1999 annual report

TRANSAT A.T. INC.

TRANSAT A.T. INC.

subsidiaries and affiliated Companies

(Ownership)

In Canada

In France

Travel agencies	
100%	**Vacances Tourbec**
100%	**Exit Travel**
50%	**Consultour**—*Club Voyages, Voyages en Liberté, Inter Voyage*
100%	**Euro Charter/Club Voyages**[1]
Outgoing tour operators	
100%	**Air Transat Holidays**
100%	**Voyages Nolitour**
100%	**Regent Holidays**
35%	**World of Vacations**
100%	**Vacances Air Transat (France)**
97.9%	**Look Voyages**
39%	**Brok'Air**—*Anyway*
Incoming tour operators	
66.7%	**DMC Transat**—*Kilomètre Voyages*
100%	**Vacances Air Transat Holidays (Florida)**
Hotel management	
100%	**Cameleon**
Air carriers	
100%	**Air Transat**
50%	**Services Haycot**
49.6%	**STAR Airlines**[2]

[1] 100% interest held by Consultour/Club Voyages
[2] 49.6% interest held by Look Voyages

TRANSAT A.T. INC.

highlights

Results

Years ended October 31 (in thousands of dollars)	1999	1998
Revenues	**1,623,315**	1,421,454
Operating income (before goodwill charges)	**56,224**	41,686
Net income	**30,022**	19,731
Operating cash flow	**63,391**	51,127

Balance sheets

Years ended October 31 (in thousands of dollars)	1999	1998
Cash and cash equivalents	**173,868**	155,720
Total assets	**545,346**	496,547
Long-term debt, debenture and obligations under capital leases (including current portion)	**114,343**	119,376
Shareholders' equity	**204,149**	182,668

Per common share

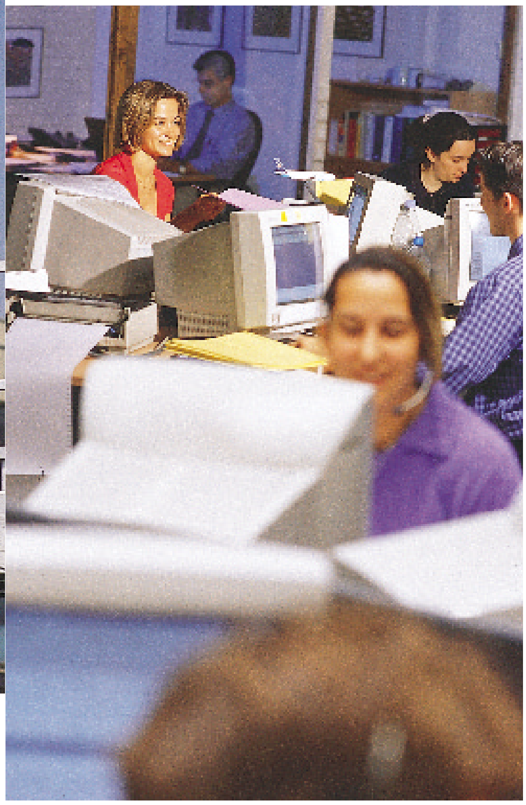
Years ended October 31 (in dollars)	1999	1998
Net earnings before goodwill charges	**0.96**	0.65
Net earnings after goodwill charges	**0.89**	0.58
Diluted net earnings before goodwill charges	**0.93**	0.63
Diluted net earnings after goodwill charges	**0.86**	0.56
Operating cash flow	**1.87**	1.49

Where to go on holiday? You want to make just the right choice, so you find all the right elements that will make your holiday an enjoyable and memorable experience—one that measures up to your expectations of what a trip abroad should be.

Where you choose to go will depend on just how much of a change of scenery you're looking for. Do you want to be surprised by the charms of uncharted territory, or do you just want a little rest and relaxation?

Whether you're looking for genuine adventure or trying to find uninterrupted peace and quiet with nothing left to chance, what matters most is your peace of mind.

Affordability plays a pivotal role: will it be a non-stop flight or not; a one- or two-week vacation, or one that's longer; a three-star or five-star hotel; a package deal or pay-as-you-go? Once you've explored all the options, you can make an informed choice.



TRANSAT A.T. INC.

corporate profile

Transat A.T. Inc. is an integrated company in the tourism industry. Through its subsidiaries and affiliated companies, it is active in every aspect of the organization and distribution of holiday travel: retail sales through travel agencies, organizing and distributing vacation packages through tour operators, air transportation, and hotel management.

Each member company of Transat specializes in its respective field. Together, they form a large holiday maker. They are all driven by the same corporate vision: offering quality vacation packages at affordable prices to an extensive clientele. Transat's objective is to maintain its position of leadership in Canada and to become a dominant player in the holiday travel industry in North America and Europe.

Jean-Marc Eustache, Chairman of the Board, President and Chief Executive Officer of Transat A.T. Inc., and President of Look Voyages S.A.

TRANSAT A.T. INC.

message to Shareholders

Transat A.T. Inc. marked the fiscal year ended October 31, 1999 by demonstrating strong internal growth. On the whole, the situation continued along the same lines as in the previous fiscal year. Nevertheless, both Canadian and French subsidiaries were in a position to increase their sales volumes, and to benefit from higher selling prices, which compensated for the factors that always have an impact on our results, in particular the strength of the American dollar in relation to the Canadian dollar, and competition, which remains quite fierce in the holiday travel industry. Together, Transat's companies contributed to a marked improvement in results.

Consequently, Transat closed the year with $1.6 billion in sales compared with $1.4 billion the previous year, an increase of 14%. This significant improvement can be attributed to internal growth, which was primarily generated by higher sales volumes among tour operators, which in turn had a positive impact on the air transportation activities.

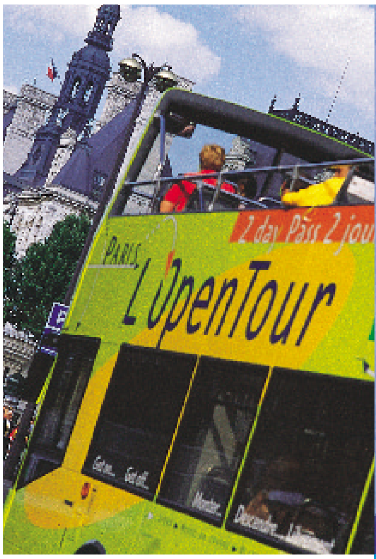
Net income was markedly higher than last year. We benefited from the more efficient use of equipment and infrastructures, lower fuel costs, and higher selling prices that offset the ever-present upward pressures on operating costs, in particular due to the weakness of the Canadian dollar. In fiscal 1999, net income rose 52% from $19.7 million the previous year to reach $30.0 million.

CANADIAN OPERATIONS

In all Canadian markets, from coast to coast, Transat pursued the implementation of its strategy of raising its profile in a context where competition remains fierce. Despite persistent overcapacity in certain markets and for specific products, the Corporation recorded an increase in sales for each fiscal quarter.

Canadian outgoing tour operators were able to maintain and, indeed, to improve their competitive position in their respective markets. For its part, Air Transat Holidays pursued its business development and continues to be a dominant player throughout the country. Among its achievements, the company recorded major gains in Ontario and Western Canada.

With regard to Regent Holidays and Voyages Nolitour, the 1999 fiscal year marked the beginning of a new cooperative approach. The two tour operators consolidated some of their activities in order to strengthen their presence in their respective markets—Ontario for the former and Quebec for the latter. Given that the two tour operators target a similar clientele in different geographical markets, this joint effort seems promising. The two companies are now managed by the same person. Purchasing has been centralized, which enables them to offer a broader line of quality products at affordable prices. While activities were being regrouped, the image of the two companies was also reviewed. Each company has kept its name, but both now use the same lettering, the same colours, and the same star in their logo, which suggests a family resemblance.



