transat
A.T. inc.

TRANSAT A.T. INC.
MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished in connection with the solicitation by the management of Transat A.T. Inc. (the “Corporation”) of proxies for use at the annual and special meeting (the “Meeting”) of shareholders of the Corporation to be held on March 29, 2000 at the place and time and for the purposes set forth in the notice of Meeting as well as any adjournment thereof. The information provided herein is given as of February 1, 2000, unless otherwise indicated.

SOLICITATION OF PROXIES

The proxies contained in the enclosed form are solicited on behalf of the Corporation’s management and the Corporation will assume the cost of printing, postage and sending. The solicitation will be conducted primarily by mail or by any other means deemed necessary by the Corporation’s management.

If a shareholder wishes to appoint a proxy other than the person mentioned in the proxy form, the shareholder need only enter the person’s name in the space provided for in the enclosed proxy form. The nominee need not be a shareholder of the Corporation. To be valid, the duly completed proxy form must be received by Montreal Trust Company, P.O. Box 1900, Station B, Montreal, Quebec, H3B 9Z9, or be delivered to 1800 McGill College Avenue, 6th floor, Montreal, Quebec to the attention of the Corporation, no later than 5:00 p.m. on March 27, 2000.

REVOCATION OF PROXIES

A shareholder who has given a proxy may revoke it by a written instrument, signed by him or his mandatary authorized in writing to such effect. The revocation may be delivered to the Secretary of the Corporation, at 300 Léo-Pariseau Street, Suite 600, Montreal, Quebec, H2W 2P6, until the last business day preceding the Meeting or any reconvening of the Meeting in case of adjournment, or deposited with the chairman of the Meeting on the date of the Meeting or any reconvening thereof in case of adjournment, or in any other manner permitted by law.

EXERCISE OF POWERS CONFERRED BY THE PROXY

The voting rights attached to the shares represented by the enclosed proxy form will be exercised in accordance with the instructions of the shareholder. The persons designated in the proxy form enclosed herewith are executive officers of the Corporation.

In the absence of contrary instructions by the shareholder, the representative will exercise the right to vote in favour of each of the matters indicated on the proxy form, in the notice of Meeting or in the Management Proxy Circular.

Management knows of no other matters that may be brought before the Meeting. If, however, other matters are properly submitted to the Meeting, the persons named in the enclosed proxy form will vote on such matters as they see fit, in accordance with the discretionary power conferred on them in the proxy form regarding such matters. The shareholder or his representative duly authorized in writing must sign the proxy form.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The shares of the Corporation conferring voting rights at the Meeting are the common shares. As at February 1, 2000, the Corporation had a total of 32,777,967 common shares outstanding, and each such share entitles its holder to one vote.

As indicated in the notice of Meeting, the record date to determine the shareholders entitled to receive notice of the Meeting is the close of business on February 23, 2000. Each person who is registered as a holder of common shares at the close of business on February 23, 2000 will be entitled to vote at the Meeting or any reconvening of such Meeting if such person is present or represented by proxy. The transferee of common shares, as the case may be, acquired after the record date is entitled to exercise the voting rights pertaining to such shares at the Meeting or any reconvening of the Meeting if he produces duly endorsed share certificates representing such shares or if he otherwise proves his title to such shares and if he requires, not less than ten days prior to the Meeting, that his name be registered on the list of shareholders entitled to receive notice of the Meeting, which list has been prepared as of the record date.

As of the date hereof, the only person or entity known by the directors and officers of the Corporation to hold ten per cent or more of the voting shares of the Corporation's share capital is Fonds de solidarité des travailleurs du Québec (FTQ), which holds 3,868,391 common shares, namely 11.8% of the issued and outstanding common shares.

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

The management report, the consolidated financial statements and the auditors' report thereon, for the fiscal year ended October 31, 1999, included in the Corporation's 1999 Annual Report, will be presented to the shareholders at the Meeting, but no vote is required or anticipated in respect thereof.

ELECTION OF DIRECTORS

Pursuant to the articles of the Corporation, the Board of Directors must be composed of a minimum of nine and a maximum of fifteen directors. In accordance with a resolution of the Board of Directors, the number of directors of the Corporation to be elected at the Meeting has been established at twelve.

Twelve directors will be presented at the meeting as nominees for election to the Board of Directors of the Corporation. Each director will remain in office until the next annual meeting of shareholders or until his successor is elected or appointed.

The persons named in the enclosed proxy form intend to vote for the election of the nominees whose names are set out hereinbelow.

Unless a shareholder indicates his abstention to vote for the nominees, the voting rights attached to the shares represented by the proxy form enclosed herewith will be exercised in favour of the election of the twelve persons listed below.

NAME OF THE DIRECTOR	PRINCIPAL OCCUPATION	DIRECTOR SINCE	COMMONS SHARES OWNED OR CONTROLLED OR DIRECTED
Jean-Marc Eustache [1,3]	Chairman of the Board, President and Chief Executive Officer of the Corporation and President, Look Voyages S.A. *(tour operator)*	February 1987	802,703
André Bisson, O.C. [2,4]	Director of Corporations	April 1995	12,390
Lina De Cesare [1]	Executive Vice-President, Tour Operator Sector of the Corporation, President and Chief Executive Officer, Air Transat Holidays A.T. Inc. *(tour operator)* and President, Tourbec (1979) Inc. *(travel agency franchisor)*	May 1989	191,316
Benoît Deschamps [1,2,4]	Vice-President, Financial Planning and Treasurer Le Groupe Vidéotron Ltée *(telecommunications)*	April 1997	2,790
Marcel Gagnon	Portfolio Manager — Capital d'Amérique, Caisse de dépôt et placement du Québec *(institutional investor)*	March 1999	—
Yves Graton [1,3]	Director of Corporations	April 1991	2,390
Jean Guertin [1,3]	Senior Advisor, Telemedia Corporation *(communications)* and Honorary Professor, École des Hautes Études Commerciales *(university)*	April 1995	4,890
Sylvie Jacques [1]	Director, Investments, Recreation-Tourism Fund, Fonds de solidarité des travailleurs du Québec (FTQ) *(institutional investor)*	June 1998	—
Michel Lessard [4]	President, Placement-Voyages Inc. *(travel agencies)*	April 1998	4,750
André Lévesque	Captain and supervisor, Airbus 330, Air Transat A.T. Inc. *(airline company)*	New candidate	47,857
Philippe Sureau [1]	Executive Vice President of the Corporation, President and Chief Executive Officer, Air Transat A.T. Inc. *(airline company)* and President, Exit Travel Inc. *(electronic commerce)*	February 1987	616,422
John D. Thompson [2,3]	Deputy Chairman of the Board, Montréal Trust Company *(trust company)*	April 1995	15,390

[1] Member of the Executive Committee
[2] Member of the Audit Committee
[3] Member of the Human Resources and Remuneration Committee
[4] Member of the Corporate Governance Committee

The table opposite provides certain information concerning the nominees for directorship. The information provided in the table regarding each nominee is based on statements made by the person concerned.

