholders of the Corporation, stimulate their interest to increase the price of the Corporation's shares and promote their retention. The objective of the permanent stock ownership incentive plan is also to encourage the participants 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.

On June 21, 1999, our Board of Directors adopted the initial Transaction Plan. On October 19, 2004, our Board of Directors amended this plan with respect to eligibility and frequency of subscription. Further, on January 14, 2005, our Board of Directors extended the initial term of the plan for an additional five (5) years. On December 14, 2006, the Transaction Plan was further amended in order to introduce detailed amending provisions to such plan as required under the new rules of the TSX. These amendments were approved by the shareholders on March 14, 2007. On October 29, 2008 and again on October 23, 2013, the Board of Directors renewed the Transaction Plan for an additional term of five (5) years under the same terms and conditions as the previous plan.

Accordingly, during the additional term above-mentioned, the executive officer who participates in the share purchase plan up to the maximum allowed annually, which is equal to 5% or 10% of his/her salary depending on the position held, is awarded by Transat a number of voting shares whose total purchase price on the secondary market is equal to the aforementioned percentage of salary contributed. Shares purchased on the market with employee contributions are discounted 10%.

One third of the voting shares so awarded by Transat during the calendar year shall vest to each eligible executive officer on January 10 following the year of the award, another third on the second January 10 following the year of the award and another third on the third January 10 following the year of the award, provided the executive officer holds on to all voting shares subscribed for under the share purchase plan at each of these dates. In the event that the eligible executive officer ceases to occupy his or her position, retires or in the event that he or she dies or becomes permanently disabled, the said executive officer or his or her assigns, as the case may be, shall become the owner of the awarded voting shares vested to him or her on the date of his or her termination of employment or on the date of his or her death. The voting shares awarded by Transat do not confer any rights to the eligible executive officer prior to vesting.

However, in the event of a change of control of Transat, any eligible executive officer will acquire, automatically and in advance, the right to those shares awarded but not yet vested on the date of the said change of control, provided that on such date he or she still holds the same number of shares subscribed for under the share purchase plan corresponding to each award.

For the period from November 1, 2014, to October 31, 2015, an aggregate of 38,251 shares having an approximate aggregate value of $255,848 were awarded to the executive officers of the Corporation under the Transaction Plan. Of that number, 1,944 shares vested on January 10, 2015, 12,750 vested on January 10, 2016, 12,750 will vest on January 10, 2017, and 10,806 will vest on January 10, 2018.

The Transaction Plan is directly tied 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 are issuable to a single person or to an insider of Transat.

- ***Deferred Share Unit Plan***

Following the review of our long-term incentive program in 2007, awards of deferred share units ("**DSUs**") to executive officers under the deferred share unit plan were discontinued 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.

- ***Recent Awards under the Long-Term Incentive Plans***

    - *Recent Award of Performance-Based RSUs*

On January 13, 2016, 317,054 RSUs were awarded and may vest if the average adjusted net income target is achieved for the three-year cycle that will end in January 2019. Of this number, no RSUs have been granted to Named Executive Officers. These RSUs may vest according to the following parameters:

Average adjusted net income realized (2015-2018), expressed as a% of the Corporation's revenue for the year ending October 31	Vesting %
If less than 0.75%	0%
If equal to 0.75% (threshold)	25%
If equal to 1.00%	50%
If equal to 1.25%	75%
If equal to or greater than 1.50% (target)	100%

- ***Financial Performance Criteria***

For fiscal 2014-2015, the Committee approved the financial performance criteria applicable to each plan:

- ✓ STIP: Adjusted net income of Transat and income before income tax and interest expenses of subsidiaries
- ✓ RSUs: Adjusted net income of Transat
- ✓ PSUs: Adjusted net income per share of Transat
- ✓ Options: Adjusted net income of Transat

The choice of adjusted net income as a performance criterion under the STIP, Option, RSU and PSU plans has several objectives:

- Strategic objective: The adjusted net income is an objective directly aligned with Transat's principal strategic short and medium term objectives, i.e. improved profitability.
- A clear message to employees: By using an adjusted net income objective in our incentive compensation plans, the clear message conveyed to Transat executives and employees is that improved profitability is the priority and will be beneficial for the Corporation, for the shareholders and for themselves. Therefore, the decisions and behaviour of all employees aim towards the same objective.
- Value for shareholders: Improved profitability will be conducive to an increase in Transat's share price and will thus generate greater value for the shareholders.
- Sustained performance: The use of adjusted net income for Option and PSU vesting and of average adjusted net income for RSU vesting is beneficial for long-term profitability, which will ensure Transat's sustainability.
- Lower payroll: No compensation will be paid under these three plans and no charge will be applied to the results if Transat does not achieve a minimum profit level; the payroll costs are therefore substantially lower when Transat generates low profits.
- Risk management of our compensation programs: The adjusted net income objective ensures that the amounts disbursed under these plans are consistent with the Corporation's financial performance.

For the fiscal year 2015-2016, a new performance criterion has been introduced. This is total shareholder return, which will be used to determine in part the vesting of shares awarded under the new performance-based share unit (PSU) plan. This new criterion aims to diversify the performance criteria used in long-term compensation plans and to favour the sustained growth of the value of the Transat shares.

5.6 Summary Compensation Table

The following table sets forth the information regarding the total compensation paid during each of the last three fiscal years to the President and Chief Executive Officer, the Vice-President, Finance and Administration and Chief Financial Officer and the three other mostly highly compensated executive officers of the Corporation and its subsidiaries (collectively, the "**Named Executive Officers**").

To obtain the value vested or realized upon vesting for the share unit plans and the stock option plans, refer to the "Incentive Plans" section below:

Name and principal position	FY	Salary	Share-based awards		Option-based awards (3) (4)	Short-term incentive program compensation	Retirement plan value (5)	All other compensation(6)	Total compensation
			RSUs/PSUs (1)	Transaction (2)					
		($)	($)	($)	($)	($)	($)	($)	($)
Jean-Marc Eustache Chairman of the Board of Directors, President and CEO, Transat A.T.	2015 2014 2013	842,678 830,563 822,000	718,045 249,683 246,600	 0 0	255,460 595,887 605,120	487,943 477,240 909,838	611,720 350,984 360,534	67,414 66,445 65,760	2,983,262 2,570,801 3,009,852
Denis Pétrin Vice-President, Finance and Administration, and CFO, Transat A.T.	2015 2014 2013	369,547 339,733 330,667	168,854 51,168 49,920	36,955 33,973 33,067	56,735 122,119 122,497	118,713 134,812 243,904	200,352 137,786 291,644	33,259 30,576 29,760	984,415 850,167 1,101,458
Daniel Godbout Senior Vice-President, Transport and Yield Management, Transat A. T.	2015 2014 2013	344,313 337,007 332,163	120,953 33,798 33,216	34,431 33,701 33,216	41,804 103,707 104,797	105,661 79,907 229,584	136,878 141,734 149,306	34,431 33,701 33,216	818,472 763,555 915,498
Jean-François Lemay General Director, Air Transat	2015 2014 2013	313,517 304,375 264,000	110,310 30,525 26,400	31,352 30,438 26,400	38,125 93,666 83,292	96,194 72,169 191,340	92,259 75,082 75,612	31,352 30,438 26,400	713,108 636,693 693,444
Annick Guérard (7) General Director, Transat Tours Canada	2015 2014 2013	310,973 304,375 292,917	109,241 30,525 30,000	31,097 30,438 27,038	37,756 93,666 94,649	95,430 72,169 201,705	99,212 73,082 74,614	31,097 30,438 29,292	714,807 634,693 750,215

(1) The value of the RSUs/PSUs awarded under the RSU/PSU Plan is equal to a percentage of the participant's base salary, divided by the weighted average trading price of the voting shares on the TSX for the five days preceding the award, i.e. $8.73 in 2015, $12.49 in 2014 and $6.01 in 2013.

(2) This amount represents Transat's contribution to the permanent stock ownership incentive plan (Transaction plan) on the senior executive's behalf. This contribution is equivalent to 5% or 10% of the senior executive's base salary as at December 31 of the year preceding the beginning of the contributions, depending on the level of the position.

(3) See the "Performance-Based Stock Option Plans" section of this Circular for the detailed option exercise conditions.

(4) 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 established in accordance with generally accepted accounting principles and accounting for the following assumptions:

	2015	2014	2013
Exercise price:	$8.73	$12.49	$6.01
Risk-free rate:	1.33%	2.72%	1.61%
Dividend yield:	-	–	–
Volatility (60 months):	58.20%	58.60%	54.80%
Expected lifetime:	4 years	6 years	6 years
Fair value per option:	$3.52	$5.11	$2.59

(5) 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 2015, in the tables of the "Benefits under a Retirement Plan" section of this Circular. For each fiscal year, the amount of the "change attributable to compensatory items" was established according to 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, 2013, 2014 and 2015 respectively, in accordance with generally accepted accounting principles. For Mr. Eustache, the increase in the 2015 value is due to the increase in his target bonus, which rose from 75% to 90% of his salary.

(6) For Named Executive Officers, this amount represents the value of the perquisites paid under the terms of the perquisites program.

Incentive Plans

- *Table of Outstanding Option-Based and Share-Based Awards*

The following table sets forth, for each Named Executive Officer, the number and value of option-based and share-based awards outstanding at the end of fiscal year 2015.

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) ($)	Market or payout value of vested share-based award (not paid out or distributed) ($)
Jean-Marc Eustache	30,682 34,295 62,266 118,538 110,743 49,844 192,313 233,637 116,612 72,574	22.66 37.25 21.36 11.22 12.25 19.24 7.48 6.01 12.49 8.73	May 3, 2016 May 2, 2017 April 21, 2018 May 6, 2019 May 5, 2020 January 12, 2021 January 11, 2022 January 9, 2023 January 8, 2021 January 14, 2022	0 0 0 0 0 0 51,925 406,528 0	93,372	723,633	0
Denis Pétrin	1,995 2,019 3,715 14,880 29,230 7,537 37,433 47,296 23,898 16,118	22.66 37.25 21.36 11.22 12.25 19.24 7.48 6.01 12.49 8.73	May 3, 2016 May 2, 2017 April 21, 2018 May 6, 2019 May 5, 2020 January 12, 2021 January 11, 2022 January 9, 2023 January 8, 2021 January 14, 2022	0 0 0 0 0 0 10,107 82,295 0	29,663	229,888	0
Daniel Godbout	6,289 5,968 10,980 21,321 37,948 8,632 33,305 40,462 20,295 11,876	22.66 37.25 21.36 11.22 12.25 19.24 7.48 6.01 12.49 8.73	May 3, 2016 May 2, 2017 April 21, 2018 May 6, 2019 May 5, 2020 January 12, 2021 January 11, 2022 January 9, 2023 January 8, 2021 January 14, 2022	0 0 0 0 0 0 8,992 70,404 0	22,924	177,661	0
Jean-François Lemay	31,471 21,439 18,330 10,831	7.48 6.01 12.49 8.73	January 11, 2022 January 9, 2023 January 8, 2021 January 14, 2022	8,497 37,304 0 0	20,689	160,340	0
Annick Guérard	0 17,936 0 4,000 6,699 2,500 16,871 24,362 18,330 10,726	22.66 37.25 21.36 11.22 12.25 19.24 7.48 6.01 12.49 8.73	May 3, 2016 May 2, 2017 April 21, 2018 May 6, 2019 May 5, 2020 January 12, 2021 January 11, 2022 January 9, 2023 January 8, 2021 January 14, 2022	0 0 0 0 0 0 4,555 42,390 0 0	20,705	160,464	0

(1) The value was calculated using the difference between the weighted average trading price of the voting shares of Transat on the TSX for the five days preceding October 31, 2015, i.e. $7.75, and the option exercise price.