4:00 PM Coach tour of the city's famous monuments, a must.

Whether on foot, by bike, subway, coach...or camel, the cities and surrounding countryside are yours to discover.

With regard to World of Vacations, the pursuit of its action plan continues, and it has already garnered results. This tour operator recorded an increase in its sales volume, thus reversing the downward trend apparent during the previous years.

As for Air Transat, various highlights brightened the air carrier's year. Of these, given the increase in tour operators' sales, a notably positive element was that load factors were higher than last year. We should also note the successful introduction of two new long-range, wide-bodied Airbus A330-200s, which initiated the process of fleet renewal, with the intention of continuously increasing Air Transat's operational efficiency so as to enable us to offer passengers quality service at the best possible price. At the end of the fiscal year, the carrier added a third aircraft from the same manufacturer, an Airbus A330-300. On another front, discussions were held throughout the year with representatives of various employee groups to renew collective agreements. Agreements were concluded with unions representing the in-flight personnel, mechanics and the maintenance employees and storekeepers, while negotiations with the representatives of the cockpit crews are continuing.

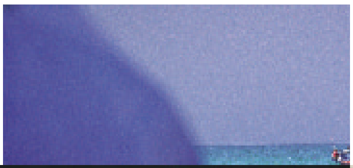
11:30 AM A quick stop at the market square.

FRENCH OPERATIONS

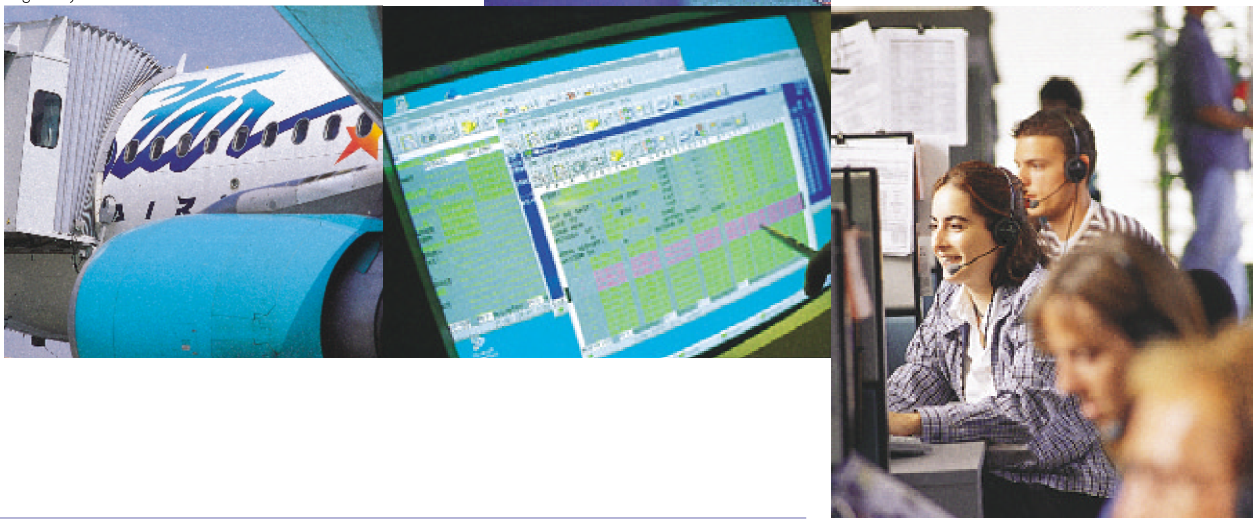
The French market continues to grow. In particular, long-haul flights to sunshine destinations during the winter season are becoming increasingly popular. Vacances Air Transat (France) took advantage of this development to increase its sales volume and to make profitable its winter season—traditionally a money-losing period. Vacances Air Transat (France) has thus confirmed its positioning as a specialist in long-haul travel offering an upscale product throughout the year. During the summer, Vacances Air Transat (France) is maintaining its position; it is still a dominant player in the market for holiday travel to North America.

There is also good news about Look Voyages, which in 1999 once again became profitable. This tour operator is now set on an unswerving course for growth. The success of the "Lookéa" vacation club concept and the tour operator's sustained leadership in the marketing of air-only flights have given it the boost it needed to establish itself as a key player in the French vacation travel industry. In 1999, Look Voyages had a total of 11 "Lookéa" clubs.

Brok'Air, a consolidator of airline tickets, seized the opportunity in the 1999 fiscal year to make the major leap to e-commerce. Anyway, its travel-marketing subsidiary, launched a Web site—www.anyway.fr—that authorizes the on-line purchase of airline tickets from an impressive selection of scheduled and chartered flights. The scheduled flights of more than 70 carriers, as well as the charter flights sold by Look Voyages, are available on the site. Other services offered include hotel reservations and car rentals. The initial results are especially encouraging, and they confirm the importance of the role the Internet can play in the travel industry.



3:00 PM Now boarding for Djerba.

