TRANSAT A.T. INC.
Annual and Special Meeting of Shareholders
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NOTES FOR A SPEECH BY

DENIS PÉTRIN
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Check against delivery

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Thank you, Jean-Marc.

I would now like to briefly review our 2010 results, as well as provide you with the results for the first quarter of 2011, which we announced this morning.

For the first two quarters of fiscal 2010—the winter season—we posted total revenues of close to $1.9 billion, a year-over-year drop of approximately 8%. The decline in revenues mostly reflects the decision to reduce our capacity during the winter, as mentioned earlier, in order to protect load factors and margins, as well as lower selling prices.

Despite this, we recorded an operating loss of $4.2 million for the winter season, compared with a margin of nearly $31 million the year before.

As Jean-Marc mentioned, the summer season brought remarkable results for its part, thanks to outstanding performance on the transatlantic market. Revenues were $1.6 billion, an increase of $107 million, with the margin more than doubling, to approximately $132 million.

Looking at consolidated results, then, for fiscal 2010, Transat posted revenues of $3.5 billion and a margin of $127.6 million.

As seen in the financial statements, net income for the year was $65.6 million, versus $61.8 million the previous year. These figures include non-cash and non-operating items, and so it is important to also consider our adjusted income, which stood at $54 million for 2010, as compared with $34 million in 2009.

Diluted earnings per share were $1.73, compared with $1.85 in 2009. With non-cash excluded, however, this works out to $1.41 a share, versus $1.01 in 2009.

Let us now turn to the results for the first quarter of 2011, ended this past January 31.

Our revenues are $810 million, up 2.2% compared with the first quarter of 2010.

We are posting an operating loss of $14.6 million, an increase of $2.2 million versus a year ago, and a net loss amounting to $13.5 million.

With non-cash and non-operating items excluded, the adjusted after-tax loss is $19.4 million, which is $1.2 million more than in 2010.

These results are attributable to multiple factors, including heightened competition on sun destination routes outbound from Canada, which has meant substantial downward pressure on margins; difficulty in reducing costs to keep pace with declining sales prices. The decrease in margin is also attributable to higher fuel and hotel costs, offset in part by the strength of the Canadian dollar and better aircraft utilization.

As at January 31, we had cash and cash equivalents of $199 million and our credit facility was unused. Total assets, meanwhile, stood at more than $1.4 billion.

Now a word on what's ahead in Q2.

The Canadian sun destinations market accounts for a very significant portion of Transat's business in the winter. For the second quarter 2011, the Corporation's capacity is approximately 9% higher than the actual capacity offered last year; bookings and load factors are superior to last year at the same date; and selling prices are similar.

In France, bookings are slightly higher than last year, after having lost momentum following the events in North Africa.
Transat expects the results of the second quarter to be similar to last year, as the favourable impact stemming from a strong Canadian dollar will be offset by higher aircraft fuel costs.

On the summer transatlantic market, capacity and bookings are 10% higher than last year; load factors and selling prices are similar.

There is currently significant uncertainty surrounding oil prices and the upward pressure that this will have on the Corporation's costs for the summer season. Transat has introduced additional fuel surcharges, and continues to use hedging instruments, in order to manage this risk.

Thank you for your attention.