From 1992 to 1998, André Lévesque was Senior Chief Pilot at Air Transat A.T. Inc. Since 1998, Mr. Lévesque has been Captain and supervisor, Airbus 330, at Air Transat A.T. Inc.

The Corporation's management does not anticipate that any of the nominees will be unable or no longer willing to act as a director, but if such should be the case prior to the election, the persons named in the enclosed proxy form will vote in favour of electing as directors any other person(s) that the Corporation's management may recommend in place of such nominee(s) hereinabove, unless a shareholder indicates his abstention to vote for the election of directors.

APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, shareholders will be called upon to appoint auditors, to hold office until the next annual meeting of shareholders, and to authorize the Board of Directors to fix their remuneration. Ernst & Young LLP have been the auditors of the Corporation since its incorporation.

Unless a shareholder indicates his abstention to vote, the voting rights attached to the shares represented by the proxy form enclosed herewith will be voted in favour of the appointment of Ernst & Young LLP as auditors of the Corporation, and to authorize the Board of Directors to fix their remuneration.

To be approved, the resolution appointing Ernst & Young LLP as auditors of the Corporation and authorizing the Board of Directors to fix their remuneration must be adopted by a majority of the votes cast by all the shareholders present or represented by proxy at the Meeting.

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

Composition of the Committee

The Human Resources and Remuneration Committee of the Board of Directors (referred hereinafter in this report as the "Committee") is responsible for establishing the policy regarding the remuneration of the executive officers and organizational development, and for continuously supervising its implementation. The Committee makes recommendations regarding the remuneration of the executive officers, which recommendations are subject to approval by the Board of Directors.

The Committee is composed of Mssrs. Jean Guertin (Chairman of the Committee), Jean-Marc Eustache, Yves Graton and John D. Thompson. Except for Mr. Eustache, none of the members of the Committee is currently employed by the Corporation or any of its subsidiaries or is a former executive officer or employee of the Corporation or any of its subsidiaries. None of the executive officers of the Corporation is a member of the Board of Directors of the corporations that employ Mssrs. Jean Guertin, Yves Graton and John D. Thompson. Mr. Eustache withdraws from the meetings when questions concerning him are discussed.

Executive Remuneration Policy

The Corporation's executive remuneration policy is intended to align the executives' aggregate remuneration with the Corporation's values, objectives and business strategy, and to determine the amount of such remuneration in accordance with the Corporation's financial performance and the creation of added-value for the shareholders. The specific goals of the policy are as follows:

- to attract and keep in its service competent executive officers in order to ensure the long-term success of the Corporation and its subsidiaries;
- to motivate executive officers to meet and surpass the targeted performance objectives set by the Corporation; and
- to offer executive officers an aggregate remuneration set at the first quartile of the reference market when the performance objectives and the objectives with respect to the creation of added-value for the shareholders are attained.

The policy consists in offering an aggregate remuneration to executive officers which is established through a comparison with a reference market of Canadian public corporations chosen on the basis of criteria such as the nature and complexity of the operations, the operating sectors and the scope of operating activities (Canada-wide and international). The Committee reviews the composition of the reference market as well as the Corporation's positioning within this market from time to time to ensure that such positioning remains appropriate.

The aggregate remuneration of executive officers is composed of the following items:

- remuneration consisting of a base salary;
- a short-term incentive program in the form of an annual bonus;
- a long-term incentive program with two components: a stock option plan and a permanent stock ownership incentive plan;
- a perquisites program; and
- a benefits package, including a group insurance plan and retirement agreements for executive officers.

The key elements of the aggregate remuneration of executive officers have been developed in accordance with the following principles:

- **Base salary:** Executive officers' positions in the Corporation and its subsidiaries are compared to other similar executive officers' positions in corporations forming the reference market, and the salary data so gathered are then analyzed to establish the median* salaries in the market. The salary paid for each executive officer's position aims to attain the median of the reference market.
- **Short-term incentive program:** The annual bonus of executive officers is based on the Corporation's performance in relation to a quantifiable financial performance measurement as well as objectives reflecting specific indicators (strategic or financial) applicable to the Corporation or a subsidiary of the Corporation, with the exception of the President and Chief Executive Officer whose annual bonus depends entirely on the Corporation's performance in relation to a quantifiable consolidated financial performance measurement. The annual bonus for each executive officer's position is established to slightly exceed the median of the reference market, with a potential to materially exceed the reference market.