(2) The vesting of RSUs is dependent on the level of achievement of the targets by the Corporation, based upon the weighted average return on shareholders' equity achieved over the three-year cycle. See the "Restricted Share Unit Plan" section.

(3) Includes the restricted share units (RSUs) and the shares purchased under the permanent stock ownership incentive plan. The value was calculated using the weighted average trading price of the voting shares of Transat on the TSX for the five days preceding October 31, 2015, i.e. $7.75.

- *Table of the Value Vested or Paid During the Fiscal Year*

The following table sets forth, for each Named Executive Officer, 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 plan compensation: value paid during the fiscal year(3) ($)
Jean-Marc Eustache	343,075	328,634	487,943
Denis Pétrin	68,644	69,125	118,713
Daniel Godbout	59,414	47,601	105,661
Jean-François Lemay	55,273	39,253	96,194
Annick Guérard	53,400	42,990	95,430

(1) The value is determined by assuming that the 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 permanent stock ownership incentive plan, the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date. For the restricted share units (RSUs), the redemption value of the units from the 2012-2015 cycle, which have vested on January 13, 2016, corresponds to the number of vested units, multiplied by the weighted value of the Transat share as at January 13, 2016, i.e. $7.34. For the performance-based share units (PSUs), the redemption value of the units from the 2014-2017 cycle, which have vested during the fiscal year on January 13, 2016, corresponds to the number of vested units, multiplied by the weighted value of the Transat share as at January 13, 2016, i.e. $7.34.

(3) Represents the amount paid for fiscal year 2015 under the Short-term incentive program (STIP).

- *Summary Table of Total Compensation Earned during the Fiscal Year*

The following table presents, for each Named Executive Officer, the value of the total compensation accrued or earned during the fiscal year under all compensation programs. For the share unit plans and the stock option plans, the table shows the value realized upon vesting:

Name and principal position	FY	Salary	Share-based awards		Option-based awards	Short-term incentive program compensation	Retirement plan value (5)	All other compensation(6)	Total compensation
			RSUs/PSUs (1)	Transaction (2)					
		($)	($)	($)	($)	($)	($)	($)	($)
Jean-Marc Eustache	2015	842,678	328,634	0	343,075	487,943	611,720	67,414	2,681,464
Denis Pétrin	2015	369,547	69,125	41,654	68,644	118,713	200,352	33,259	901,295
Daniel Godbout	2015	344,313	47,601	42,234	59,414	105,661	136,878	34,431	770,532
Jean-François Lemay	2015	313,517	39,253	34,728	55,273	96,194	92,259	31,352	662,575
Annick Guérard	2015	310,973	42,990	26,872	53,400	95,430	99,212	31,097	659,975

(1) For the restricted share units (RSUs), the redemption value of the units from the 2012-2015 cycle, which have vested on January 13, 2016, corresponds to the number of vested units, multiplied by the weighted value of the Transat share as at January 13, 2016, i.e. $7.34. For the performance-based share units (PSUs), the redemption value of the units from the 2014-2017 cycle, which have vested during the fiscal year on January 13, 2016, corresponds to the number of vested units, multiplied by the weighted value of the Transat share as at January 13, 2016, i.e. $7.34.

(2) For the permanent stock ownership incentive plan, the value corresponds to the shares that have vested during the fiscal year multiplied by the price per share on the vesting date

(3) The value is determined by assuming that the 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.

(4) The value of the retirement plan represents, for each fiscal year, the sum of the "change attributable to compensatory items" of the defined benefit pension plan and the "compensatory amount" of the defined contribution plan, as presented for fiscal year 2015, in the tables of the "Benefits under a Retirement Plan" section of this Circular. For each fiscal year, the amount of the "change attributable to compensatory items" was established according to 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, 2013, 2014 and 2015 respectively, in accordance with generally accepted accounting principles.

(5) For Named Executive Officers, this amount represents the value of the perquisites paid under the terms of the perquisites program.

5.7 Benefits Under a Retirement Plan

The following table indicates, for each of the Named Executive Officers, the eligible years of service and estimated annual retirement benefits payable at age 65 accrued as at October 31, 2015 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 benefit obligation from October 31, 2014 to October 31, 2015, including the annual cost attributable to compensatory items for fiscal year 2015. 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, 2015, in accordance with generally accepted accounting principles.

Each Named Executive Officer has a retirement agreement that provides for payment of a pension at the projected retirement age, based on a percentage of the executive officer's career-end salary, which is established according to the number of years of service and a percentage of the salary and the target bonus of the executive officer per year of service.

- *Table of Benefits Under a Retirement Plan*

Name of the officer	Number of credited years of service(1)	Annual benefits payable(2)		Accrued benefit obligation as at November 1, 2014(3)	Change in the accrued benefit obligation during the fiscal year		Accrued benefit obligation as at October 31, 2015
		As at October 31, 2015 ($)	At age 65 ($)	($)	Change attributable to compensatory items(4) ($)	Change attributable to non-compensatory items(5) ($)	($)
Jean-Marc Eustache	36.78	1,082,068	n/a	13,077,000	605,000	79,000	13,761,000
Denis Pétrin	6.00	58,805	258,172	663,000	193,000	31,000	887,000
Daniel Godbout	28.19	274,114	401,585	3,615,000	130,000	-17,000	3,728,000
Jean-François Lemay	4.00	24,758	120,866	241,000	86,000	13,000	340,000
Annick Guérard(6)	2.92	18,825	353,145	162,000	93,000	10,000	265,000

(1) Number of credited years of service in a position eligible to the senior executives' retirement plan as at October 31, 2015 or before that date following termination of employment or retirement in 2015.

(2) Represents the benefits payable at age 65 based on the average final salary and the participation at the forecast date and without subtracting the benefits coming from the pension plan and the Québec Pension Plan. There is no data for Mr. Eustache because he is over age 65.

(3) Represents the value of the projected pension earned for service up to October 31, 2014 or October 31, 2015 (depending on the column), accounting for the benefits of the pension plan and the Québec Pension Plan, established in accordance with the assumptions described in Transat's 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.

- *Defined Contribution Plan Table*

The following table sets forth the changes in the sums accumulated in the defined contribution plan between November 1, 2014 and October 31, 2015, including the Corporation's contributions for fiscal year 2015.

Name of the officer	Accumulated value as at November 1, 2014 ($)	Compensatory amount(1) ($)	Accumulated value at the end of FY 2015 ($)
Jean-Marc Eustache	599,102	6,720	640,236
Denis Pétrin	402,333	7,352	450,027
Daniel Godbout	347,914	6,878	383,463
Jean-François Lemay	30,290	6,259	44,290
Annick Guérard	204,566	6,212	236,237

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

5.8 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 Named Executive Officers in order to determine the applicable terms and conditions of employment of said officers, specifically in the context of termination of employment. Each of these standard agreements was entered into in exchange for undertakings on the part of the executive officers not to solicit our customers or employees and not to compete with Transat, as hereinafter described.

The executive officer undertakes not to solicit our customers or employees for a period equal to the maximum severance period (18 or 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 equal to the minimum severance period (12 or 18 months).

The agreements provide for payment of a termination allowance in case of involuntary departure (excluding cases of death, voluntary departure, disability or dismissal for serious cause), increased in the case of termination of employment following a change of control.

Executive officer	Involuntary departure termination allowance	Change of control termination allowance
Jean-Marc Eustache	24 months of base salary plus 1 month per year of service, maximum 36 months, plus an amount under the STIP, i.e. the target bonus calculated on the number of months of the termination allowance.	24 months of base salary plus 2 months per year of service, maximum 36 months, plus an amount under the STIP, i.e. the target bonus calculated on the number of months of the termination allowance.
Denis Pétrin and Daniel Godbout	12 months of base salary plus 1 month per year of service, maximum 18 months plus an amount under the STIP, i.e. the target bonus calculated on the number of months of the termination allowance.	18 months of base salary plus 1 month per year of service, maximum 24 months, plus an amount under the STIP, i.e. the target bonus calculated on the number of months of the termination allowance
Jean-François Lemay and Annick Guérard	12 months of base salary, increased to 15 months after 5 years of service and to 18 months after 9 years of service, plus an amount under the STIP, i.e. the average of actual payments over the last two years.	18 months of base salary, plus an amount under the STIP, i.e. the average of actual payments over the last two years.

The increased allowance is paid in case of termination of employment occuring within two years after a change of control for Jean-Marc Eustache, Denis Pétrin and Daniel Godbout, or within 12 months after a change of control for Jean-François Lemay and Annick Guérard.

The allowance is paid only if the Corporation terminates the executive officer's employment for a reason other than serious cause and, for Jean-Marc Eustache, Denis Pétrin and Daniel Godbout, if the executive officer resigns for "valid reasons", as described in the agreements. The "valid reasons" include, in particular, a material and adverse change of functions affecting the position, including the reporting line; a significant reduction of base salary, except if applicable to all of the executives; non-continuation of the incentive plans, except for replacement with comparable benefits; non-continuation of benefits, pension and perquisites; moving of the offices more than 100 kilometres; and more generally, any constructive dismissal. In the case of Jean-Marc Eustache, the "valid reasons" also include a material adverse change of functions affecting the positions of Chairman of the Board of Directors and/or Chief Executive Officer. In the case of Daniel Godbout, they also include firing or dismissal of the incumbent from the position of President and Chief Executive Officer or any action or penalty that would deprive him of a portion of his responsibilities.

In the cases of Jean-Marc Eustache, Daniel Godbout and Denis Pétrin, the agreements also provide that, in the event of a change of control, the executive officer has a period of 180 days after the termination date to exercise any Option granted, regardless of whether it is vested, with all the Options granted to the executive officer and not yet exercised becoming null and void at the end of this period.

The notion of change of control is defined as follows:

Executive officers	Definition of change of control
Jean-Marc Eustache, Denis Pétrin, Daniel Godbout	• Situation resulting from events not solicited by management, as determined by the Board, that creates de facto control. The following events will be considered as a change of control: • acquisition or enjoyment of 20% or more of the voting rights; except acquisition by the Corporation itself or similar or by a company with the same shareholding; • 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); • 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.
Jean-François Lemay and Annick Guérard	• acquisition or enjoyment of 20% or more of the voting rights by a person or a group of persons who were not shareholders on the date the contract took effect; • the majority of the Board is replaced by persons who are not proposed by management.