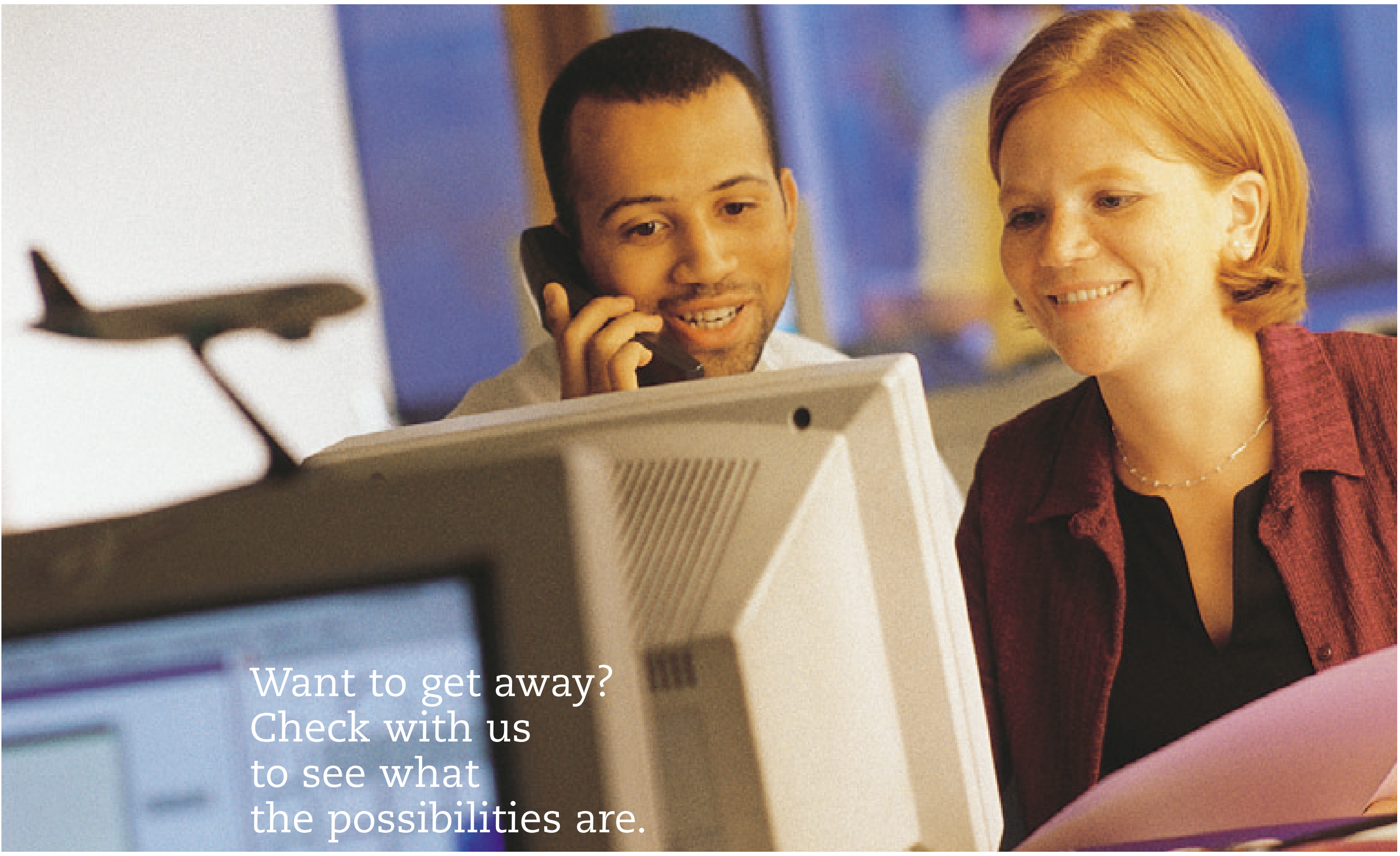


After an attempt to penetrate the long-haul market, STAR Airlines reverted to its original mission: to serve the travel market in continental Europe and the Mediterranean (the Middle East and North Africa). To meet growing demand, the company added a fifth Airbus A320 to its fleet.

CORPORATE AFFAIRS

One of the major concerns at the end of the millennium was whether businesses could ensure a smooth transition to the Year 2000, given their existing computer systems. The action plan put together in 1997 enabled us to carry on our activities after December 31, 1999, without any problems.

In addition, the Corporation counts on the development of its computer systems and its use of the most advanced technologies to increase its operational efficiency. An action plan has been developed, and we have undertaken to integrate a number of administrative functions that were previously carried out separately.



In another area, Transat, with the help of its employees, continues to contribute to the well-being and enrichment of the community. In 1999, we focused on supporting various projects in social affairs, culture, and post-secondary education, all in keeping with the guiding principles adopted by our Board of Directors in 1998.

First and foremost, Transat assigns a great deal of importance to the development of human resources. If Transat had an excellent year in 1999, it was largely because we were able to count on devoted employees, who gave their very best; we thank every one of them. Given the nature of our activities, our employees are extremely important elements in the creation of a value chain whose final product is the vacation package bought by customers. Quite commonly, vacationers wait a long time for a relaxing break. Consequently, they have high expectations, and the expertise of each of our employees becomes a key factor in meeting those expectations. Transat therefore ensures that employees have the tools, information, and training they require to do their work in the best possible working climate. To constantly improve this environment, management increasingly relies on the exchange of information with employees. We have, therefore, created new ways to communicate with our employees on a regular basis.

OUTLOOK

Despite the difficulties encountered in selling vacation packages for millennium celebrations, the outlook for leisure travel in the coming months is excellent. It now seems that those travellers who decided to stay at home during the holiday season were simply delaying their departures for a few weeks or, at most, a few months. As a result, the bookings for the rest of the winter season outnumber the average for previous years.

The year 1999 also saw the beginning of a major restructuring in the air transportation industry in Canada. The merging of the two national carriers, Air Canada and Canadian Airlines, will certainly produce entirely new dynamics in the industry. We believe that the change will be beneficial for the industry as a whole. With the primary role of providing charter flights for leisure travel, Air Transat is not in direct competition with either of these carriers. For this reason, we have chosen to maintain our original development strategy. All the same, we will be watching the situation very closely, and we will be ready to act if it should be necessary to increase our presence in complementary niches, such as domestic flights.

That being said, the vacation travel sector on the whole continues to be active despite the pressure of competition both in North America and in Europe. Given this situation, Transat has decided that the winning strategy will be to rely on the principle of vertical integration even more. In 1999, the Corporation announced the creation of Cameleon, a new subsidiary in hotel management which has been given the objective of developing a network of superior accommodations that meet the demands of our clientele.

The creation of e-commerce subsidiaries is another way to realize our vision—offering quality vacation packages at affordable prices to as many people as possible. The www.anyway.fr site is one example. Web surfers will soon be able to purchase their holiday travel on www.exit.ca. By visiting this one site, they will have access to the most comprehensive selection of packages offered by Canadian tour operators.

To support the implementation of our development strategies, we have created a new executive position at Transat: Executive Vice-President, Tour Operator Sector, with the responsibility of creating strategies to promote the development of tour operators. These strategies include identifying the joint actions that will enable tour operators to be dominant players in their respective markets.

In the final analysis, the fiscal year 1999 provided an opportunity for Transat to improve its financial results. More importantly, it allowed the Corporation to consolidate its presence in its various markets. As a result, we are in an excellent position to pursue our business development and to put in place the means that will establish our group of member companies as a major integrated force, a leader in the making and marketing of holiday travel in North America and in Europe.

Finally, we wish to sincerely thank the Board member whose mandate has ended for the excellent work accomplished, and to extend a warm welcome to the new one.

Jean-Marc Eustache (Signed)

Chairman of the Board and
President and Chief Executive Officer
Montreal, February 1, 2000

TRANSAT A.T. INC.

the board of directors

(from left to right)

Jean-Marc Eustache
Chairman of the Board, President and Chief Executive Officer, Transat A.T. Inc. and President, Look Voyages S.A.

Jean-Paul Bellon
Chairman of the Board and Chief Executive Officer Consultour/Club Voyages Inc. and President, Euro Charter S.A.

André Bisson, O.C.
Director of Corporations

Lina De Cesare
Executive Vice-President, Tour Operator Sector Transat A.T. Inc., President and Chief Executive Officer Air Transat Holidays A.T. Inc. and President, Tourbec (1979) Inc.

Benoît Deschamps
Vice-President, Financial Planning and Treasurer Le Groupe Vidéotron Ltée

Marcel Gagnon
Portfolio Manager, Capital d'Amérique, Caisse de dépôt et placement du Québec

Yves Graton
Director of Corporations

Jean Guertin
Senior Advisor, Telemedia Corporation and Honorary Professor École des Hautes Études Commerciales

Sylvie Jacques
Director, Investments, Recreation—Tourism Fund Fonds de solidarité des travailleurs du Québec (FTQ)

Michel Lessard
President, Placement-Voyages inc.

Philippe Lortie
Captain, Air Transat A.T. Inc.

Philippe Sureau
Executive Vice-President, Transat A.T. Inc. President and Chief Executive Officer Air Transat A.T. Inc. and President, Exit Travel Inc.

John D. Thompson
Deputy Chairman of the Board Montreal Trust Company

Vacances Tourbec

Consultour/Club Voyages

Exit Travel

Euro Charter/Club Voyages

Air Transat Holidays

Voyages Nolitour

Regent Holidays

World of Vacations

Vacances Air Transat (France)