  The objective sought by the application of the remuneration principles described hereinabove is to provide a cash remuneration (base salary and annual bonus) set at the first quartile of the reference market when the targeted performance objective is attained, with a potential to materially exceed the reference market when the stretch performance objective is attained.
- **Long-term incentive program:** The long-term incentive program has the following two components:
  (i) *Stock Option Plan*: The objective of the common stock option plan for directors, officers, and employees of the Corporation is to tie in part of the executive officer's remuneration with the creation of added-value for the shareholders. Subject to the approval of the Board of Directors, the President and Chief Executive Officer shall recommend to the Committee which executive officers are to be granted stock options as well as the aggregate number of options that may be granted.**

  (ii) *Permanent Stock Ownership Incentive Plan*: The Permanent Stock Ownership Incentive Plan is designed to promote the acquisition and holding by eligible executive officers of a significant block of the Corporation's common shares, in order to motivate them to create added-value for shareholders and to help retain them. Subject to their participation in the Share Purchase Plan offered to all the Corporation's employees (by subscribing annually for a number of common shares, the total subscription price of which is equal to the maximum percentage of salary contributable under the plan), the Corporation will attribute annually to each eligible executive officer a number of common shares, the total subscription price of which shall be equal to the aforementioned maximum percentage of salary contributed. The common shares thus attributed by the Corporation will vest progressively to each eligible executive officer, subject to such officer retaining during the vesting period all the common shares subscribed for under the Corporation's Share Purchase Plan. ***

  The objective sought by the application of the long-term incentive program is to ensure a target remuneration value that serves to position the aggregate remuneration (base salary, annual bonus, options and stock ownership) in the first quartile of the reference market when the targeted performance objective is attained, with a potential to materially exceed the reference market when the stretch performance objective is attained.

* "Median salary" means a salary set at the 50th percentile of the reference market.

** See the heading: "Stock Option Plan" for a summary of the terms and conditions thereof.

*** See the heading: "Permanent Stock Ownership Incentive Plan" for a summary of the terms and conditions thereof.

- **Perquisites program:** The perquisites program is designed to provide a certain flexibility with regard to the specific personal and financial requirements of executive officers. The program provides for the attribution of a financial package expressed as a percentage of base salary (varying according to the position held), allowing an executive officer to benefit from certain perquisites from amongst a range of perquisites predetermined by the Corporation.

  The objective sought by the application of the perquisites program is to ensure a target remuneration value which aims to be positioned at the median of the reference market.

- **Benefits package:** The benefits package is designed to provide adequate protection to executive officers and their families in the event of death, disability, illness, etc., including the implementation of a retirement agreement that provides for the payment to eligible executive officers of a retirement income based on a percentage of the executive's salary at the end of his or her career, determined on the basis of the number of years of service with the Corporation and a percentage of the executive officer's salary per year of service.

  The objective in providing a benefits package is to ensure a target remuneration value which aims to be positioned at the median of the reference market.

The Committee reviews the executive remuneration policy from time to time, with the assistance of independent advisors, if necessary, in order to ensure that the Corporation meets the aforementioned objectives efficiently and that the policy remains competitive in relation to the reference market.

Remuneration of the President and Chief Executive Officer

The aggregate remuneration of the President and Chief Executive Officer is determined according to the same principles as those applicable to other executive officers. Each component of the aggregate remuneration of the President and Chief Executive Officer is reviewed each year by the Committee, without the Chief Executive Officer being present, in accordance with the objectives and principles described in "Executive Remuneration Policy".

Submitted on behalf of the Human Resources and Remuneration Committee by:

Jean Guertin, Chairman
Jean-Marc Eustache
Yves Graton
John D. Thompson

EXECUTIVE REMUNERATION

The aggregate cash remuneration paid to executive officers assuming policy-making functions within the Corporation and its subsidiaries, in consideration of services rendered during the fiscal year ended October 31, 1999, was $2,812,020.

Summary Remuneration Table

The following table sets forth the aggregate remuneration paid by the Corporation during each of the last three fiscal years to the President and Chief Executive Officer of the Corporation as well as to the four most highly compensated executive officers. The persons appearing in the table are hereinafter referred to as the "named executive officers".

		Annual Remuneration			Long-Term Remuneration			
Name and principal occupation	Year	Salary ($)	Bonus[(1)] ($)	Other annual remuneration ($)	Securities[(3)] under options granted (#)	Restricted[(4)] shares or restricted share units ($)	LTIP payouts ($)	All other remuneration ($)
Jean-Marc Eustache	1999	455,000	409,500	(2)	70,543	47,959	—	—
Chairman of the Board	1998	335,000	160,000	(2)	—	N/A	N/A	—
President and Chief Executive Officer of the Corporation and President, Look Voyages S.A.	1997	275,000	288,750	(2)	90,000	N/A	N/A	—
Philippe Sureau	1999	280,000	184,800	(2)	29,085	29,518	—	—
Executive Vice-President	1998	225,000	80,000	(2)	—	N/A	N/A	—
of the Corporation, President and Chief Executive Officer, Air Transat A.T. Inc. and President, Exit Travel Inc.	1997	195,000	146,250	(2)	60,000	N/A	N/A	—
Lina De Cesare	1999	242,000	159,720	(2)	25,138	25,512	—	—
Executive Vice-President,	1998	200,000	70,000	(2)	—	N/A	N/A	—
Tour Operator Sector of the Corporation, President and Chief Executive Officer, Air Transat Holidays A.T. Inc. and President, Tourbec (1979) Inc.	1997	175,000	130,000	(2)	60,000	N/A	N/A	—
Lorraine Maheu	1999	185,000	111,000	(2)	14,341	19,500	—	—
Vice-President, Finance and	1998	155,000	50,000	(2)	20,000	N/A	N/A	—
Administration and Chief Financial Officer of the Corporation	1997	120,208	82,563	(2)	60,000	N/A	N/A	—
Denis Jacob	1999	185,000	111,000	(2)	14,341	19,500	—	—
Executive Vice-President	1998	155,000	50,000	(2)	—	N/A	N/A	—
Air Transat A.T. Inc.	1997	139,481	60,000	(2)	60,000	N/A	N/A	—

N/A: Not applicable.

(1) Performance bonuses earned in a given year are paid out the following year. Therefore, bonuses earned in 1999 will be paid out in 2000.

The performance bonus for 1999 was granted by the Board at its Meeting of January 18, 2000 for the fiscal year ended October 31, 1999.

The performance bonus for 1998 was granted by the Board at its Meeting of December 16, 1998 for the fiscal year ended October 31, 1998.

The performance bonus for 1997 was granted by the Board at its Meeting of February 11, 1998 for the fiscal year ended October 31, 1997.

(2) Ancillary benefits and other personal benefits are not included because they did not exceed the minimum thresholds stipulated for disclosure purposes.

(3) The granting of stock options for the year 1999 are subject to approval of the amendments to the stock option plan by the regulatory authorities and by the shareholders.