André De Montigny signed a change of control agreement similar to that of Daniel Godbout. Bernard Bussières, Michel Bellefeuille and Michel Lemay signed a change of control agreement similar to that of Denis Pétrin. The other executive officers signed a change of control agreement similar to those of Jean-François Lemay and Annick Guérard.

- *Benefits Provided by the Text of the Plans*

Apart from the agreements made with the Named Executive Officers and the similar agreements signed with certain other executive 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 participants in these plans, particularly the Named Executive Officers, including cases where the change of control is not followed by termination of the participant's employment. These provisions are summarized in the table below.

Trigger	Stock Options	Restricted share units (RSUs) and deferred share units (DSUs)	Performance-based Share Units (PSU)	Share purchase plan / Transaction	Retirement plan(1)	Employee and other benefits
Involuntary departure (termination without cause)(3)	No new grant effective from the termination date; vested Options at the termination date must be exercised within 180 days after the termination date; unvested Options at the termination date are cancelled.	RSUs: amount paid based on 50% (effective from 2016: based on the % of the vesting cycle just ended) of the pro rata of the months worked in the three-year cycle of each award, at the fair market value of the Corporation's stock on termination date. DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on his termination date by the fair market value of the Corporation's stock on that date.	Time-based PSUs vest pro rata to the months worked in the three-year cycle of each award. Performance-based PSUs that may vest on the basis of the performance of the current fiscal year on the date of termination of employment will continue until the vesting date.	All the shares subscribed by the participant and the vested shares become unrestricted on the termination date.	A certificate of the accrued benefits on termination date is issued to the participant.	All insurance coverages except short-term and long-term disability are maintained for the term of the separation period, unless the executive officer is covered by another private insurance policy before the end of the period.

Trigger	Stock Options	Restricted share units (RSUs) and deferred share units (DSUs)	Performance-based Share Units (PSU)	Share purchase plan / Transaction	Retirement plan(1)	Employee and other benefits
Retirement	No new Option grants effective from retirement date; vested Options at the termination date must be exercised within 180 days after the termination date; unvested Options at retirement date are cancelled.	RSUs: converted into cash prorated to the time worked at the normal end of the cycle or cycles, on condition of achievement of the fixed goal, at the fair market value of the Corporation's stock at the end of each cycle. DSUs: the amount paid is calculated by multiplying the number of DSUs in the executive officer's account on his retirement date by the fair market value of the Corporation's stock on that date.	Time-based PSUs vest pro rata to the months worked in the three-year cycle of each award. Performance-based PSUs that may vest on the basis of the performance of the current fiscal year on the date of termination of employment will continue until the vesting date.	All the shares subscribed by the participant, unrestricted or not, and all the shares awarded to the participant, regardless of whether they have vested, become unrestricted on the retirement date.	The participant receives his monthly retirement pension according to the terms and conditions of his agreement; the normal retirement age is 65 but the participant may retire at age 60 or after without penalty.	
Change of control	Any Option granted and not vested may be exercised, or the Board of Directors of the Corporation may force the exercise of any option, whether vested or not, according to the terms and conditions prescribed by the Board.	RSUs: All the RSUs awarded and not vested vest on the date of change of control(2). DSUs: All the DSUs in the participant's account on the date of the change of control are redeemable on that date.	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.	A change of control does not result in any additional retirement benefits or trigger the accelerated payment of benefits. However, the trust agreement provides, in case of a change of control, for the immediate payment of constituted value of the benefits under the plan.	In case of termination after a change of control, all insurance coverages except short-term and long-term disability are maintained for the term of the separation period, unless the executive officer is covered by another private insurance policy before the end of the period.

(1) Effective from the participant's retirement date, the Corporation undertakes to pay a monthly retirement allowance during his lifetime, equal to 1/12 of the amount resulting from the subtraction of 1.5%, 1.75% or 2%, multiplied by the credited years of service, multiplied by the "average final salary 5 years", minus the amount equal to the annual retirement benefit payable commencing at age 65, which is the actuarial value equivalent to the total sum accumulated by the participant in the Transat RRSP/DPSP, minus a sum equal to n/35 of the maximum annual pension benefit payable commencing at age 65 under the Québec Pension Plan, where "n" equals the total number of the participant's credited years of service on the date of his retirement.

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

(3) In the case of termination of employment, the most advantageous clause between that of the employment agreement or that of the plan would prevail.

On January 13, 2016, the Corporation decided to establish new plans with the change of control clauses as the main amendment. The following table summarizes the change of control clauses inserted in the plans and aplicable to grants and awards made before January 13, 2016 and those made on or after January 13, 2016:

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

Grants and awards on or after January 13, 2016	Event or series of events with one of the following results: (i) acquisition or enjoyment of more than 50% of the voting rights by a person acting alone or persons acting in concert; (ii) loss of majority by the directors in office; (iii) sale of 50% of the assets or the majority of the securities of Air Transat or TTC.

(1) In the case of the defined benefit pension plan, the change of control clause in force before January 13, 2016, will continue to apply to all the participants present before that date, namely the 11 current executive officers participating in the plan, and the clause applicable on or after January 13, 2016 will apply to all the participants hired after that date.

- *Table of the Value of Benefits in the Event of Termination of Employment (Involuntary Departure) as at October 31, 2015*

The following table reflects the cash value of the additional or accelerated benefits payable to each Named Executive Officer in the event of termination of employment (involuntary departure), as provided in the various compensation plans and the individual agreements with respect to termination allowances.

Name	Termination allowance	Stock options	Restricted share units (RSUs) and deferred share units (DSUs)(1)	Performance-based share units (PSUs)	Share purchase plan / Transcapital / Transaction	Retirement plan
Jean-Marc Eustache	$4,815,127	n/a	$76,996	$68,745	n/a	n/a
Denis Pétrin	$844,272		$16,300	$16,657		
Daniel Godbout	$751,638		$10,453	$12,788		
Jean-François Lemay	$456,997		$9,478	$11,661		
Annick Guérard	$678,857		$9,441	$11,553		

(1) Represents the amount calculated based on the price per share on October 31, 2015; RSUs: 2013-2016 and 2014-2017 cycles only, RSUs for the 2012-2015 cycle having vested normally on October 31, 2015. There are no additional benefits for RSUs, which are all redeemable in the event of any type of departure.

- *Table of the Value of the Benefits in the Event of Termination of Employment in a Change of Control Context as at October 31, 2015*

The following table reflects, for each Named Executive Officer, the cash value of the additional or accelerated benefits resulting from termination of employment in a change of control context. The terms and conditions of each compensation component in the event of a change of control are provided in the various plans, except for termination allowances, which are included in the individual agreements.

Name	Termination allowance	Stock options(1)	Restricted share units (RSUs) and deferred share units (DSUs)(2)	Performance-based share units (PSUs)	Share purchase plan / Transcapital / Transaction	Retirement plan
Jean-Marc Eustache	$4,815,127	$152,818	$379,913	$343,720	$0	n/a
Denis Pétrin	$1,125,696	$30,800	$81,724	$83,282	$60,543	n/a
Daniel Godbout	$1,002,184	$26,465	$51,654	$63,922	$58,096	n/a
Jean-François Lemay	$685,496	$21,034	$46,926	$58,296	$51,481	n/a
Annick Guérard	$678,857	$23,156	$46,655	$57,738	$52,470	n/a

(1) The value indicated is for Options that have not vested and which would vest further to termination of employment in a change of control context on October 31, 2015.

(2) The value indicated represents all RSUs at the price per share on October 31, 2015, which would all vest in the event of a change of control as defined in the plan. RSUs for two cycles only (2013-2016 and 2014-2017) would be paid out, RSUs for the 2012-2015 cycle having vested on October 31, 2015. There are no additional or accelerated benefits for DSUs.

5.9 Minimum Shareholding Requirement for the Named Executive Officers

The shareholding guidelines adopted by the Corporation provide that executive officers (levels 1 to 6) must hold, no later than at the end of the five-year period following their appointment to a senior management position, the number of 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 Named Executive Officer. In the event that an executive officer is promoted to a higher position during or subsequent to the five-year period following his appointment, the guidelines provide that he then benefits from an additional three-year period effective from the date of his promotion to reach the new minimum shareholding multiple which will then be applicable to him. In addition, it was decided, at the meeting of the Board of January 11, 2012, that 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.

Name	Minimum shareholding multiple based on the annual base salary	Target amount	Number of shares and DSUs held as at October 31, 2015	Total value held as at October 31, 2015(1)	Compliance with requirement as at October 31, 2015
Jean-Marc Eustache	3.0 times the annual salary	$2,534,277	412,097	$4,130,209	Yes
Denis Pétrin	1.5 times the annual salary	$562,848	52,591	$408,298	In progress(2)
Daniel Godbout	1.0 times the annual salary	$345,580	104,690	$969,710	Yes
Jean-François Lemay	1.0 times the annual salary	$315,170	32,720	$253,582	In progress(2)
Annick Guérard	1.0 times the annual salary	$312,118	28,739	$222,729	In progress(2)

(1) This is the higher of (i) the cost of acquiring the shares and DSUs for the executive officer and (ii) the market value of the shares and UADs held on October 31, 2015.

(2) According to the share ownership guidelines adopted by Transat, these senior executives benefit from an additional period from the date of their promotion to achieve the minimum shareholding multiple applicable to them.

If the senior executive has not reached the pro rata holding they 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), the senior executive must keep 100% of the shares vested under the stock option plan/Transaction and 50% of the shares vested (after taxes) under the PSU plan, up to the expected pro rata holding. If the senior executive commits 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 Committee decides otherwise.