Look Voyages

Brok'Air

DMC Transat

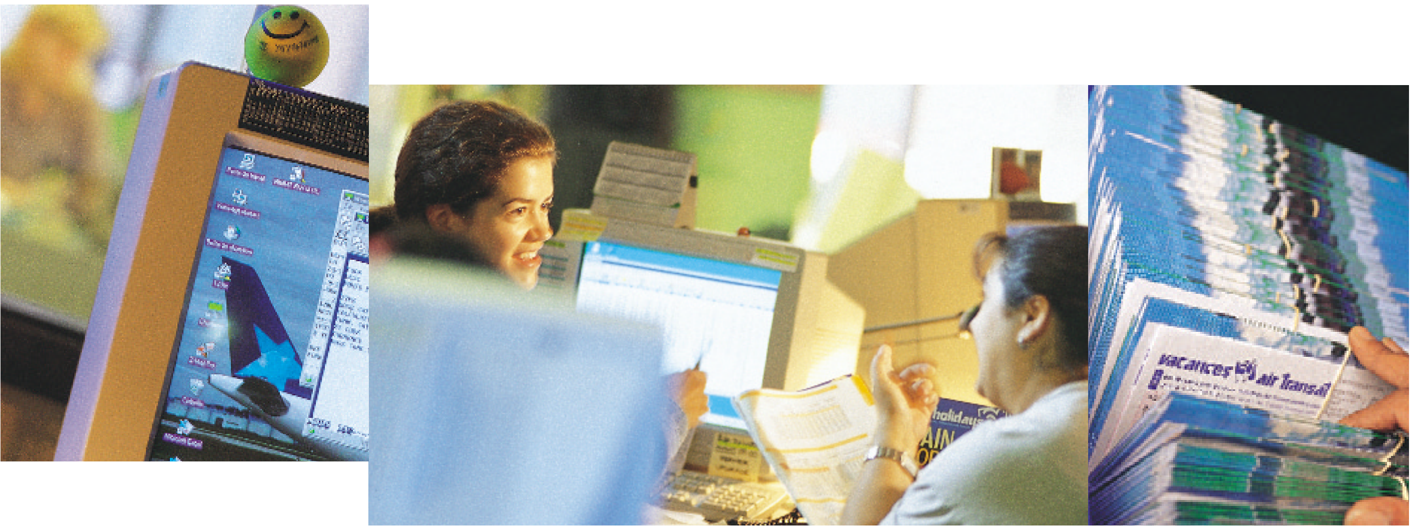
Vacances Air Transat Holidays (Florida)

Cameleon

Air Transat

STAR Airlines

Services Haycot



11:30 AM Checking prices for next season's packages.

TRANSAT A.T. INC.

a vertically integrated company

To realize its corporate vision, Transat developed a strategy based on vertical integration, bringing under one roof the various participants from each level of the value-creation chain. For this reason, we define our group as a holiday maker. By analogy with the manufacturing sector, we emphasize the importance of the assembly of various components and the distribution of a finished product.

That finished product is a service; more often than not, it is a package that includes one or several of the following elements: air transportation, transfers from the airport to hotels, accommodations, recreational activities, meals, cruises, coach tours, excursions, and so on. Vertical integration makes it possible to better control the whole assembly process in order to develop a product that fully meets vacationers' expectations with respect to quality and price. Tour operators are the master craftsmen in this process; their activities are central to the Corporation. And it is the principle of vertical integration that, for example, allows tour operators both to better control their seat inventories to destinations where they have blocked hotel rooms and to secure the loyalty of distributors who sell their packages.

In Canada, Trafic Voyages, Transat's original tour operator, pioneered this formula over a dozen years ago by creating its own air carrier, Air Transat, and then developing an association with the travel agency franchisor Consultour/Club Voyages. Over the years, this group increased its range of operation through the acquisition of companies and sustained internal growth. Today, Transat is the leader in the Canadian market and plays an influential role in the French market.

4:40 PM The winning shot...and the final score is 15 to 11.

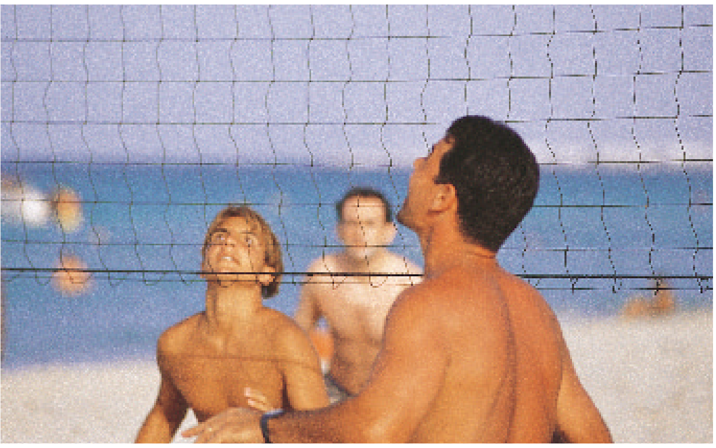
TRANSAT A.T. INC.

Transat plays an *a*ctive role in every stage of the creation and distribution of holiday travel packages.

TRAVEL AGENCIES

TRAVEL AGENTS DEAL DIRECTLY WITH CUSTOMERS; THEY ARE THE TRUE RETAILERS OF THE VACATION TRAVEL INDUSTRY. AS A RESULT OF TECHNOLOGICAL ADVANCES, HOWEVER, A NEW WAY OF DOING BUSINESS IS INCREASINGLY POPULAR AND GROWING CONSTANTLY: RETAIL SALES ON THE INTERNET, WHAT MANY ARE CALLING VIRTUAL TRAVEL AGENCIES.

IN CANADA AND IN FRANCE, TRANSAT MAINTAINS A DISTRIBUTION STRATEGY THAT TAKES INTO ACCOUNT ALL OF THE PLAYERS IN THE MARKET. CONSEQUENTLY, THE PRODUCTS OF TRANSAT'S COMPANIES ARE AVAILABLE THROUGH ALMOST ALL OF THE TRAVEL AGENCIES IN BOTH MARKETS. AT THE SAME TIME, TRANSAT IS ALSO INTEGRATING TRAVEL AGENCY NETWORKS INTO ITS STRUCTURE. IN 1999, THE CORPORATION MADE THE JUMP TO E-COMMERCE BY CREATING A SUBSIDIARY RESPONSIBLE FOR THE DEVELOPMENT OF A TRANSACTIONAL SITE DEVOTED TO VACATION TRAVEL.



TRANSAT'S TRAVEL AGENCIES IN CANADA

Vacances Tourbec (100%)

A travel agency network in the Quebec market, it has 26 sales outlets.

Consultour (50%)

A Quebec travel agency network with three banners (Club Voyages, Voyages en Liberté, and Inter Voyage), Consultour is the foremost franchisor in Quebec. It has 160 sales outlets in Eastern Canada while managing the Vacances Tourbec network under contract.

Consultour also acts as a consolidator, selling airline tickets for scheduled flights at preferential fares; it provides this service for all of the travel agencies in Quebec, as well as in the Atlantic Provinces, New England, and Eastern Ontario.

Exit Travel (100%)

A subsidiary that was created in 1999, Exit Travel is responsible for the Corporation's business development in retail e-commerce. Its first initiative was www.exit.ca, a transactional Web site devoted exclusively to vacation travel. Visitors to this site have access to the most comprehensive collection of vacation packages from this single site for departures from Canadian cities.

TRANSAT'S TRAVEL AGENCIES IN FRANCE

Euro Charter/Club Voyages (100%)[1]

A network of 50 agencies, of which 30 are in the metropolitan Paris area.

[1] Euro Charter/Club Voyages is a wholly owned subsidiary of Consultour/Club Voyages.

OUTGOING TOUR OPERATORS

OUTGOING TOUR OPERATORS CREATE VACATION PACKAGES AND TO FACILITATE SALES, PRESENT THEM IN BROCHURES DISTRIBUTED TO TRAVEL AGENCIES. UP ONE LEVEL FROM OUTGOING TOUR OPERATORS ARE SEVERAL SERVICE PROVIDERS, INCLUDING AIR CARRIERS, HOTELIERS, INCOMING TOUR OPERATORS, AND CAR RENTAL COMPANIES.

9:20 AM The sky clears. A shutterbug's delight.

5:45 PM Tap into a well-deserved break at the "local."

TRANSAT'S OUTGOING TOUR OPERATORS IN CANADA

Air Transat Holidays (100%)

Air Transat Holidays is the leading Canadian-owned tour operator; it is active throughout the country, with main business offices in Montreal, Toronto and Vancouver, as well as regional offices in Halifax, Quebec City, and Calgary.