(4) The value of the restricted shares or restricted share units attributed under the permanent stock ownership incentive plan is calculated by multiplying the number of shares attributed to each named executive officer by the closing price of the Corporation's common shares on the Toronto Stock Exchange on the attribution date, namely, $7.35.

Stock Option Plan

On December 5, 1995, the Board of Directors adopted a common stock option plan for directors, officers and employees of the Corporation. The plan was amended on February 27, 1997. On May 11, 1999, the Corporation's Board of Directors further amended the common stock option plan (the "Option Plan"), subject to approval of these amendments by the regulatory authorities and by the Corporation's shareholders, as more fully described under the heading "Proposal Regarding Approval of Amendments to the Stock Option Plan".

The Option Plan enables the Corporation to grant stock options (the "Options") to eligible persons up to a maximum of 7,715,847 common shares, at a price per share corresponding to the average weighted market price of the Corporation's common shares on The Toronto Stock Exchange* for the five trading days preceding the granting of Options. The Corporation's Board of Directors or, as the case may be, its executive committee may determine, from time to time, in its entire discretion, the directors, officers and employees to whom Options will be granted, the grant date or dates, the date on which the Options may vest, as well as the frequency at which each of the holders may subscribe to shares. The Options granted under the Option Plan expire ten years after the grant date or earlier if the option holder ceases to hold a position with the Corporation or any of its subsidiaries or in the event of death.

Options granted during the fiscal year ended October 31, 1999

The following table sets forth the Options that were granted during the last fiscal year to each named executive officer, subject to approval of the amendments to the Option Plan by the regulatory authorities and by the Corporation's shareholders.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercicse Price ($)	Market Value of Securities Underlying Options on the Date of Grant ($)	Expiration Date
Jean-Marc Eustache	70,543	9%	6.45	6.33	May 11, 2009
Philippe Sureau	29,085	4%	6.45	6.33	May 11, 2009
Lina De Cesare	25,138	3%	6.45	6.33	May 11, 2009
Lorraine Maheu	14,341	2%	6.45	6.33	May 11, 2009
Denis Jacob	14,341	2%	6.45	6.33	May 11, 2009

As at the date hereof, a total of 1,638,738 Options are issued and outstanding. During the fiscal year ended October 31, 1999, 223,290 Options were granted at $6.45 and 375,000 Options were granted at $7.05 to holders other than the named executive officers, subject to approval of the amendments to the Option Plan by the regulatory authorities and by the Corporation's shareholders. Furthermore, Options representing 10,500 common shares at an exercise price of $0.83 per share and 10,500 common shares at an exercise price of $1.83 per share were exercised during the last fiscal year.

* Despite the fact that the Option Plan, as amended by resolution of the Board of Directors on May 11, 1999, refers to the weighted average closing price of the common shares on the Montreal Exchange and the Toronto Stock Exchange, as a result of the restructuring of the Montreal Exchange's activities, the Corporation's common shares are now exclusively traded on the Toronto Stock Exchange. See the heading, "Proposal Regarding Approval of Amendments to the Stock Option Plan".

Options exercised during the fiscal year ended October 31, 1999

The following table sets forth the Options exercised during the last fiscal year by each named executive officer.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at fiscal Year-End (#)		Value of Unexercised [1] in-the-money Options at fiscal Year-End ($)	
			Exercisable	Unexercisable [2]	Exercisable	Unexercisable [2]
Jean-Marc Eustache	0	—	90,000	70,543	0	45,148
Philippe Sureau	0	—	60,000	29,085	0	18,614
Lina De Cesare	0	—	60,000	25,138	0	16,088
Lorraine Maheu	0	—	80,000	14,341	0	9,178
Denis Jacob	0	—	60,000	14,341	0	9,178

(1) The value of Unexercised In-The-Money* Options was calculated using the closing price of the Corporation's common shares on the Toronto Stock Exchange on October 29, 1999, (namely, $7.09) less the exercise price of the In-The-Money Options.

(2) The granting of options is subject to approval of the amendments to the Option Plan by the regulatory authorities and by the Corporation's shareholders.

(*NOTE: An option is regarded as being "in-the-money" at the close of the fiscal year if the market value of the underlying securities on that date is higher than the option exercise price.)

Permanent Stock Ownership Incentive Plan

On June 29, 1999, the Corporation's Board of Directors adopted a permanent stock ownership incentive plan (the "stock ownership incentive plan"). The stock ownership incentive plan is in effect for an initial period of five years. During that period, the Board of Directors may determine, from time to time, and at its entire discretion, the executive officers that are eligible to participate in the stock ownership incentive plan. Accordingly, subject to their participation in the Share Purchase Plan offered to all the Corporation's employees (by subscribing annually for a number of common shares, the total subscription price of which is equal to the maximum percentage of salary contributable under the plan), the Corporation will attribute annually to each eligible executive officer a number of common shares, the total subscription price of which is equal to the aforementioned maximum percentage of salary contributed. A third of the common shares so attributed by the Corporation shall vest to the eligible executive officer on each anniversary date of attribution, subject to the executive officer retaining on each such anniversary date all the common shares subscribed for under the Corporation's Share Purchase Plan. In the event that the eligible executive officer ceases to hold his position or in the event of death, said executive officer or his heirs or successors, as the case may be, becomes the owner of the attributed common shares that had vested on the date of his termination of employment or death. The common shares attributed by the Corporation do not confer any rights on the eligible executive officer prior to vesting.

Common shares attributed during the fiscal year ended October 31, 1999

The following table sets forth the common shares attributed during the last fiscal year to each named executive officer.

Name	Securities, units [1] or other rights (#)	Performance [2] objective or other period to maturity or payment	Projected future payments under a Plan not based on the price of the securities		
			Threshold ($ or number)	Target ($ or number)	Maximum ($ or number)
Jean-Marc Eustache	6,525	July 15, 2002	N/A	N/A	N/A
Philippe Sureau	4,016	July 15, 2002	N/A	N/A	N/A
Lina De Cesare	3,471	July 15, 2002	N/A	N/A	N/A
Lorraine Maheu	2,653	July 15, 2002	N/A	N/A	N/A
Denis Jacob	2,653	July 15, 2002	N/A	N/A	N/A

N/A: Not applicable.