5.10 Clawback

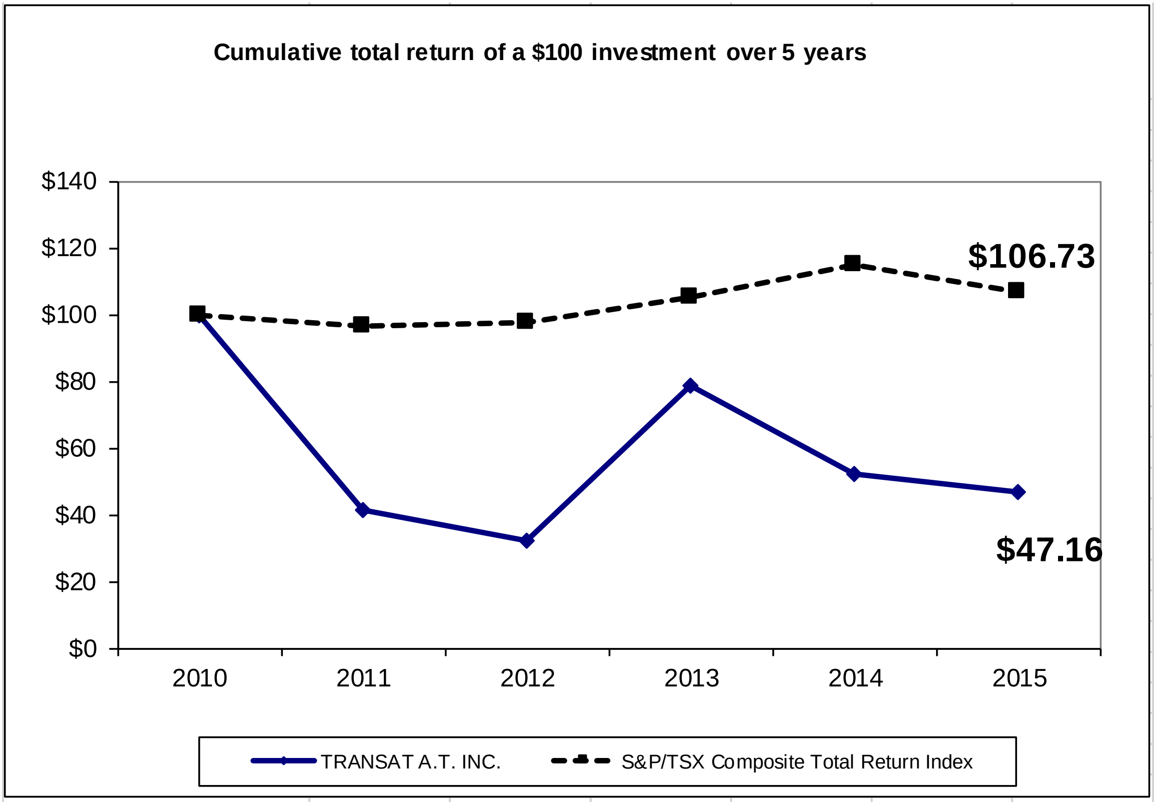
Each senior executive signed a clawback clause concerning the amounts disbursed under the variable compensation plans. Under this clause, the Corporation may claw back the amounts disbursed, within a three-year period:

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

5.11 Performance Graphs

- *Graph 1*

The following performance graph indicates the cumulative total return over five years, assuming a $100 investment made on October 31, 2010 in voting shares of the Corporation (assuming reinvestment of the dividends) and in the S&P/TSX Composite Total Return Index.



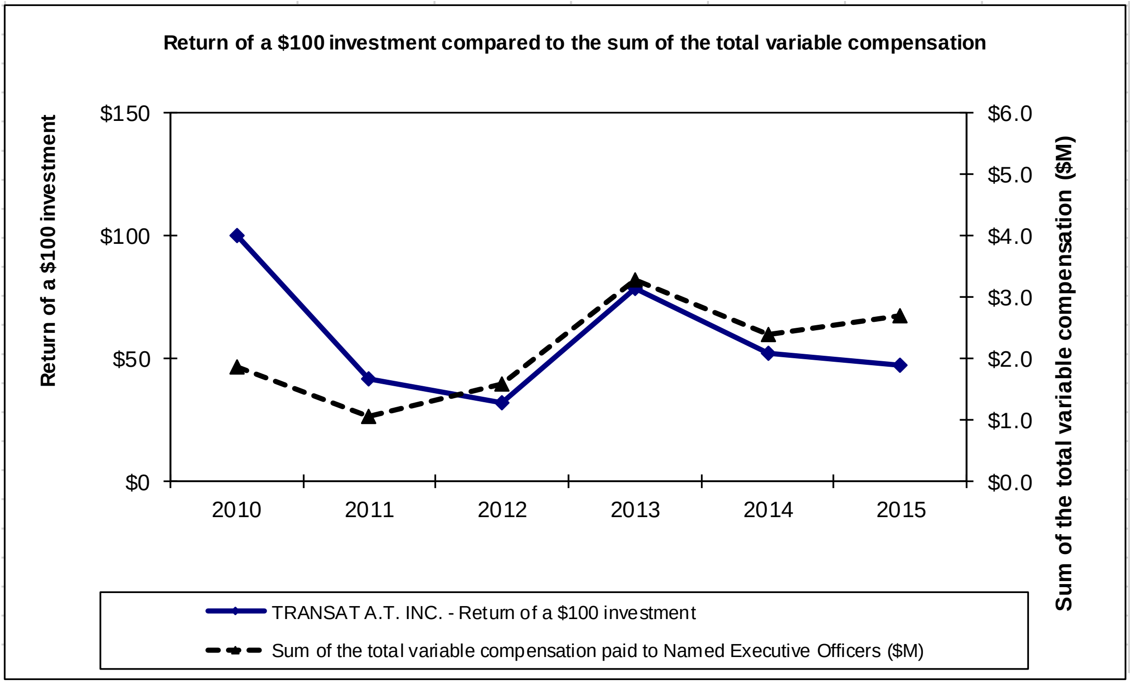
Fiscal year	2010-10-31	2011-10-31	2012-10-31	2013-10-31	2014-10-31	2015-10-31
TRANSAT A.T. INC.	$100.00	$41.77	$32.42	$78.72	$52.60	$47.16
S&P/TSX Composite Total Return Index	$100.00	$96.65	$98.00	$105.40	$115.28	$106.73

$100 investment made on October 31, 2010 (assuming reinvestment of dividends)

- *Graph 2*

The following graph indicates the trend of the total variable compensation paid to the Named Executive Officers over the same five-year period as the previous graph. It compares the sum of the total variable compensation paid to the Named Executive Officers (STIP bonuses paid, RSU awards, PSU awards, share awards under the Transaction Plan and Option grants) with the cumulative total return over five years, assuming a $100 investment made on October 31, 2010 in voting shares of Transat. This graph shows that when the value of the return on the voting shares of Transat decreases, as in 2011 and 2014, the total variable compensation paid also decreases, thus showing the relationship between the total variable executive compensation and the value of the voting shares of the Corporation. Conversely, when the value of the return on the voting shares of Transat increases over the previous year, as in 2013, the total variable compensation paid to the Named Executive Officers also increases.

The total variable compensation increase in 2012 compared to 2011 results mainly from an increase in the value of the stock options granted. In January 2011, the Named Executive Officers received a grant corresponding to 2/3 of a regular grant. This situation followed a change in the option granting date from May to January. Since the previous grant had been made in May 2010 and the 2011 grant was made in January, only 8 months had elapsed between the two grants. The 2011 grant thus was weighted to reflect 2/3 of a year, while the following grant in January 2012 represents a full grant.



Fiscal year	2010-10-31	2011-10-31	2012-10-31	2013-10-31	2014-10-31	2015-10-31
TRANSAT A.T. INC. - Return of a $100 investment	$100.00	$41.77	$32.42	$78.72	$52.60	$47.16
Sum of the total variable compensation paid to Named Executive Officers ($M)	$1.885	$1.070	$1.606	$3.292	$2.386	$2.695

$100 investment made on October 31, 2010 (assuming reinvestment of dividends)

5.12 Succession Planning

Regarding succession planning and development, Transat established, in 2004, a systematic "Talent Management and Succession Planning" process. Since then, the Committee reviews, regularly, 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 Committee 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 management positions.

More specifically, during fiscal year 2015, the program was overhauled to better meet the requirements of a changing organization and its succession needs, which have evolved. To concentrate on the organization's most important issues, management analyzed the organization's critical positions. The criticality of a position was evaluated based on three criteria: the financial impact on Transat, the difficulty of recruiting for the position, and the risk of the individual's departure. Following this exercise, 16 positions (from a pool of 204 executive officer, senior executive or middle management positions) were identified as critical and action plans were deployed to reduce their impact. Within the context of talent management, for reasons of efficiency and operational needs, Transat has also chosen to concentrate on a specific pool of employees for the next few years.

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

In the perspective of an unexpected event, the process to find a successor to Mr. Jean-Marc Eustache, President and Chief Executive Officer, is underway. Therefore, in the normal course of things, the succession planning process should make it possible, over the next few years, to identify, internally or externally, Mr. Eustache's successor.

Finally, Transat favours internal promotion and the approach used for preparation of the senior management succession is also used for the Corporation as a whole. This approach allows it to manage risk and is a guarantee of greater stability in managing the challenges of our business environment. In short, 4% of Transat's senior executives and 7% of its middle managers were promoted internally during the past year.

5.13 Securities Authorized for Issuance Under Equity Compensation Plans

The following table indicates the number of Voting Shares available for future issuance under the stock option plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at October 31, 2015 **(a)**	Weighted average exercise price of outstanding options, warrants and rights as at October 31, 2015 **(b)**	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) as at October 31, 2015 **(c)**
Equity compensation plans approved by security holders[(1)]	2,741,856	$11.81	1,122,337
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	2,741,856	$11.81	1,122,337

(1) As at October 31, 2015, a total of 230,403 voting shares were available for future issuance under the Former Stock Option Plan and a total of 891,934 voting shares were available for future issuance under the 2009 Stock Option Plan.

5.14 Description of the Stock Option Plan

- ***2016 Plan***

For a description of the 2016 Plan, please refer to section 5 "Executive Compensation Discussion and Analysis" of this Circular under "Performance-Based Stock Option Plans – The 2016 Plan".

- ***2009 Stock Option Plan***

For a description of the 2009 Stock Option Plan, please refer to section 5 "Executive Compensation Discussion and Analysis" of this Circular under "Performance-Based Stock Option Plans – The 2009 Stock Option Plan". All future grants will be made under the 2016 Plan.

- ***The Former Plan***

For more details on the Former Plan, please refer to section 5 "Executive Compensation Discussion and Analysis" of this Circular under "Performance-Based Stock Option Plans – The Former 1995 Plan". All future grants will be made under the 2016 Plan.

- ***Option Grant Process***

The annual grant of Options is part of the annual review of executive compensation performed by the Committee. The number of Options granted is established according to the position and base salary of each participant and the exercise price. The Options granted made previously and the number of Options outstanding on the date of the grant are not taken into account in establishing the grants for the year. The number of Options granted is established by multiplying the grant factor applicable to the level of the position occupied according to the grant policy approved by the Board of Directors, by the participant's salary, and dividing the product by the exercise price on the date of the 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 Committee, which then makes its recommendation at the next Board meeting for final approval.

Certain executive officers of the Corporation are involved in the management of the stock option plans. The Vice-President, Human Resources and Talent Management is responsible for providing the Committee with data on the market trends related to compensation and, more specifically, with respect to long-term incentive value and total compensation. He also works in collaboration with the Committee to define the elements of executive compensation, including eligibility for the STIP and the long-term incentive plan, including the stock option plans, and determine the size and conditions of the bonuses and long-term incentive awards. He then prepares the grants for presentation to the Committee and monitors the option reserve on a monthly basis, including the Options awarded, exercised, cancelled and expired. The Vice-President, Finance and Chief Financial Officer participates, jointly with the other executive officers, in preparing the financial budgets, which are submitted to the Board of Directors for approval and which constitute the base of the financial performance goals on which the bonuses are based. He is also in charge of overseeing the financial and accounting aspects of the stock option plans. The Vice-President, General Counsel and Corporate Secretary is responsible for the legal and regulatory aspects of the stock option plans, including the filing of insider declarations and other reports with the regulators. Any proposed change to the annual incentive plan and the stock option plans is discussed with the President and Chief Executive Officer and then with the Committee, which chooses, as it sees fit, to recommend approval of the change to the Board of Directors and, as needed, to the shareholders.