In Quebec, Vacances Air Transat holds a dominant position for travel to a significant number of sunshine destinations during the winter season as well as to numerous European destinations during the summer season. In Ontario, Air Transat Holidays is one of a few leading tour operators and ranks first for travel to destinations in the following European countries during the summer season: the UK, Germany, and the Netherlands. It is a forerunner in the markets for air-only flights to Florida, for domestic flights, and for packages to Las Vegas. The company's presence in Western Canada continues to grow, whether for European destinations during the summer, sunshine destinations during the winter, or domestic flights all year round.

To experience London every hour of the day; a dream come true.

Voyages Nolitour (100%)

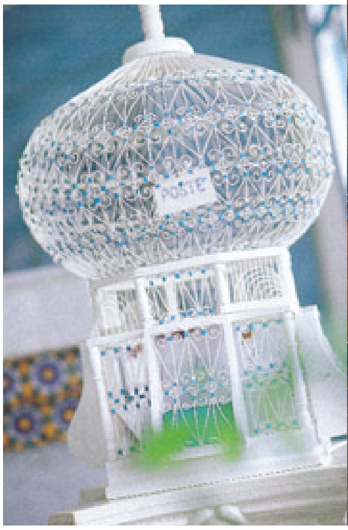
In the Quebec market, Voyages Nolitour has distinguished itself by the excellent price-quality ratio of its packages to sunshine destinations during the winter season. In summer, the company occupies an important niche with regard to vacation travel to Europe, especially to Italy and Greece.

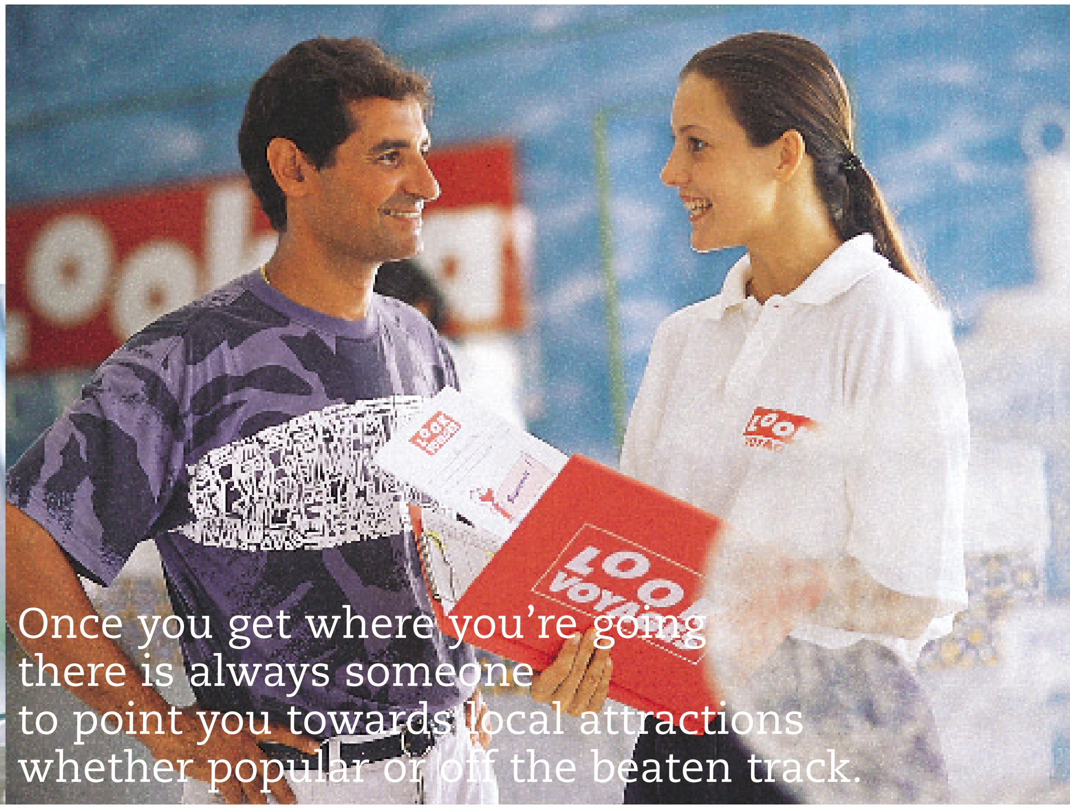
Regent Holidays (100%)

Regent Holidays has been present in the Ontario market for more than 18 years and has maintained leadership in several niches, especially in the Caribbean and Mediterranean cruise markets, as well as in package tours to Greece, Venezuela, Colombia, and Panama. This tour operator is also firmly entrenched in sunshine destination markets such as Cuba, Mexico, and the Dominican Republic. As a result of its alliance with EnRoute Holidays—a Florida specialist operating in the Ontario market—the presence of Regent Holidays in marketing travel to this important destination continues to grow.

World of Vacations (35%)

Active in Canada for over 70 years, and present in Ontario, in the Atlantic Provinces, in the Prairies and in Western Canada, World of Vacations offers a broad range of quality products at competitive prices for travel to the United States, the Bahamas, the West Indies, Mexico, and South America. It also markets ski packages in Canada. In the summer, major European destinations are also offered.





TRANSAT'S OUTGOING TOUR OPERATORS IN FRANCE

Vacances Air Transat (France) (100%)

The uncontested leader in the French market for travel packages to Canada, Vacances Air Transat (France) also maintains a continually growing presence in the market for long-haul travel, especially to the United States and the Caribbean (particularly Cuba and the Dominican Republic) and Mexico.

Look Voyages (97.9%)

Look Voyages has a strong brand image and has forged solid ties with the major distribution networks in the French market. This tour operator has become the leader in two areas: air-only flights and vacation packages to destinations in the Mediterranean. In particular, its new formula—the vacation clubs called Lookéa—has been a great success with the French public.

Brok'Air (39%)

As a consolidator for flights, Brok'Air also provides travel agencies with access to air fares negotiated with scheduled carriers, thanks to its highly effective computerized tools. In France, the company is the leading consolidator for scheduled airlines.

Under its Anyway trademark, Brok'Air operates a telephone call centre and computerized communications centre (Minitel and Internet) which market tourist products for individuals and groups. In 1999, it launched its transactional Web site, www.anyway.fr.

9:30 AM Picking up the tickets at the tour operator's counter.

INCOMING TOUR OPERATORS

THE INCOMING TOUR OPERATOR IS THE COMPLEMENT TO THE OUTGOING TOUR OPERATOR; IT HAS THE RESPONSIBILITY FOR DEVELOPING AND PROVIDING A HOST OF SERVICES AS PART OF A HOLIDAY PACKAGE AT THE DESTINATION. THIS MAY INCLUDE TRANSFERS TO HOTELS, THE PRESENCE OF TOUR GUIDES, OR THE ORGANIZATION OF EXCURSIONS OR COACH TOURS.

TRANSAT'S INCOMING TOUR OPERATOR IN CANADA

DMC Transat (66.7%)

One of the largest incoming tour operators in Canada, DMC Transat covers two different market segments: leisure travel (traditional, discovery, and adventure tourism) for groups or individuals visiting Canada; and business travel (motivation travel, special events, meetings, and conferences) for organizations from the United States and, to a lesser extent, Europe.

The Kilomètre Voyages division offers packages in Quebec and North America to Quebeckers and to travellers who are passing through.

TRANSAT'S INCOMING TOUR OPERATOR IN THE UNITED STATES

Vacances Air Transat Holidays (Florida) (100%)

This incoming tour operator in Fort Lauderdale offers representation services and tours to customers of Air Transat Holidays during their stay in Florida. As well as marketing Air Transat flights to Canada, it also markets to its local clientele a variety of packages to Mexico, the Dominican Republic, and Las Vegas.