(1) Common shares attributed on July 15, 1999 to each named executive officer.

(2) Maturity date on which all the shares attributed vest, subject to each executive officer having retained all the common shares subscribed for under the Share Purchase Plan.

Retirement agreements

The Corporation entered into a standard retirement agreement with each named executive officer (the "participant") regarding a defined retirement benefits plan (the "retirement benefits plan"), in order to provide the participant with a monthly retirement income for life. The standard retirement agreements came into effect on May 1, 1999.

The monthly retirement allowance to which the participant is eligible throughout his lifetime under the terms of the retirement benefits plan, upon turning 65, is one twelfth of 1.5 % multiplied by the number of eligible years of service* and by the average eligible earnings**, from which amount is to be subtracted an amount equal to one twelfth of the annual retirement benefit payable upon turning 65 which is the actuarial value equal to the amount accumulated by the participant in the Corporation's group registered retirement savings plan (the "Group RRSP") on the date of the participant's retirement; and an amount equal to one twelfth of the maximum annual retirement benefit payable upon turning 65 under the Quebec Pension Plan, as determined on the participant's retirement date multiplied by the number of eligible years of service and divided by 35.

The eligible earnings include the base salary and the target bonus. The annualized eligible earnings for 1999 are as follows:

Jean-Marc Eustache	$659,750
Philippe Sureau	$372,400
Lina De Cesare	$321,860
Lorraine Maheu	$240,500
Denis Jacob	$240,500

For the purpose of calculating their retirement allowances, on October 31, 1999, Mr. Jean-Marc Eustache had 7.26 of recognized eligible years of service, Mr. Philippe Sureau, 7.26, Ms. Lina De Cesare, 6.55, Ms. Lorraine Maheu, 1.27 and Mr. Denis Jacob, 3.73.

The following table indicates the estimated annual retirement allowances payable at retirement upon turning 65, to named executive officers, in respect of a specific amount of average eligible earnings and eligible years of service pursuant to the standard retirement agreement.

Average eligible earnings	Eligible years of service				
	15	20	25	30	35
$200,000	$45,000	$60,000	$75,000	$90,000	$105,000
$300,000	$67,500	$90,000	$112,500	$135,000	$157,500
$400,000	$90,000	$120,000	$150,000	$180,000	$210,000
$500,000	$112,500	$150,000	$187,500	$225,000	$262,500
$600,000	$135,000	$180,000	$225,000	$270,000	$315,000

The standard retirement agreement provides that the estimated annual retirement allowances indicated in the table above must be reduced by the following: (i) an amount equal to the annual retirement benefit payable upon turning 65 which is the actuarial value equal to the amount accumulated by the participant in the Group RRSP at the date of his retirement; and (ii) an amount equal to the maximum annual retirement benefit payable upon turning 65 under the Quebec Pension Plan multiplied by the number of the participant's eligible years of service divided by 35.

* The number of eligible years of service of the participant is the aggregate of the number of calendar years and fractions of calendar years of service with the Corporation after the date of coming into force of the standard retirement agreement, plus one third of the number of calendar years and fractions of calendar years of service of the participant with the Corporation before the date of coming into force of the standard retirement agreement.

** The average eligible earnings are equal to the average of the participant's five years of eligible service in which the aggregate of his base salary and target bonus under the Corporation's short-term incentive plan are the highest.

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

(i) unless the participant gives prior written notice to the Corporation, the retirement allowance is payable on a monthly basis to the participant throughout his lifetime, commencing the first day of the month that coincides with or immediately follows the date of his retirement and ending on the first day of the month following the date of his death, and in the event that the participant dies within the first 120 months of the date of his retirement, monthly payments will continue to be made to the participant's beneficiary until the 120 monthly payments are exhausted. In the event that the participant gives such notice to the Corporation prior to the date of his retirement, the monthly payments may be made according to any other monthly form of payment normally offered upon retirement and acceptable to the Corporation;

(ii) the participant may elect early retirement between the ages of 55 and 65. In the event that early retirement is taken before the participant turns 60, the retirement allowance 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 allowance;

(iii) payment to the participant of a retirement allowance is conditional on his continued and uninterrupted participation to the Group RRSP until the date of his retirement, at the maximum annual contribution level required under the terms thereof;

(iv) the termination of the participant's employment before the date of his retirement shall result in the issuance by the Corporation of a certificate or promise of payment when the participant turns 65, of the retirement allowance constituted on the date of termination of employment, except in the case of dismissal for cause or the participant's interruption of his participation in the Group RRSP, which results in the automatic cancellation of the participant's right to any retirement allowance pursuant to the standard retirement agreement.

On October 31, 1999, the amount of the estimated annual retirement allowances payable at the usual retirement age, namely 65, to named executive officers under the standard retirement agreements, without taking into account deductions of benefits payable pursuant to the Group RRSP and those payable under the Quebec Pension Plan, is equal to $71,847 for Mr. Jean-Marc Eustache, $40,554 for Mr. Philippe Sureau, $31,623 for Ms. Lina De Cesare, $4,581 for Ms. Lorraine Maheu and $13,456 for Mr. Denis Jacob.

Remuneration Agreements

In December 1998, the Corporation entered into a standard agreement with each named executive officer in order to define the terms and conditions of termination of employment of said individuals in the event of an "unsolicited or hostile" take-over of the Corporation, as defined in such agreement. These standard agreements were entered into in order to ensure such executive officers continued to adequately see to the best long-term interests of the Corporation. Hence, for a period of two years following a take-over of the Corporation, the standard agreement provides that should the purchaser terminate the employment of a named executive officer (other than for cause, disability or death) or should such named executive officer terminate his employment for a "sufficient reason" (as defined in the agreement), the named executive officer will be entitled to the payment of an indemnity following termination of his employment. The indemnity is primarily composed of the following elements, depending on the position held by the named executive officer:

(i) a lump-sum amount equal to the base salary of the named executive officer for a period of 18 or 24 months, plus one or two months for each full year of service, up to a maximum period of 24, 30 or 36 months, and;

(ii) a lump-sum amount equal to the target bonus applicable to his position for the period set out in (i) hereinabove.