- ***Status of Outstanding Options***

	2009 Stock Option Plan	Former Plan (1995)	Total as at October 31, 2015
Total number of Options granted	88,692	147,755	236,447
Including Options granted to the Named Executive Officers	*88,692*	*33,433*	*122,125*
Options granted as % of the outstanding voting shares	0.24%(1)	0.39%(1)	0.63%(1)
Total number of outstanding Options	1,810,735	931,121	2,741,856
Outstanding Options as % of the total outstanding voting shares	4.82%	2.48%	7.29%
Balance available for future grants	891,934	230,403	1,122,337

(1) The total number of outstanding shares as at October 31, 2015 is 37,590,747.

6. NON-BINDING ADVISORY RESOLUTION REGARDING THE CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION

On the recommendation of the Human Resources and Compension Committee, our Board of Directors proposes the adoption of the non-binding advisory resolution regarding the Corporation's approach to executive compensation, reproduced in Schedule B to this Circular.

Unless instructed otherwise by the shareholder, the voting rights attached to the shares represented by the attached management proxy form will be voted FOR the approval of the non-binding advisory resolution regarding the Corporation's approach to executive compensation.

7. SHAREHOLDER PROPOSALS

Schedule C attached hereto contains the full text of the two proposals and supporting arguments submitted by a shareholder of the Corporation. This Schedule also sets out the full details of the Corporation's position with regards to the two proposals, as well as voting recommendations. Moreover, the proposals regarding any matter that the persons entitled to vote at the 2017 annual meeting of shareholders wish to submit to that meeting must be received by the Corporation no later than October 21, 2016.

8. STATEMENT OF RISK MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

The Risk Management and Corporate Governance Committee (referred to hereinafter in this section as the "**Committee**") closely monitors evolving corporate governance guidelines and best practices. It also evaluates the Board of Directors' overall performance annually. The Board's mandate and role include but is not limited to: (i) overseeing and approving the corporate strategy and its implementation as well as risk management; (ii) reviewing the recommendations of the President and Chief Executive Officer on the appointment of Transat's executive officers; (iii) setting goals for the President and Chief Executive Officer and reviewing those of executive officers with him, monitoring their performance and applying corrective measures as appropriate; (iv) informing shareholders on the performance of the Corporation, its Board of Directors and Board Committees; and (v) approving and ensuring the performance of the Corporation's legal obligations.

The Corporation believes that good corporate governance is an important asset that promotes and enhances performance and preserves the value of shareholder equity. The Committee is currently composed of Ms. Susan Kudzman and Messrs. Jacques Simoneau (its chairman), W. Brian Edwards and Jean Pierre Delisle. It should be noted that Mr. Jean-Marc Eustache attends the meetings of the Committee upon invitation.

8.1 Risk Management and Corporate Governance Initiatives

The Committee is made up of four independent directors whose powers and mandate are set out in the Committee's charter. The Committee regularly reviews our corporate governance practices in light of developing requirements and practices in this field. As new provisions come into effect, the Committee will reassess our corporate governance practices and recommend that changes be implemented where appropriate. Transat's corporate governance practices meet or exceed *National Instrument – 58-101 Disclosure of Corporate Governance Practices* adopted by the Canadian Securities Administrators (see Transat's alignment with these requirements at Schedule A of this Circular) and ensure transparency and effective governance of the Corporation.

Pursuant to its mandate, the Committee reviews on a continuous basis a number of emergency measures and measures related to the Corporation's operations. In December 2014, the Committee identified a list of sixty-two (62) risks and classified them according to their impact, while establishing risk assessment criteria. 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 on to present these risks to the directors of the Corporation every year. In this regard, presentations on air travel risks, reputational risks and fraud-related risks were made in March 2015, on human resources risks in June 2015, on information technology risks and risks related to legal matters in September 2015, and on Internet sales/e-commerce risks in December 2015. It is estimated that this approach will allow further development of a risk management culture within the Corporation.

The Committee has also reviewed the Corporate Governance Manual which has been updated to reflect, amongst others, new legislative and regulatory developments in Governance and Securities' Law.

On September 12, 2012, the Corporation adopted a policy to the effect that a director becomes ineligible when he or she reaches retirement age, which is set at seventy-five (75) years, as stated in paragraph 1.1.7 of the Corporate Governance Manual, with the aim of adding an age limit to the eligibility criteria for the directors of the Corporation. Notwithstanding the foregoing, the Board of Directors 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 of Directors and the expertise required by the Board of Directors at that time.

Ten (10) of the eleven (11) directors seeking election or re-election to the Board are independent directors. The three (3) directors who were not independent during the year ended October 31, 2015, were the founding members of the Corporation, including Mr. Eustache who chairs the Board, and Ms. Lina De Cesare and Mr. Philippe Sureau, who are no longer executive officers of the Corporation since October 31, 2009. For the year ended October 31, 2015, the directors who were not independent were the founding members and current or former executive officers of Transat, namely: i) Jean-Marc Eustache, Chairman of the Board of Directors, President and Chief Executive Officer, ii) Lina De Cesare, then a consultant to the Corporation, and iii) Philippe Sureau, also a consultant to the Corporation. Each of these directors was considered to have a material relationship with the Corporation due to the position each of them held as an executive officer of the Corporation and the founding role each of them played. However, on January 13, 2016, it was decided that Ms. De Cesare and Mr. Sureau were now independent, given that: (i) their respective service contracts expired on October 31, 2015, and were not renewed; (ii) the fees collected for the period from November 1, 2014, to October 31, 2015, amounted to $3,707 for Ms. De Cesare, while no fee was paid for Mr. Sureau during this period; and (iii) each of them had retired from the Corporation in October 31, 2009, and was no longer active in the Corporation, except in their director capacity. The Lead Director and the chairs of the Audit Committee, the Human Resources and Compensation Committee and the Risk Management and Corporate Governance Committee are all independent directors.

8.2 Selection of Candidates for the Board of Directors

The selection process for new candidates for the Board of Directors is conducted by this Committee. More detailed information concerning the Committee's responsibilities, powers and activities are described in more detail in the Committee's charter, which is reviewed every two (2) years and is also filed with SEDAR at www.sedar.com.

When it makes its recommendations, the Committee considers the principle 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 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.

In accordance with the policies of the Board, the evaluation and selection process is undertaken by the Committee, as needed, and consists of several steps, including the preparation and updating, from time to time, of an inventory of the abilities, skills and aptitudes of the members of the Committee and the Board as a whole, which are listed below.

8.3 Diversity of the Board

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

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 officers. The Corporation also considers that establishing diversity of Board members and executive officers is a critical step to building an inclusive and diverse work environment for all of the Corporation's employees.

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

- access to a large pool of relevant talent who eventually could contribute to various technical and functional fields and direct them;
- the unique and concrete contribution that can be represented by different points of view, different experience 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 on the Board and within management (and at other levels of management), which eventually could lead to greater effectiveness in decision-making and in the functions of the Board;
- the fact that the more varied the histories of management teams and boards of directors are, the more chances there are that the points of view and concerns of all stakeholders will be represented in the discussions; and

- the possibility of demonstrating the Corporation's values to the various stakeholders, including personnel at all levels, shareholders, customers, communities, regulatory bodies and other government representatives, and the public.

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

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 for managers 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.

The Corporation aspires to form a Board on which each gender represents at least 25% of the directors as of March 31, 2017.

8.4 Policy on Diversity of the Board

The Corporation believes that increasing diversity on the Board, so that the communities and customers it serves are represented, is essential to maintaining its competitiveness. Greater diversity on the Board can contribute to the improvement of performance, taking advantage of valuable qualities that are lacking on an undiversified board and positively changing the dynamics within the Board, for example, by improving the Board's capacity to manage a conflict due to the wider range of points of view of directors with more varied histories. The Corporation also believes that a board representing diversity shows that diversity of points of view really matters to the Corporation and that the Corporation is convinced of the validity of inclusion, not only in principle but in practice. Moreover, due to its commitment to diversity, the Corporation has access to a larger pool of talent and a broader palette of leadership skills.

On September 9, 2015, the Committee recommended the adoption of a Diversity Policy, which the Board approved. This Policy provides that the Committee, mandated to recommend candidates for director positions to the Board:

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

Under the terms of the Policy, the Board adopted a target for representation of women on the Board, seeking to have women occupy at least 25% of the seats as at March 31, 2017. To date, the Corporation has already achieved this target, because on October 22, 2015, it recruited Lucie Chabot, Vice-President and Chief Financial Officer of SAIL Outdoors Inc., a major Canadian sporting goods and outdoor equipment retailer. In this capacity, she is responsible for accounting and financial services, human resources and information technology. She has great experience in finance, consumer goods and retail, business management, risk management, human resources, digital marketing, information technology, financing, mergers and acquisitions, and strategic planning. Ms. Chabot's appointment thus brings the total number of women directors to three, representing 27% of the candidates for director positions in 2015.

8.5 Diversity and Management

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

Regarding nomination of executive officers, the Committee:

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 executive officer positions when it proceeds with their nomination.

As at October 31, 2015, 1 of 13 executive officers of the Corporation was a woman, representing 7.7% of executive officer positions. The Corporation aspires to have at least 25% of executive officer positions held by women as at March 31, 2017. The recruitment approach favoured by the Corporation is to put a premium on inclusion and diversity by supporting the recruitment of women and offering them possibilities for advancement. Specific targets or proportions regarding the gender mix are not currently used for executive officer positions, given that the nominations are based on a set of balanced criteria, including the merits of the individual and his or her experience and skills at the relevant time. Nonetheless, the nominations of the executive officers are studied in the light of our talent management objectives, particularly the level of representation of women in executive officer positions.

DIRECTORS' COMPETENCIES

	Sector of Activity										Experience										
Name	Financial services	Technology	Tourism	Transportation / Air transportation	Hotel industry	Marketing, communications and advertising	Professional services	Consumer goods / Retail	Academic community	Community involvement	Corporate management	Risk management	Corporate governance	Finance / Accounting	Board service for public companies	Human resources	Marketing / Sales	Operations	International	Business development / Mergers-acquisitions	Strategic Planning
Raymond Bachand	√		√				√	√	√	√	√	√	√	√	√		√	√	√	√	√
Louis-Marie Beaulieu				√			√			√	√	√	√	√		√		√	√	√	√
Lucie Chabot	√	√				√		√			√	√		√		√	√			√	√
Lina De Cesare			√	√	√			√		√	√	√						√	√		√
Jean Pierre Delisle	√						√				√	√	√	√	√					√	
W. Brian Edwards		√				√	√			√	√	√	√		√	√		√		√	√

DIRECTORS’ COMPETENCIES																				
	Sector of Activity									Experience										
Jean-Marc Eustache			√	√			√		√	√	√	√		√			√	√	√	
Susan Kudzman	√	√				√			√		√	√	√	√	√			√	√	√
Jean-Yves Leblanc				√				√	√	√	√	√	√	√	√	√	√	√	√	√
Jacques Simoneau	√	√		√	√			√		√	√	√	√	√	√	√	√	√	√	√
Philippe Sureau		√	√	√	√		√			√	√	√					√	√	√	√

The above inventory is reviewed, as needed, to detect deficiencies between 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, accounting for future retirements. The Committee uses this evaluation as a basis to determine the competencies, experience, qualifications, diversity and personal qualities desired in eventual new Board members. The Committee recruits the candidates by resorting to various sources, which may include a recruitment firm or referrals by existing directors. When a vacancy occurs or is impending, the Committee draws up a short list of potential candidates to consider in greater depth by asking whether the candidates can devote enough time and resources to their obligations as Board members. The Committee can mandate such firms or experts to help fulfill the recruitment obligations it is required to fulfill. The Committee prepares and updates, as needed, an adaptable list of candidates for eventual election to the Board to fill anticipated or unexpected vacancies. During the process, the Committee informs the Board and requests information on the candidates. The candidates participate in an interview with members of the Committee and other directors, as is considered appropriate. The Committee then issues a recommendation to the entire Board, which chooses a candidate to propose his or her election to the shareholders.