HOTEL MANAGEMENT

THE HOTELIER IS ONE OF THE SERVICE PROVIDERS ON WHOM OUTGOING TOUR OPERATORS RELY WHEN ASSEMBLING THEIR PACKAGES. GENERALLY SPEAKING, TOUR OPERATORS DO BUSINESS WITH VARIOUS GROUPS OF HOTELIERS WHO MANAGE HOTELS AT DESTINATIONS THEY SERVE; THE OPERATORS RESERVE BLOCKS OF ROOMS IN ADVANCE IN ORDER TO PUT TOGETHER PACKAGES THAT WILL BE OFFERED TO VACATIONERS DURING A GIVEN SEASON. IN 1999, TRANSAT ANNOUNCED ITS INTENTION OF TAKING THE APPLICATION OF VERTICAL INTEGRATION EVEN FURTHER BY CREATING A HOTEL MANAGEMENT SUBSIDIARY.

TRANSAT'S HOTEL MANAGEMENT SUBSIDIARY

Cameleon (100%)

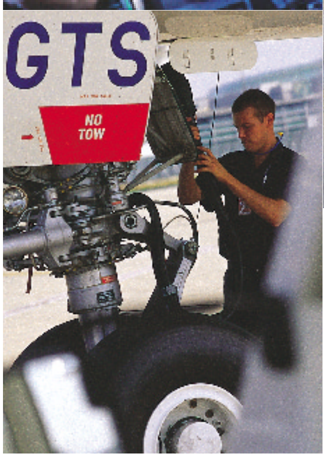
This subsidiary was created in 1999; its mission is to manage a network of superior accommodations at the major destinations served by Transat and its companies.

Air Transat's fleet*
2 Airbus A330-200s
1 Airbus A330-300
6 Lockheed L-1011-500s
8 Lockheed L-1011-150s
5 Boeing 757-200ERs

STAR Airlines' fleet
5 Airbus A320s

*As at April 30, 2000

Leaving in complete confidence.
Nothing is left to chance.
Everything goes like clockwork.
High standards always.



1:20 PM The final preparations before taxiing onto the runway.

AIR TRANSPORTATION

AIR TRANSPORTATION IS A KEY COMPONENT OF THE HOLIDAY PACKAGE. FOR TOUR OPERATORS, WORKING CLOSELY WITH AN AIR CARRIER GREATLY FACILITATES ACCESS TO DESTINATIONS THEY PROMOTE, AND THIS COOPERATION ALLOWS THEM TO BETTER CONTROL THEIR DEVELOPMENT AND TO OFFER PRODUCTS THAT EXACTLY CORRESPOND TO THE NEEDS AND REQUIREMENTS OF THEIR TARGET CLIENTELE.

TRANSAT'S AIR CARRIERS IN CANADA

Air Transat (100%)

An air carrier, Air Transat specializes in operating charter flights from several Canadian cities to sunshine destinations in the winter, as well as to European destinations in the summer. These flights are marketed through tour operators.

A limited portion of its services is marketed by the carrier itself, as a result of its designation as a scheduled carrier between Canada and France, between Canada and Cuba, as well as for some deregulated markets (domestic flights in Canada and transborder flights to the United States).

Services Haycot (50%)

Services Haycot provides airport representation, baggage handling, and aircraft cleaning services for aircraft at Montreal's international airports (Mirabel and Dorval) and Toronto's Lester B. Pearson International Airport.

TRANSAT'S AIR CARRIER IN FRANCE

STAR Airlines (49.6%)[1]

One of the first charter carriers in the French market, STAR Airlines primarily serves continental Europe and the Mediterranean.

[1] Look Voyages holds a 49.6% interest in STAR Airlines.

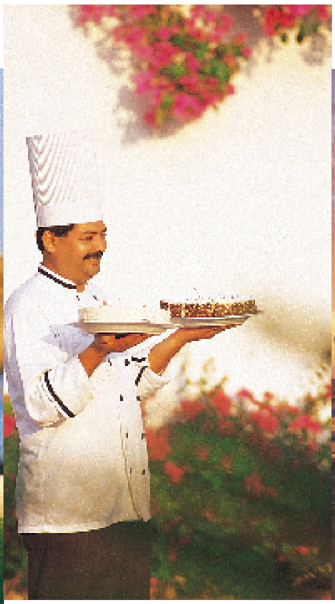
11:50 AM The first course at lunchtime; local fare, local flavour.

TRANSAT A.T. INC.

review of Operations

Transat A.T. Inc. began operations in Canada, where it played a leading role in the development of the holiday travel industry. Over the years, it contributed to the trend of industry rationalization, and was thus able to extend its scope of action supported by its sustained internal growth and through its acquisition of businesses. Transat was also able to develop its presence beyond Canadian borders to the European continent, in particular, to France. It was thus able to benefit from the complementarity of the two markets, thus promoting greater efficiency in the use of equipment and infrastructures. Today, Transat divides its operations between North America and Europe, with sales of 60% and 40%, respectively.

The 1999 fiscal year was an opportunity for Transat to continue to build on its prior achievements and to strengthen its presence in all markets where it was already very active. Businesses acquired over the past years have now been smoothly integrated into Transat's group of companies; and together with Transat's other subsidiaries and affiliates, they have relied on business development to maintain or improve their position in their respective markets. The attainment of this level of integration required that all member companies of Transat apply stringent measures, that they continuously seek ways to improve their operational efficiency, and that they be astute in differentiating themselves in an environment that remains highly competitive and subject to multiple pressures.



7:30 PM Day's end in an idyllic setting.

THE CANADIAN MARKET

IN THE CANADIAN HOLIDAY TRAVEL INDUSTRY, TWO MAJOR CHARACTERISTICS GUIDE TRANSAT AND ITS COMPANIES IN THE PLANNING OF THEIR OPERATIONS. DURING THE WINTER SEASON, MOST TRAVELLERS CHOOSE SUNSHINE DESTINATIONS IN THE CARIBBEAN, MEXICO, CENTRAL AMERICA, OR SOME AMERICAN STATES, ESPECIALLY FLORIDA AND HAWAII. IN THE SUMMER, THEY MOSTLY OPT FOR TRANSATLANTIC OR TRANSPACIFIC DESTINATIONS, AND THERE IS INCREASING INTEREST IN DOMESTIC TRAVEL.