The named executive officer cannot draw any benefit from the agreement unless there is a take-over of the Corporation and termination of his employment occurs, as described in the standard agreement prior to its expiry. The standard agreement also contains non-solicitation and non-competition undertakings that apply upon termination of employment. Accordingly, the named executive officer undertakes not to solicit the Corporation's customers or employees for a period equal to the maximum indemnity period (24, 30 or 36 months) and not to compete with the Corporation, namely operate or participate in a business in the same sectors of activity, in any jurisdiction where the Corporation or one of its subsidiaries has a place of business, for a period equal to the minimum indemnity period (18 or 24 months).

In May 1999, the Corporation entered into a standard agreement with each named executive officer in order to determine their applicable terms and conditions of employment, specifically in the context of termination of employment in circumstances other than those provided for in the event of an unsolicited or hostile take-over of the Corporation. The standard agreements were entered into in consideration of undertakings on the part of the named executive officers that they would not solicit the Corporation's customers or employees and that they would not compete with the Corporation, as hereinafter described. The standard agreement stipulates that should the Corporation terminate the employment of a named executive officer (other than for cause, disability or death) or should such named executive officer terminate his employment for a "sufficient reason" (as defined in the agreement), the named executive officer will be entitled to the payment of an indemnity following termination of his employment. The indemnity is primarily composed of the following elements, depending on the position held by the named executive officer:

(i) a lump sum amount equal to the base salary of the named executive officer for a period of 12 or 18 months, plus one or two months for each full year of service, up to a maximum of 18, 24 or 30 months; and

(ii) a lump sum amount equal to the target bonus applicable to his position for the period set out in (i) hereinabove.

The named executive officer undertakes not to solicit the Corporation's customers or employees for a period equal to the maximum indemnity period (18, 24 or 30 months) and not to compete with the Corporation, namely operate or participate in a business in the same sectors of activity, in any jurisdiction where the Corporation or one of its subsidiaries has a place of business, for a period equal to the minimum indemnity period (12 or 18 months).

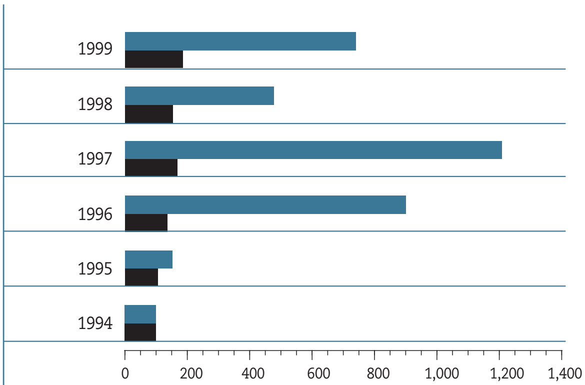
REMUNERATION OF DIRECTORS

Each director who is not an employee of the Corporation or one of its subsidiaries receives annual fees of $10,000 for his or her services ($2,500 of which is payable in common shares of the Corporation), and every chairman of a committee of the Board of Directors receives annual fees of $2,500. The Corporation also pays attendance fees of $1,000 to each director who is not an employee of the Corporation or one of its subsidiaries for Board or committee meetings at which each such director is present, unless the meeting is conducted by conference call or is held the same day as another meeting, in which case the attendance fee is $500. Every director who is not an employee of the Corporation or one of its subsidiaries is entitled annually to a grant of stock options in accordance with the terms and conditions of the Corporation's Stock Option Plan. On May 11, 1999, the Corporation granted to each director who is not an employee of the Corporation or one of its subsidiaries 1,860 stock options at an exercise price of $6.45, subject to approval of the amendments to the Stock Option Plan by the regulatory authorities and by the shareholders of the Corporation. Remuneration in cash is paid quarterly in arrears.

RETURN ON THE SHARES

The following graph compares the cumulative total return obtained on an investment of $100 in the common shares of the Corporation made on October 31, 1994 to the cumulative total return of the TSE 300 Index of the Toronto Stock Exchange over the last five fiscal years.*

	1994	1995	1996	1997	1998	1999
TRANSAT	**100**	**153**	**900**	**1,210**	**480**	**740**
INDICE TSE 300	100	106	137	170	157	186



The Corporation is part of the TSE 300 Composite Index (Transportation and Environmental Sub-Group) and the TSE 200 Index.

* All prices of the Corporation's common shares are taken from the files of the Montreal Exchange and the Toronto Stock Exchange, and the results represent those of the last transaction effected on the Corporation's securities on The Montreal Exchange or the Toronto Stock Exchange, as the case may be, on October 31 of the year concerned.

INDEBTEDNESS OF SENIOR EXECUTIVES

No director, executive officer or senior officer of the Corporation, or nominee for the position of director of the Corporation, is indebted to the Corporation or its subsidiaries or has contracted any loan that is contemplated by security, a support agreement, a letter of credit or another similar arrangement on the part of the Corporation or any of its subsidiaries.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased insurance at its own expense covering the liability of its directors and officers, in their capacities as directors and officers. This insurance was obtained pursuant to a policy which also covers the directors and officers of the Corporation's subsidiaries, with the exception of Look Voyages S.A., which has purchased its own insurance.

For the fiscal year ended October 31, 1999, the Corporation's insurance policy provided a maximum coverage of $20,000,000 per event, subject to a deductible of $50,000 payable by the Corporation. The premium paid under the policy for 12 months' coverage was $46,000. The insurance policy of Look Voyages S.A. provided a maximum coverage of 40,000,000 FF per event, subject to a deductible of 250,000 FF. The premium paid under the policy for 12 months' coverage was 45,000 FF. Neither the insurance premium nor the premiums paid distinguish between insurance covering the liability of the directors of the Corporation and the liability of its officers, the coverage being the same for both groups.

CORPORATE GOVERNANCE

The Board of Directors of the Corporation is of the opinion that sound corporate governance practices are essential to the performance of the Corporation as a whole and benefit all shareholders. In reference to the corporate governance rules adopted by the Toronto Stock Exchange, the following statement constitutes a summary of the Corporation's corporate governance activities.