8.6 Performance Assessment

During the months of January and February 2016, the Committee, with the assistance of PCI-Perrault Consulting Inc., is conducting an annual formal evaluation of the Board and its committees’ effectiveness and will compare the findings with last year’s evaluation in order to target and implement suggested improvements as in previous years. Furthermore, during the same period, each director is asked to complete an annual evaluation consisting of a director peer review and feedback survey with the objectives of assessing the performance of each director and providing candid feedback to individual directors and thus improving the Board’s performance. Such feedback is intended to stimulate insight, motivate developmental action and enable directors to enhance their individual contributions to Board and committee work. Feedback is collected through the survey that allows for both quantitative ratings and written comments. The feedback is then submitted on a confidential basis to PCI-Perrault Consulting Inc. who prepares a report for each director on his or her performance.

The Committee relies on the evaluation process to determine whether a director should withdraw from the Board.

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

Evaluator					
	Chair of the Board	**Lead Director**	**Chair of the Risk Management and Corporate Governance Committee**	**Each director**	**Human Resources and Compensation Committee**
Performance of the Board	√	√	√	√	
Performance of the Committees				Committee members	

Evaluator					
	Chair of the Board	Lead Director	Chair of the Risk Management and Corporate Governance Committee	Each director	Human Resources and Compensation Committee
Performance of the Chairman of the Board[(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 and President and Chief Executive Officer.

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

8.7 Independence of Directors

Until October 31, 2015, all directors, with the exception of Ms. De Cesare, Messrs. Eustache and Sureau (all three being executives or past executives and founding members of the Corporation), were independent within the meaning of section 1.2 of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the independence standards approved by the Board. However, on January 13, 2016, it was decided that Ms. De Cesare and Mr. Sureau were now independent, given that: (i) their respective service contracts expired on October 31, 2015, and were not renewed; (ii) the fees collected for the period from November 1, 2014, to October 31, 2015, amounted to $3,707 for Ms. De Cesare, while no fee was paid for Mr. Sureau during this period; and (iii) each of them had retired from the Corporation in October 31, 2009, and was no longer active in the Corporation, except in their director capacity. 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.

Candidates for director positions	Independent	Non-independent	Reasons for non-independence
Raymond Bachand	✓		
Louis-Marie Beaulieu	✓		
Lucie Chabot	✓		
Lina De Cesare		✓	Retired executive officer
Jean Pierre Delisle	✓		
W. Brian Edwards	✓		
Jean-Marc Eustache		✓	Executive officer
Susan Kudzman	✓		
Jean-Yves Leblanc	✓		
Jacques Simoneau	✓		

Candidates for director positions	Independent	Non-independent	Reasons for non-independence
Philippe Sureau		✓	Retired executive officer

8.8 Orientation and Continuing Education

The Corporation has in place an orientation program for new directors. New directors are invited to attend orientation sessions with members of senior management to improve their understanding of the Corporation's business. Each new director is also asked to review the Corporate Governance Manual, the Charter of the Board, the Charter of each committee and the position descriptions of the President and CEO, the Chairman of the Board, 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 their role and responsibilities. As part of its mandate, the Risk Management and Corporate Governance Committe is also responsible for providing a continuous education program for members of the Board. This program provides directors with opportunities to develop skills thar are essential to the directorship at Transat and to ensure that they are up to date in their awareness of company and industry issues and their duties and responsibilities as directors. Training sessions facilitated by internal legal and financial advisors, representatives of financial organizations and recognized external legal advisors 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 benchmaking information.

On March 12, 2014, the members of the Risk Management and Corporate Governance Committee 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, during the month of October 2015, Ms. Lucie Chabot had the opportunity to meet the unit heads and receive a presentation from each of them on the activities of their respective business units. Specifically, she met Mr. Patrice Caradec, President and General Manager of Transat France, Mr. Jean-François Lemay, General Manager of Air Transat and Vice-President, Human Resources and Talent Management, of the Corporation on those dates, Ms. Annick Guérard, General Manager of Transat Tours Canada, Mr. Joseph Adamo, General Manager of Transat Distribution Canada, Mr. Michel Bellefeuille, Vice-President and Chief Information Officer of the Corporation, Mr. André De Montigny, Vice-President, Business Development of the Corporation, Mr. Denis Pétrin, Vice-President, Finance and Administration and Chief Financial Officer of the Corporation, Mr. Michel Lemay, Vice-President, Communications and Corporate Affairs and Chief Brand Officer of the Corporation, Mr. Christophe Hennebelle, Vice-President, Human Resources and Corporate Talent Management of the Corporation, Mr. Bernard Bussières, Vice-President, General Counsel and Corporate Secretary of the Corporation, and Mr. Bruno Leclaire, Vice-President, e-Commerce and Chief Digital Officer at Transat Tours Canada.

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 member Canadian 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 from public and private companies, not-for-profit organizations and Crown corporations, which allow them to become better directors and contribute to the creation of high-calibre boards.

- *The following table provides details on certain director training initiatives undertaken in 2015:*

Director continuing education 2015		
Topic	**Presentation by**	**Directors attending**
Presentation on the Competition Act compliance program	Transat A.T. Inc.	Members of the Risk Management and Corporate Governance Committee
E-commerce presentation	Transat A.T. Inc.	All directors

Director continuing education 2015		
Topic	**Presentation by**	**Directors attending**
Presentation on e-commerce and digital solutions	Transat A.T. Inc.	All directors
Presentation on Transat's various fuel and currency hedging stategies	Transat A.T. Inc.	All directors
Training on legislative amendments regarding takeover bids and defensive measures	BMO Capital Markets - Fasken Martineau	All directors
What are the expectations of institutional investors in 2015? Market outlook and best practices	Institute of Corporate Directors	Training available for all directors on a voluntary basis
Long-term shareholders and controlled companies	Institute of Corporate Directors	Training available for all directors on a voluntary basis
Presentation of the latest 2015-2016 governance trends	Norton Rose Fulbright	Members of the Risk Management and Corporate Governance Committee

8.9 Other Board Committees

The Board has no committees other than the Executive Committee, the Audit Committee, the Human Resources and Compensation Committee and the Risk Management and Corporate Governance Committee. The Board of Directors and each of its committees have charters which are reviewed every two years and which state their respective mandates and define the roles and responsibilities of members, including each chair.

The committees of the Board and their composition are detailed in the following table:

	Audit Committee	Risk Management and Corporate Governance Committee	Executive Committee	Human Resources and Compensation Committee
Raymond Bachand	■			
Louis-Marie Beaulieu				■
Jean Pierre Delisle	■	■		
W. Brian Edwards		■	■	(Chair)
Jean-Marc Eustache			(Chair)	
Susan Kudzman		■		■
Jean-Yves Leblanc*	(Chair)		■	■
Jacques Simoneau	■	(Chair)	■	

** Lead Director*

For information pertaining to the Audit Committee, please refer to sections 14.2 to 14.6 of the Corporation's Annual Information Form for the year ended October 31, 2015, available on SEDAR at www.sedar.com.

8.10 Corporate Disclosure Policy

Since 2006, the Corporation follows a disclosure policy setting out the process by which the Corporation discloses its corporate information. The policy is implemented by the disclosure committee. Its members include most executive officers of the Corporation responsible for, amongst other things, earnings announcements, analyst reports, conference calls and meetings with analysts, selective disclosure of information, the use of forward-looking information, dealing with rumours and black-out 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.

9. ADDITIONAL DISCLOSURE

9.1 Indebtedness of Directors and Executive Officers

None of the current or former directors, executive officers and employees of Transat or its subsidiaries is indebted to Transat or any of its subsidiaries, or has contracted any loan that is secured by a guarantee, a support agreement, a letter of credit or other similar arrangement on the part of Transat or any of its subsidiaries. Pursuant to our Corporate Governance Manual, it is our policy not to grant any loans, whether or not secured by a guarantee, a support agreement, a letter of credit or other similar arrangement on our part or on the part of any of our subsidiaries, to our directors, executive officers, employees or nominees for the position of director of Transat.

9.2 Professional Services Agreements

The Corporation entered into professional services agreements with Lina De Cesare and Philippe Sureau as consultants to the Corporation. Each of these agreements ended on October 31, 2015 and were not renewed. Ms. De Cesare's agreement provided for the payment of fees at an hourly rate of $350, and an hourly rate of $175 when she was traveling outside Canada by air for her work. Mr. Sureau's agreement provided for the payment of fees at an hourly rate of $250, and an hourly rate of $125 when he was traveling outside Canada by air for his work. Each agreement included a confidentiality and non-solicitation undertaking. During the year ended October 31, 2015, the total fees paid amounted to $3,707 for Lina De Cesare and no fees were paid to Philippe Sureau. These professional services agreements are filed and available on the SEDAR website at www.sedar.com.

9.3 Directors' and Officers' Liability Insurance

We have taken out an insurance policy at our own expense that covers the liability of our directors and officers, in their capacities as such. This insurance policy also covers the directors and officers of our subsidiaries. For the twelve-month period ending March 31, 2016, our insurance policy provides a maximum coverage of $50,000,000 per claim, subject to a deductible of $250,000 payable by Transat, as well as an additional coverage of $50,000,000. The premium paid under the policy for twelve months coverage is $417,037.

9.4 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, 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. The financial information of Transat 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 Circular with each of the Canadian Securities Administrators. We also file an annual information form with these same administrators.

9.5 Approval of the Management Proxy Circular

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

Montréal, Québec, January 19, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

TRANSAT A.T. INC.

Bernard Bussières
Vice-President, General Counsel and Corporate Secretary

SCHEDULE A

CORPORATE GOVERNANCE PRACTICES

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("**TSX**"), the Corporation has in place corporate governance practices that are consistent with the requirements of *National Policy 58-201 – Corporate Governance Guidelines* and *National Instrument 58-101 – Disclosure of Corporate Governance Practices*, which are the initiatives of the Canadian Securities Administrators ("**CSA**") and which supplant the previous TSX corporate governance guidelines.

We recognize that our governance practices must evolve to respond to changes in the regulatory environment. Many regulatory changes have come into effect in the past years, including rules issued by the CSA relating to audit committees and disclosure of corporate governance practices. The Corporation is regularly adjusting its governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its governance practices, if need be.