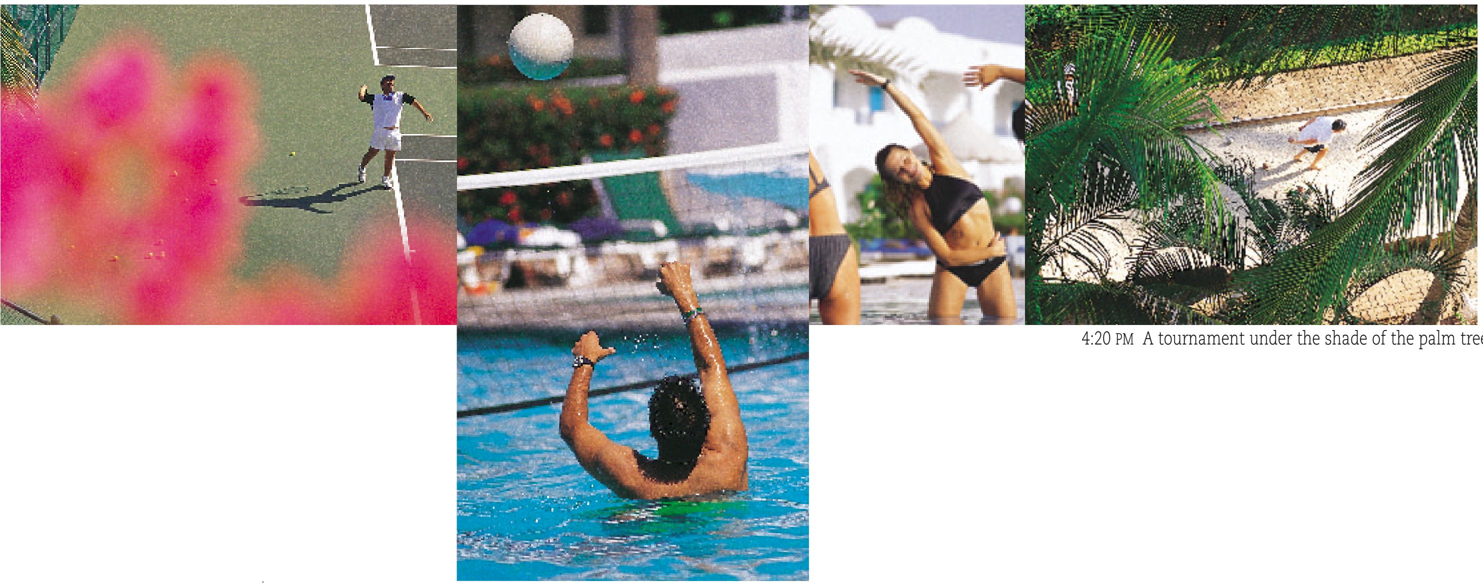
THE CANADIAN MARKET—BUSINESS ENVIRONMENT

In 1999, the situation in the Canadian leisure travel market was similar, on the whole, to that of the previous fiscal year. Nevertheless, there was a significant increase in the demand for winter packages to sunshine destinations. For certain destinations or types of products, however, supply continued to exceed demand, as was the case, for example, for cruises to the Caribbean. While this type of vacation is increasingly popular, the number of places offered by tour operators and companies specializing in cruises outpaced demand over the past few years, thus creating a situation of overcapacity. Other external factors also influenced consumers' choices, but these were due to situations that should, nevertheless, be temporary. There was, for example, the conflict in Kosovo that directly resulted in a major drop in travel to Greece during the first months of the summer travel season.

Never at a loss for ideas, activity organizers can offer you lots of choices.

With regard to the structure of the industry, fiscal 1999 saw the results of changes undertaken towards the end of the previous fiscal year. One of Transat's main competitors, Signature, a subsidiary of the British company First Choice, was setting up its strategic alliance with the air carrier Royal Aviation. For its part, Canada 3000 was forced to create its own tour operator to compensate for the loss of sales resulting from the end of its business relationship with Signature, for which it had been the main provider of airline capacity. As for Sunquest, Transat's other major competitor, according to information published by its parent, Airtours in the United Kingdom, this tour operator experienced some difficulty as a result of overcapacity in Ontario and Western Canada. The situation was similar to last year for the rest of the industry—those small- and medium-sized players whose scope is either regional or limited to a specific type of destination or travel.

No major changes were made to distribution during the fiscal year. There are, however, already two major trends likely to increase in importance in the coming months. On the one hand, the new commission structure implemented by scheduled carriers will probably prompt small travel agencies to increasingly consider leisure travel as their principal source of income, given that business travel is mainly lucrative for the major travel agency networks with their firmly established business clientele. On the other hand, considering the success of selling travel via the Internet in the United States, it is expected that Canada will follow this trend. Market dynamics and consumption patterns for Canadians, however, differ widely from those of their American counterparts, and consequently it will be necessary to adapt the way that travel is offered for sale on the Net to the Canadian market.



4:20 PM A tournament under the shade of the palm trees.

THE CANADIAN MARKET—TRANSAT'S ACHIEVEMENTS

In a context where the situation remains highly competitive and where there is a certain climate of uncertainty resulting from the transformation of the organizational structure of the industry, Transat pursued the implementation of a rigorous strategy for marketing its products and services. On the whole, the approach it chose produced favourable results. Canadian subsidiaries succeeded in maintaining and, in some instances, in increasing their market presence. Consequently, Transat remains the uncontested leader in Quebec, and it is one of the two leading tour operators in the rest of the country, namely in the Atlantic Provinces, Ontario, and Western Canada.

During the winter season, tour operators throughout the country jointly recorded a substantial increase in sales volumes to sunshine destinations. On average, the number of travellers who chose a product developed by one or another tour operator increased by close to 12% compared with the previous fiscal year. For the summer season, despite fierce competition, Transat maintained its sales volume at basically the same level as the previous year, and it recorded significant increases for markets in Ontario and Western Canada.

Air Transat Holidays, the largest tour operator of Transat's group of companies, is still the leader in vacation travel in all regions of Canada. In 1999, the number of travellers purchasing its packages increased by 9%. The most significant gains were realized during the winter season for travel to sunshine destinations from Ontario and Western Canada.

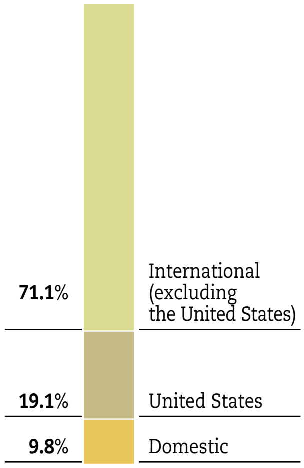
As for Regent Holidays, it suffered a drop in sales volume compared with fiscal 1998. Two factors contributed to this situation: the tour operator reduced its capacity in the cruise market and cancelled certain flights to Greece during the summer season as a result of the decrease in demand due to the conflict in Kosovo.

As a result of this same conflict, Voyages Nolitour also reduced its product offering for the summer season. Yet because the tour operator was able to substantially increase its sales volume to other destinations, primarily to sunshine destinations during the winter season, the number of travellers served by the end of the fiscal year was about on a par with the previous year.

Transat in Canada

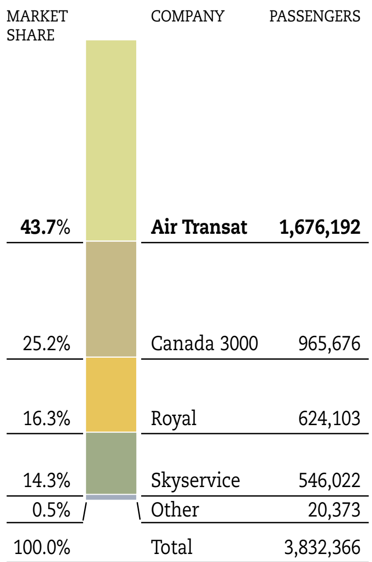
	1999	1998
TRAVEL AGENCIES		
CONSULTOUR/CLUB VOYAGES		
Network Revenues ($)	**451,000,000**	439,000,000
Company Revenues ($)	**94,000,000**	85,000,000
Outlets	**160**	179
VACANCES TOURBEC		
Network Revenues ($)	**38,000,000**	39,000,000
Company Revenues ($)	**4,200,000**	4,000,000
Outlets	**26**	27
OUTGOING TOUR OPERATORS		
AIR TRANSAT HOLIDAYS		
Revenues ($)	**531,000,000**	474,000,000
Employees	**449**	437
Travellers	**684,000**	626,000
VOYAGES NOLITOUR		
Revenues ($)	**91,000,000**	78,000,000
Employees	**69**	65
Travellers	**80,000**	79,000
REGENT HOLIDAYS		
Revenues ($)	**106,000,000**	135,000,000
Employees	**73**	99
Travellers	**133,000**	136,000
WORLD OF VACATIONS		
Revenues ($)	**208,000,000**	186,000,000
Employees	**209**	235
Travellers	**290,000**	262,000
INCOMING TOUR OPERATORS		
DMC TRANSAT		
Revenues ($)	**24,000,000**	21,000,000
Employees	**40**	26
Travellers	**49,000**	43,000
VACANCES AIR TRANSAT HOLIDAYS (FLORIDA)		
Revenues ($)	**4,700,000**	6,000,000
Employees	**14**	20
AIR TRANSPORTATION		
AIR TRANSAT		
Revenues ($)	**571,000,000**	509,000,000
Employees	**2,133**	1,627
Passengers	**2,650,000**	2,510,000
SERVICES HAYCOT		
Revenues ($)	**14,000,000**	14,000,000
Employees	**610**	600