Mandate of the Board of Directors

The mandate of the Board of Directors is to supervise the management of the business activities of the Corporation as well as the officers who are responsible for administering the day-to-day affairs of the Corporation. Furthermore, the Board of Directors contributes to the elaboration of all the material policies regarding the Corporation's activities.

The Board of Directors meets periodically (at least six times per year) in order to exercise the responsibilities described hereinbelow effectively, perform certain duties prescribed by law (for example, the adoption of the quarterly and annual financial statements) and examine all material issues confronting the Corporation. In addition, the committees of the Board of Directors generally review the information provided to the Board by management, hence ensuring the accuracy and relevance of the information provided to the directors. To carry out its mandate, the Board of Directors assumes the following principal responsibilities:

- supervises and contributes to the strategic-planning process and adopts guidelines for the strategic orientation of the Corporation. In connection with this process, the Board of Directors expects management of the Corporation to be responsible for preparing and implementing the strategic orientation adopted by the Board. This strategic-planning process includes, inter alia, financial and business, investment, technology and human resources planning;
- identifies and evaluates the principal risk factors related to the Corporation's business to ensure the long-term viability of the Corporation and create added-value for the shareholders. Within this context, the decisions of the Board are taken to strike a balance between the principal risk factors related to the Corporation's business and the yield potential for the shareholders;
- supports and supervises management's performance, including planning of management succession, and adopts and ensures implementation of objectives pertaining to the executive remuneration policy;
- ensures that management implements an effective communication policy with the shareholders and the financial community. In this regard, information requests are initially directed to the Vice President, Finance and Administration and Chief Financial Officer who deals with such requests and, when follow-up is necessary, coordinates the appropriate solution and supervises its communication in order to ensure a cohesive message is disseminated regarding the Corporation; and
- ensures that management implements and maintains effective internal-control systems.

These responsibilities are in compliance with the rules of the Toronto Stock Exchange.

Composition and Independence of the Board

The Board of Directors is currently composed of thirteen directors, five of whom are “related” directors, and eight of whom are “unrelated” directors within the meaning of the rules of the Toronto Stock Exchange. The related directors are either executive officers or employees of one of the Corporation’s subsidiaries or persons with an interest or a business relationship that could, or could reasonably be perceived to, materially interfere with their ability to act with a view to the best interest of the Corporation, other than interests resulting form relationships arising from shareholdings. The composition of the Board affords the Corporation a wide range of knowledge to guide its strategic planning and operations.

Given that Mr. Jean-Marc Eustache is the founder of the Corporation and is involved in the management of its day-to-day operations, he holds the positions of Chairman of the Board and President and Chief Executive Officer of the Corporation. The Board does not currently intend to separate the positions of Chairman of the Board and President and Chief Executive Officer. The Board is of the opinion that it can operate independently without separating the said positions for the following reasons: three of the committees of the Board, specifically the Audit Committee, the Human Resources and Remuneration Committee and the Corporate Governance Committee play an active role in ensuring that the Board assumes its responsibilities, and, except for the Human Resources and Remuneration Committee, Mr. Eustache is not a member of these committees. Moreover, the outside directors have direct, unlimited access to all executive officers as well as to the external auditors of the Corporation and meet without the presence of Mr. Eustache or the inside directors in certain circumstances.

Committees of the Board

The Board of Directors has created four committees, to which it has given specific mandates and the necessary powers to assist it in effectively fulfilling its duties. The activities of each committee are coordinated by a senior officer of the Corporation.

The Executive Committee

The Executive Committee is currently composed of eight members, four of whom are inside and related directors and four of whom are outside and unrelated directors, and its activities are coordinated by the President and Chief Executive Officer of the Corporation.

Although the rules adopted by the Toronto Stock Exchange stipulate that the Executive Committee should generally be composed of outside directors a majority of whom are unrelated, the said rules acknowledge that the committee may include inside directors. The Corporation believes that the four inside and related directors who are members of the Executive Committee are able to act, and do in fact act, in the best interests of the Corporation and its shareholders. The specific nature of the Corporation’s business is such that it is appropriate for the Executive Committee to be composed of members who are involved in the various sectors of the travel industry (travel agents, tour operators and airline carriers), thus explaining why certain of the Corporation’s subsidiaries and associated companies are represented on the Executive Committee.

The Executive Committee meets at least three times a year, or more often if necessary. Its role is to act in the place and stead of the Board of Directors between meetings of the Board, with all the powers of the Board, subject to the provisions of the *Canada Business Corporations Act,* R.S.C. (1985) c. C-44 (the “*Canada Business Corporations Act*”). In particular, the Executive Committee members ensure that the strategic goals set by the Corporation are respected, review the monthly financial statements and discuss any discrepancies with the budget.

The Audit Committee

The Audit Committee is currently composed of three outside and unrelated directors and its activities are coordinated by the Vice-President, Finance and Administration and Chief Financial Officer of the Corporation.

The Audit Committee meets at least four times a year, or more often if necessary, and is responsible for relations with the external auditors of the Corporation. The committee reviews the quarterly and annual financial statements of the Corporation, the annual report and any other financial document required to be disclosed publicly, and is responsible for establishing and maintaining accounting systems which enable, inter alia, the said financial statements to be prepared in accordance with generally accepted accounting principles. The committee is also responsible for adopting and maintaining effective internal-control and risk-management systems for the Corporation.

The Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is currently composed of three outside and unrelated directors and one inside and related director. Its activities are coordinated by the President and Chief Executive Officer of the Corporation (who is also a member of the Committee).

The Human Resources and Remuneration Committee meets at least three times a year, or more often if necessary, and is responsible for preparing and implementing the executive remuneration policy, including evaluation of the performance of the President and Chief Executive Officer and other executive officers of the Corporation. The committee also reviews and provides input into the succession plan submitted by the President and Chief Executive Officer. In addition, the committee reviews the directors' remuneration to ensure that it realistically reflects the duties and responsibilities inherent in the director's position and makes recommendations to the Board of Directors in this respect. It also ensures that the Corporation complies with the executive remuneration disclosure rules established by regulatory authorities and securities commissions in Canada.