Corporate Governance Disclosure

The following table compares the Corporation's governance practices against National Policy 58-201 and National Instrument 58-101 as required under form 58-101-F1 – Corporate Governance Disclosure.

Requirements	Implementation by the Corporation
1. Board of Directors	
a) Disclose the identity of directors who are independent.	For the year ended October 31, 2015, the Board is composed of eleven (11) directors, of whom eight (8) are independent, namely Raymond Bachand, Louis-Marie Beaulieu, Lucie Chabot, Jean Pierre Delisle, W. Brian Edwards, Susan Kudzman, Jean-Yves Leblanc and Jacques Simoneau. For the year ending October 31, 2016, if they are all reelected, the Board will still be composed of eleven (11) directors, of whom ten (10) are independent.
b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	For the year ended October 31, 2015, the directors who were not independent were the founders and current or past members of management of Transat: (i) Jean-Marc Eustache, Chairman of the Board, President and Chief Executive Officer, (ii) Lina De Cesare, then a consultant to the Corporation, and (iii) Philippe Sureau, also a consultant to the Corporation. Each of these directors was considered to have a material relationship with the Corporation due to the position each of them held as an executive officer of the Corporation and the founding role each of them played. However, on January 13, 2016, it was decided that Ms. De Cesare and Mr. Sureau were now independent, given that: (i) their respective service contracts expired on October 31, 2015, and were not renewed; (ii) the fees collected for the period from November 1, 2014, to October 31, 2015, amounted to $3,707 for Ms. De Cesare, while no fee was paid for Mr. Sureau during this period; and (iii) each of them had retired from the Corporation in October 31, 2009, and was no longer active in the Corporation, except in their director capacity.
c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of directors (the Board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	The majority of Transat's directors, eight (8) out of eleven (11), are independent directors and the majority of the directors for the year ending October 31, 2016, i.e. eight (8) out of the eleven (11), will be independent directors as defined in National Instrument 52-110 of the CSA. However, as noted in the previous paragraph, Ms. De Cesare and Mr. Sureau are independent since January 13, 2016.
d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	See the extensive description of directors' tenure as members of the boards of other reporting issuers in section 2 of this Circular.

Requirements	Implementation by the Corporation
e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	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. From November 1, 2014 to October 31, 2015, the Board has held eight (8) meetings, each having an agenda which specifically provided for an in-camera session. In addition to these meetings, independent directors held five (5) *in camera* sessions since November 1, 2014, including the session referred to under paragraph f) hereinafter regarding the assessment of the Chairman, President and Chief Executive Officer, which the non-independent directors (Messrs. Eustache and Sureau and Ms. De Cesare) and the management did not attend.
f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.	The Chairman of the Board, President and Chief Executive Officer and co-founder of the Corporation, Mr. Jean-Marc Eustache, is not independent from senior executive officers. However, the Lead Director, Mr. Leblanc, is an independent director and is free to contact the other directors. Following the amendments to the by-laws of the Corporation approved by the directors at the Board meeting held on March 15, 2012 and ratified by the shareholders on March, 14, 2013, the Lead Director may also call a Board meeting on his own initiative. As well, *in camera* sessions are provided for at each regularly scheduled Board meeting and are always held in the absence of non-independent directors (see paragraph e) above). Each year, members of the Human Resources and Compensation Committee assess, *in camera*, the performance of the Chairman, President and Chief Executive Officer without him being present and review the results with him and the Board. A report is subsequently 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 then presented to the Board, *in camera*, and is discussed by the Board members.
g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	See the full attendance record of each director for each of the Board and its committees in section 2 of this Circular.
2. Board Mandate	
Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The Board, either directly or through Board committees, is responsible for management and supervision of the business and affairs of the Corporation with the objective of enhancing shareholder value. The Board's mandate and role includes but is not limited to: (i) overseeing and approving the corporate strategy and its implementation as well as risk management; (ii) reviewing the recommendations of the President and Chief Executive Officer on the appointment of Transat's executive officers; (iii) setting goals for the President and Chief Executive Officer and reviewing those of executive officers with him, monitoring their performance and applying corrective measures as appropriate; (iv) informing shareholders on the performance of the Corporation, its Board of Directors 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 activities and the implementation of appropriate systems allowing management of these risks.

Requirements	Implementation by the Corporation
	The roles and responsibilities of the Board, each of its committees and the Chair of each committee 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 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 1 to the Corporation's Annual Information Form.
3. Position Descriptions	
a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The Board has developed written position descriptions for the Chairman of the Board, the Lead Director and each Committee chair. These are included in the Corporate Governance Manual, which was updated in September 2013 and is available on Transat's website at www.transat.com.
b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.	The Board has developed a written position description for the Chief Executive Officer, which description is included in the Corporate Governance Manual.
4. Orientation and Continuing Education	
a) Briefly describe what measures the Board takes to orient new directors regarding: i) the role of the Board, its committees and its directors, and; ii) the nature and operation of the issuer's business.	The Risk Management and Corporate Governance Committee is responsible for providing an orientation and education program for new directors. As part of this program, the Chair of the Committee oversees the orientation and education of directors, with the support of certain members of management. Thus, all new directors have the opportunity to meet with the Corporation's senior executives individually in order to help them gain a better understanding of the operating activities of the Corporation and its subsidiaries. This program is set out in the Corporate Governance Manual. All the new directors receive a copy of the issuer's key documents, particularly the Code of Ethics, the policies on insider trading, and up-to-date information on the Corporation's activities and financial reporting. They may also ask questions about the nature of the issuer and its activities. As well, new directors are made fully aware of Transat's Charter of Expectations for Directors. This Charter, the full text of which can be promptly provided upon written request and is also available on SEDAR at www.sedar.com, was updated on September 9, 2015.
b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	Transat's internal and external legal and financial counsels provide working sessions with the directors, from time to time, in order to update directors on evolving governance trends, requirements and guidelines. Training sessions are held during certain Board meetings, in addition to regular presentations offered to Board members. The directors are also informed regularly of the strategic issues affecting the Corporation, the Corporation's competitive environment and any other new fact likely to have a material effect on the Corporation (see paragraph 8.8 of this Circular). Certain of our directors are either members of organizations dedicated to the evolution of corporate governance practices or regularly attend seminars on such matters.

Requirements	Implementation by the Corporation
5. Ethical Business Conduct	
a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:	
i) disclose how a person or company may obtain a copy of the code;	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, which was updated on September 9, 2015, sets out the professional and personal competencies and characteristics expected from Transat directors; these include, amongst others, high ethical standards, attendance at meetings, diligence, international experience and accountability. In addition, the Corporate Governance Manual states clearly the parameters for the disclosure and management of potential conflicts of interest, guidelines to which the directors are currently subject. As well, our directors, officers and employees are subject to the provisions of our Code of Ethics, which was adopted in 2003 and updated in 2005, 2010 and 2015, is made available to every employee of Transat and is posted on the Corporation's website. The Code of Ethics provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work; it has been implemented throughout Transat and most of its subsidiaries.
ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and	The Board, through its Risk Management and Corporate Governance Committee, reviews the implementation and compliance of the Code of Ethics throughout the Corporation and its subsidiaries. In this respect, the Risk Management and Corporate Governance Committee receives from our Vice-President, General Counsel and Corporate Secretary, and from our Executive Director, 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. Since September 9, 2015, the Code of Ethics has been completely revised and approved by the Board of Directors. The biggest changes that were made regard, in particular, social media, competition, conflict of interest, integrity of accounting information, and whistleblowing. This Code must be signed by every new employee after hiring and every year by each employee at the time of his or her respective annual evaluation to attest that they have read it and confirm they have done so by signing an attestation.
iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	There has been no material change report filed since the beginning of our most recently completed financial year that pertains to any conduct of a director or executive officer of Transat that constitutes a departure from the Charter of Expectations or the Code of Ethics.
b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	Our Code of Ethics states clearly 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.
c) Describe any other steps the Board takes to encourage and	Transat's Code of Ethics, Charter of Expectations for Directors, best

Requirements		Implementation by the Corporation
	promote a culture of ethical business conduct.	governance practices (included in its Corporate Governance Manual) together with statements included 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 encourages an ethical business conduct throughout the Corporation. In addition, both the annual Board evaluation questionnaire and the peer feedback survey contain specific questions pertaining to ethical business conduct.
6.	**Nomination of Directors**	
a)	Describe the process by which the Board identifies new candidates for Board nomination.	The Risk Management and Corporate Governance Committee and, in particular, the Nominations Committee are responsible for identifying and recommending to the Board suitable nominees for election to the Board.
b)	If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	To accomplish this duty, the Committee: i) assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience and competencies of the directors; ii) identifies the challenges facing the Corporation; iii) identifies the profile of a nominee; iv) recommends to the Board a list of nominees for election as directors; and v) approaches competent nominees. The Committee also maintains an updated list of potential nominees for election to the Board for future reference. Prior to agreeing to join the Board, new directors are given a clear indication of the workload and time commitment required.
c)	Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.	The Risk Management and Corporate Governance Committee is composed entirely of independent directors.
7.	**Compensation**	
a)	Describe the process by which the Board determines the compensation for the issuer's directors and officers.	The Human Resources and Compensation Committee of the Board annually reviews, with the assistance of our external advisors PCI-Perrault Consulting Inc., the compensation paid to directors and officers to ensure it is competitive and consistent with the responsibilities and risks involved in being an effective director or officer. Details of the directors' compensation are disclosed in section 4 of this Circular and details of the executive officers' compensation are disclosed in section 5.
b)	Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.	The Human Resources and Compensation Committee is composed entirely of independent directors.
c)	If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Human Resources and Compensation Committee charter, which describes the responsibilities, powers and operation of such committee, can be promptly provided upon written request and is available on SEDAR at www.sedar.com.

Requirements	Implementation by the Corporation
d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	Individual directors, through the committees, may engage outside advisors at the expense of the Corporation. The Risk Management and Corporate Governance Committee coordinates such requests. Since 2006, the services of PCI-Perrault Consulting Inc., a recognized independent external consultant, were retained to assist the Board and the Human Resources and Compensation Committee in fulfilling their respective duties and responsibilities. This firm was engaged to provide advice and guidance on executive compensation issues. This included conducting a comprehensive review of executive and senior management compensation relative to market practice and suggesting alternatives for the Board's consideration. Since 2006, PCI-Perrault Consulting Inc. was retained in connection with the director peer feedback survey described hereinafter.
8. Other Board Committees If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board has no standing committees other than the Executive Committee, the Audit Committee, the Human Resources and Compensation Committee and the Risk Management and Corporate Governance Committee. All the members of these committees (apart from the Executive Committee) are independent directors.
9. Assessments Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.	On an annual basis during the months of December and January, the Risk Management and Corporate Governance Committee conducts a formal evaluation of the Board and its committees' effectiveness and compares the findings with the previous year's evaluation in order to target and implement suggested improvements. Furthermore, during the same period, each director is asked to complete a second evaluation consisting of a director peer feedback survey with the objective of providing candid feedback to individual directors and thus improving the Board's performance. Such feedback is intended to stimulate insight, motivate developmental action and enable directors to enhance their individual contributions to Board and committee work. Feedback is collected through this survey that allows for both quantitative ratings and written comments. The feedback will be submitted on a confidential basis to PCI-Perrault Consulting Inc. who prepares a report for each director on his or her performance. Following the evaluation consisting of the director peer feedback survey, the Chairman of the Board reviews the results of the survey and meets with each director. The members of the Board can also discuss the performance of another member freely at any time with the Chairman of the Board.
10. Director Term Limits and Other Mechanisms of Board Renewal Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	Please refer to paragraphs 8.2 to 8.5 of this Circular for more details on this subject.

Requirements	Implementation by the Corporation
11. Policies Regarding the Representation of Women on the Board a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: i) a short summary of its objectives and key provisions, ii) the measures taken to ensure that the policy has been effectively implemented, iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	Please refer to paragraphs 8.2 to 8.5 of this Circular for more details on this subject.
12. Consideration of the Representation of Women in the Director Identification and Selection Process Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	Please refer to paragraphs 8.2 to 8.5 of this Circular for more details on this subject.
13. Consideration Given to the Representation of Women in Executive Officer Appointments Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Please refer to paragraphs 8.2 to 8.5 of this Circular for more details on this subject.
14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. d) If the issuer has adopted a target referred to in either (b) or (c), disclose: i) the target; and ii) the annual and cumulative progress of the issuer in achieving the target.	Please refer to paragraphs 8.2 to 8.5 of this Circular for more details on this subject.

Requirements	Implementation by the Corporation
15. Number of Women on the Board and in Executive Officer Positions	
a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.	At this time, among the eleven (11) members of the Board, there are three (3) women (27%).
b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	At this time, among the thirteen (13) executive officers of the Corporation, there is one (1) woman (7.7%).

SCHEDULE B –

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

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

SCHEDULE C –

SHAREHOLDER PROPOSALS

The following proposals were 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 W. Sherbrooke St., Montréal, Québec H2X 1X3.

As at January 19, 2016, the date its proposals were filed and based on the public information available, MÉDAC held 320 Voting and Variable Voting Shares of the Corporation, representing 0.001% of all the issued and outstanding voting shares.

Proposal No. 1 – Separate Disclosure of Votes by Class of Shares

It is proposed that the Corporation disclose the results of the vote distinctly according to their class, namely single voting shares and multiple voting shares.

MÉDAC's arguments

Currently, the results of the votes are disclosed without any distinction. We believe it would be important for these results to be disclosed separately in order to verify the alignment of the concerns of the two types of shareholders. As mentioned in our recent proposals, multiple voting shares offer interesting advantages both for dominant and minority investors, "on condition that the legal framework and the governance principles ensure adequate protection for the minority shareholders".

To ensure this adequate protection, the minority shareholders need to have quick direct access to the results of their votes in order to be sure their voices are clearly heard and lead to actions that better meet their expectations. Our experience of the past few years shows that the two types of shareholders may not share the same concerns. Notable cases include the implementation of advisory voting on executive compensation, renewal of the mandate of one or more directors, and better gender balance on boards of directors.

The formula of distinct disclosure of results for the two classes of Shares was adopted in 2014 by Quebecor (to be adapted for Quebecor).

Such information would enable the minority shareholders to exercise better monitoring of the actions taken by the Corporation to meet their expectations and could favour a more sustained dialogue between the two classes of shareholders. It could even secure the loyalty of the minority shareholders and thus develop a harmony of thinking and mutual trust that could be very useful in the difficult times that every organization must go through.

The Corporation's position

Some issuers have a capital structure that includes two classes of shares, subordinate shares with one vote per share and multiple voting shares with multiple votes per share. This type of share capital often allows the founders or major investors to retain control of the issuer, even though it has issued a public offering. The disclosure of the voting results for each class of shares, in this context, allows the public to recognize whether the interest of the founders or the major investors is aligned with that of the minority shareholders regarding the questions addressed by the vote.

Transat's share capital does not include subordinate shares and multiple voting shares similar to the situation described above, because the two classes of Transat shares were created under the Canadian control requirements set out in the *Canada Transportation Act*. Indeed, Air Transat must at all times be in a position to establish that it is "Canadian" within the meaning of such act (hereinafter, a "Qualified Canadian") in order to hold the licenses necessary to operate an air service. Because Air Transat is wholly owned by Transat, Transat must also be a Qualified Canadian. Currently, we must ensure that no more than 25% of voting interests attaching to our shares are owned or controlled by persons who are not Qualified Canadians.

In this context, our Articles provide for Variable Voting Shares and Voting Shares. The Variable Voting Shares can only be owned or controlled by persons who are not Qualified Canadians and carry one vote per share unless (i) the number of issued and outstanding Variable Voting Shares exceeds 25% of all the issued and outstanding voting shares (or any greater percentage that the Governor in Council may specify pursuant to the Canada Transportation Act), or (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds 25% of the total number of votes that may be cast at such meeting. If either of the above-noted thresholds would otherwise be surpassed at any time, the vote attached to each Variable Voting Share will decrease proportionately such that (i) the Variable Voting Shares as a class do not carry more than 25% of the aggregate votes attached to all issued and outstanding voting shares of the Corporation; and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 25% of the votes that may be cast at such meeting. The Voting Shares can only be owned and controlled by Qualified Canadians and always carry one vote per share. All the other rights, privileges, conditions and restrictions for the two classes of shares are the same. The holders of Variable Voting Shares and Voting Shares will vote together at any meeting and no separate meeting is being held for any such class of shares.

In fact, the “variable voting” characteristic attached to the Variable Voting Shares has never had to be applied, ever since Transat’s current capital structure was established in 2008, because at no point since, during a vote of shareholders, did non-Canadians hold more than 25% of the participating Voting Shares of Transat. Thus, during shareholder meetings held since 2008, the holders of Variable Voting Shares and the holders of Voting Shares had the right, indistinctively, to exercise one vote per share held. In these circumstances, the disclosure of the voting results per class of Transat Shares would have no use.

Moreover, given that the only distinction between the two classes of Transat shares is the “variable voting” characteristic attached to the shares held by non-Canadians, Transat decided to combine the two classes of shares for the purposes of trading of Transat securities on the Toronto Stock Exchange. On November 16, 2015, Transat’s Variable Voting Shares and Voting Shares were listed on the TSX under a single ticker, “TRZ”. Similarly, pursuant to a decision rendered on December 18, 2013 by the Autorité des marchés financiers and the Ontario Securities Commission, the Variable Voting Shares and the Voting Shares of Transat must be considered as a single class for the application of the take-over bid rules and early warning reporting rules, as contained under Canadian securities laws.

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

Proposal No. 2 –Follow-up on Shareholder Dissatisfaction with the Executive Compensation Policy

It is proposed that the Board of Directors disclose the corrections made to its compensation policy in order to respond to the concerns of the 23.26% of shareholders who voted against its compensation policy.

MÉDAC’s arguments

During the last annual meeting, the shareholders voted against two management proposals:

1. the increase to 850,000 shares of the reserve of stock options that can be issued to Transat executive officers and employees: 29.10%;

2. the Executive Compensation Policy: 23.26%.

These two percentages are very high and merit adjustments by the Human Resources and Compensation Committee to increase the shareholder satisfaction rate in this regard.

We raise the following questions:

1. Do the Shareholders question the importance of resorting to stock options as a compensation formula?

2. Do these Shareholders question the compensation structure and the importance of the short-term incentive program?

What new guidelines have been given to the Human Resources Committee to correct the situation? The credibility and honour of the members of its Board of Directors depend on it, more specifically those of the three board members who received a higher abstention rate than their colleagues, i.e. Messrs. Eustache, Edwards and Simoneau.

<u>The Corporation's position</u>

The lower positive votes in favour of the awarding of a share purchase reserve and the executive compensation policy were taken very seriously by the Board of Directors, and in particular by the Human Resources and Compensation Committee, and led them to pursue the effort to reevaluate the executive compensation structure that had already been initiated, some changes having been introduced as early as January 2015.

Meetings were held with Transat's principal shareholders and the management representatives, on the one hand, and the Human Resources and Compensation Committee, on the other hand, to obtain a good understanding of the eventual concerns regarding executive compensation and stock options, in particular. It should be noted that no special concern was raised regarding the importance of the short-term incentive program, and that efforts therefore focused on the long-term incentive program.

Based on the information gathered during these meetings, recognized practices in the companies that are part of the comparison group and the recommendations of its external advisor, the Human Resources and Compensation Committee then considered the improvements that could be made to the plans, which led it to meet seven times during the year and to make a number of changes.

The main concern expressed pertained to the stock option grants which were large when the price of Transat shares was low, and the potential dilution these grants generated for the shareholders. Remember that, in January 2015, two changes had been made to the option program: on the one hand, a significant portion of the stock option grants (more than half) had been suppressed and replaced with awards of performance-based share units payable in shares purchased on the secondary market and, on the other hand, a lower limit, fixed at $8, had been fixed for the price taken into account for the calculation of the number of options granted, which limited the number granted when the price of Transat shares was lower than that limit. It was decided this year to increase this limit to $12 (the number of Options granted to each Named Executive Officer 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). Moreover, it was decided that expired or cancelled options would no longer be put back into the reserve and thus could no longer be reassigned as long as the sum of the number of options outstanding or in the reserve would be 5% greater than the number of outstanding shares.

To simplify the plans and diversify the criteria triggering long-term variable compensation, it was decided that, effective from January 2016, the restricted share unit plan would be eliminated for executive officers and replaced with the performance-based share unit plan. The amended performance criteria used under the performance-based share unit plan will be based 75% on adjusted net income and 25% on total shareholder return. This change, associated with the maintenance of a limited number of stock options, ensures that the shareholders' point of view is ultimately taken into account by the Board and executive officers. Moreover, the consequences related to non-compliance with the executive officers' shareholding obligations were reinforced.

The pension plan in force was also amended for the new participants, to base the pension calculation on the base salary (not including variable compensation) and limit its value to 1.5% of the salary, with no increase in this percentage based on seniority.

Finally, the notion of change of control was amended to apply to new executive officers, in order to raise the threshold above which acquisition of an interest will be considered a change of control under the compensation plans.

The details of these changes are found in the Circular.

Therefore, the Board and the management of the Corporation recommend that the shareholders vote FOR MÉDAC's Proposal No. 2.

SCHEDULE D –

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, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

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

NOMINATIONS OF DIRECTORS

1. Nomination procedures

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

a. by or at the direction of the Board, including pursuant to a notice of meeting;

b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition 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 not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (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 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's proxy circular in connection with solicitations of proxies for 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's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish 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 defective nomination shall be disregarded.

6. Terms

For purposes of this By-law:

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 served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montréal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8. Board Discretion

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

ANY QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITATION AGENT:

NORTH AMERICAN TOLL FREE PHONE:

1-866-822-1239

Banks, brokers and collect calls: 201-806-7301
Toll free facsimile: 1-888-509-5907
Email: inquiries@dfking.com

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