The Corporate Governance Committee

The Corporate Governance Committee is currently composed of three outside and unrelated directors and its activities are coordinated by the General Counsel and Corporate Secretary.

The committee meets at least twice a year, or more often if necessary, and is responsible for establishing measures to improve the internal governance of the Corporation. The committee reviews, inter alia, the mandates of the Board of Directors and its committees and recommends the approval of corporate governance policies (for example, regarding insider trading). The Committee also makes recommendations to the Board of Directors concerning the evaluation of the performance of directors and the nomination for election of new candidates to the Board. It also ensures that the Corporation complies with the corporate governance disclosure rules established by the Toronto Stock Exchange and securities commissions in Canada.

PROPOSAL REGARDING APPROVAL OF AMENDMENTS TO THE STOCK OPTION PLAN

On May 11, 1999, the Corporation's Board of Directors adopted amendments to be made to the common stock option plan for directors, officers and employees of the Corporation, subject to approval of said amendments by the regulatory authorities and by the shareholders of the Corporation (the "Option Plan"). The purpose of the proposed amendments is to more accurately reflect the Toronto Stock Exchange policy requirements and to harmonize certain provisions of the Option Plan with those of plans recently adopted by comparable Canadian public corporations. More specifically, the principal proposed amendments provide for the following:

(i) the option period in respect of options granted under the Option Plan is set at ten years, rather than five;

(ii) the specific terms and conditions of exercising options in the event of termination of employment are set out. Previously, a beneficiary could, in respect of exercising vested options, exercise such options within three months of termination of employment, regardless of the event which triggered said termination of employment. The purpose of the proposed amendments is to distinguish the conditions for exercising options according to the event triggering the termination of employment. Accordingly, in the case of resignation, the beneficiary can exercise his vested options in the three-month period following such resignation. In the case of retirement, termination of employment following a prolonged disability, dismissal without cause or death, the beneficiary or his heirs or successors, as the case may be, can, in respect of his vested options, exercise such options in the six-month period following the date of the event. In the event of termination of employment following a take-over of the Corporation, as such term is defined by the Board of Directors, the beneficiary can exercise the options which were granted to him in the three-month period following the date of termination of his employment. Lastly, in the case of dismissal for cause, all options granted to the beneficiary shall become null and void as of the date of dismissal; and

(iii) the option exercise price is equal to the weighted average closing price of the Corporation's common shares on the Montreal Exchange and the Toronto Stock Exchange in the five trading days preceding the date of grant of the options. The Plan previously stipulated that only the weighted average market price of the common shares on the Montreal Exchange could be taken into consideration*;

* Notwithstanding paragraph (iii), as a result of the restructuring of the Montreal Exchange's activities, the Corporation's common shares are now exclusively traded on the Toronto Stock Exchange. The option exercise price will be equal to the weighted average price of the Corporation's common shares on the Toronto Stock Exchange during the five trading days preceding the granting of the options.

On September 22, 1999, the Toronto Stock Exchange approved the amendments to the Option Plan, subject to approval of the amendments by the Corporation's shareholders. The shareholders may obtain, free of charge, a copy of the amended plan, by forwarding a request in writing to that effect to the attention of the Corporate Secretary.

The Board of Directors recommends approval of the amendments to the Option Plan as described in said plan.

Unless a shareholder indicates otherwise, the voting rights attached to the shares represented by the enclosed proxy form will be exercised in favour of the resolution amending the Corporation's Option Plan.

In order to be approved, the resolution must be adopted by a majority of votes cast at the meeting by all the Corporation's shareholders, present or represented by proxy at the Meeting.

NORMAL-COURSE ISSUER BID

On October 27, 1999, the Corporation announced that it had obtained the approval of The Montreal Exchange and the Toronto Stock Exchange to extend its normal-course issuer bid. Accordingly, the Corporation is authorized to redeem, from time to time, a maximum of 2,742,595 additional common shares, representing approximately 10% of its public float as at October 22, 1999. The common shares will be redeemed for cancellation by the Corporation. The common shares may be redeemed by the Corporation until October 28, 2000, notwithstanding that the Corporation may terminate the issuer bid at any time. The price which the Corporation will pay for the common shares acquired will correspond to the market price in effect at the time of the acquisition.

Management of the Corporation considers that the share redemptions it may effect from time to time in connection with this bid are in the interests of its shareholders. The amount of such redemptions of common shares will depend, inter alia, on the market price and the impact of the redemptions on the Corporation's working capital. The shareholders of the Corporation may obtain a free copy of the notice of the issuer bid filed with the regulatory authorities by forwarding a written request for same to the attention of the Corporate Secretary.

ADDITIONAL DOCUMENTS

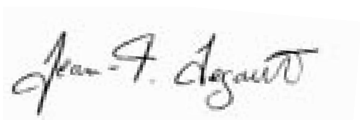
The Corporation is a reporting issuer in the various provinces of Canada and is required to file its financial statements and Management Proxy Circular with each of the securities commissions of these provinces. The Corporation also files an annual information form yearly with the same commissions. Copies of the annual information form, the proxy circular and the financial statements may be obtained upon request made to the Corporate Secretary. The Corporation may charge a reasonable fee if the request is made by a person who is not a shareholder of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus, in which case these documents will be provided free of charge.

APPROVAL OF THE MANAGEMENT PROXY CIRCULAR

The content and the sending of this Management Proxy Circular have been approved by the directors of the Corporation.

Montreal, February 1, 2000

BY ORDER OF THE BOARD OF DIRECTORS



Jean-François Legault (Signed)
General Counsel and Corporate Secretary

SCHEDULE A

RESOLUTION AMENDING THE CORPORATION'S STOCK OPTION PLAN

" BE IT HEREBY RESOLVED :

1. THAT the amendments made to the Corporation's Stock Option Plan by the Corporation's Board of Directors on May 11, 1999 be approved; and

2. THAT any director or officer of the Corporation be and is hereby authorized to execute and deliver such documents and instruments and to take any other measures that such director or officer, in his entire discretion, deems necessary or useful to give effect to this resolution, his determination being conclusively evidenced by the execution and delivery of such documents or instruments and the taking of such measures."