Geographical distribution of Air Transat's traffic from November 1, 1998 to October 31, 1999

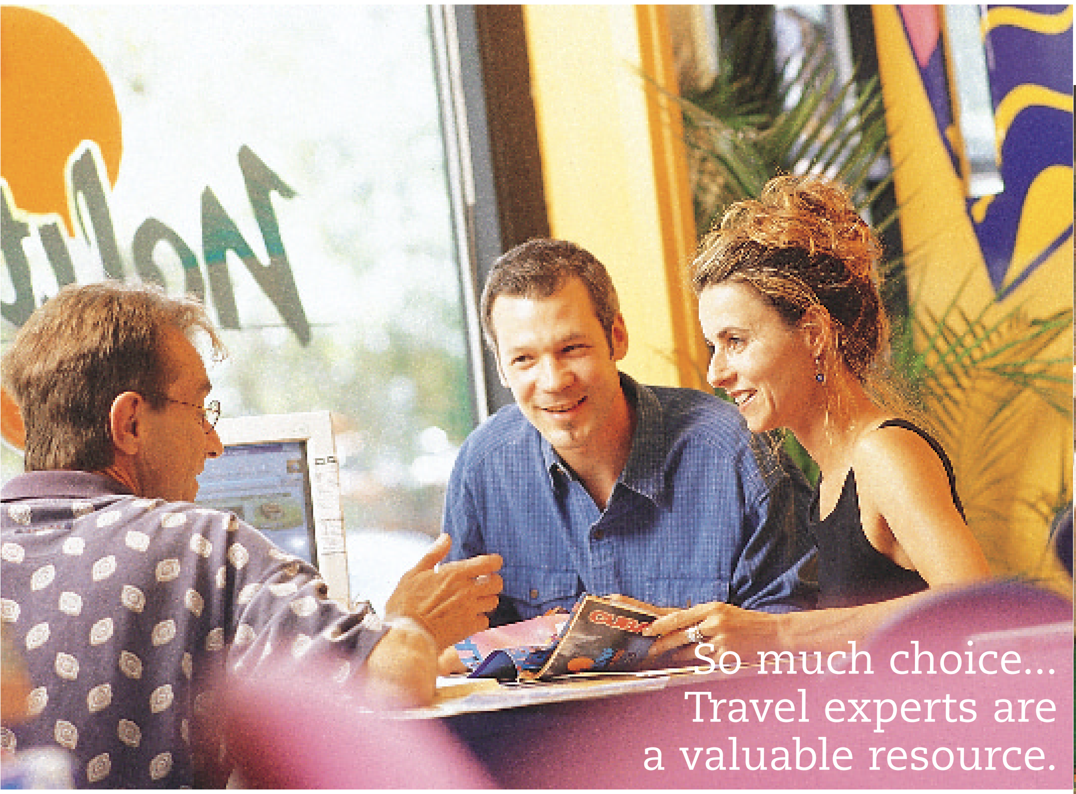


Source: Air Transat

International charter flights (excluding the United States), Canadian carriers, from January 1 to December 31, 1998



Source: Statistics Canada

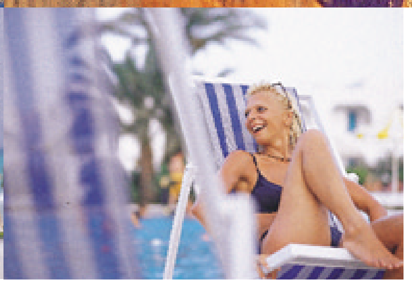


9:50 AM Time to raise damp spirits?

In pursuing its action plan to reposition itself in the markets of Ontario, Western Canada, and the Atlantic Provinces, World of Vacations was rewarded for its efforts. The number of travellers it served increased 11% over the previous year. Factors that especially contributed to this result were the sharp increase in the Ontario clientele during the winter season for travel to sunshine destinations and Florida, and for European destinations during the summer season.

The growth in the sales volumes of tour operators had a positive impact on the air carrier Air Transat, which recorded better load factors for the fiscal year. The number of passengers carried increased by nearly 6% over 1998. With a total of 2,650,000 passengers, Air Transat consolidated its presence as the leading charter carrier in Canada. In this respect, Air Transat continues to be the dominant carrier at the Quebec City and Mirabel (Montreal) airports and shares the top position with Canada 3000 at Toronto's Lester B. Pearson International Airport. Air Transat remains the leading operator of holiday travel flights to France, Belgium, the United Kingdom, Greece, Germany, Portugal, and Switzerland, as well as to Cuba, the Dominican Republic, Mexico, Venezuela, Colombia, and Costa Rica.

During fiscal 1999, Air Transat pursued the implementation of its program, with the goal of heightening its presence in its various markets. To support this strategy, the air carrier revitalized its image. Almost all of the company's aircraft now sport the new colours unveiled at the end of fiscal 1998. The airline also successfully integrated its two new Airbus A330-200s under its program of fleet renewal, aimed at increasing efficiency in operations management. At the end of the fiscal year, an Airbus A330-300 was added to the fleet. These long-range aircraft are notably able to meet the growing demand for non-stop flights from Western Canada to Europe.

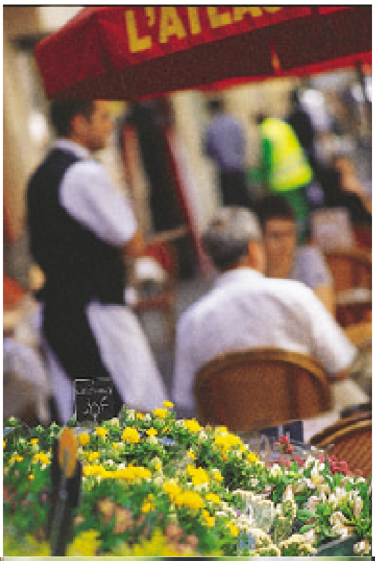


TRANSAT A.T. INC.

review of Operations

THE FRENCH MARKET

LIKE THE CANADIAN MARKET, THE FRENCH VACATION TRAVEL MARKET VARIES DEPENDING ON THE SEASON. IN THE WINTERTIME, FRENCH CONSUMERS PREFER DOMESTIC FLIGHTS, PRIMARILY FOR SNOW VACATIONS. LONG-HAUL TRAVEL TO THE CARIBBEAN AND MEXICO IS, HOWEVER, BECOMING INCREASINGLY POPULAR. IN THE SUMMERTIME, THERE ARE THREE MAJOR DESTINATIONS: THE MEDITERRANEAN REGION AND SOME AFRICAN COUNTRIES, NORTH AMERICA (CANADA AND THE UNITED STATES), AND ASIA.



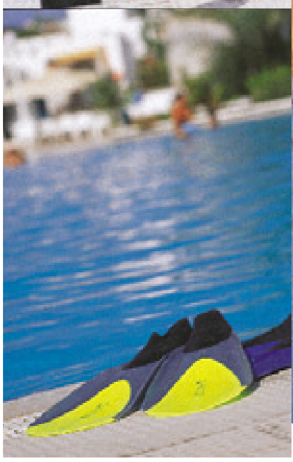
6:50 PM Exotic drinks during the cocktail hour.

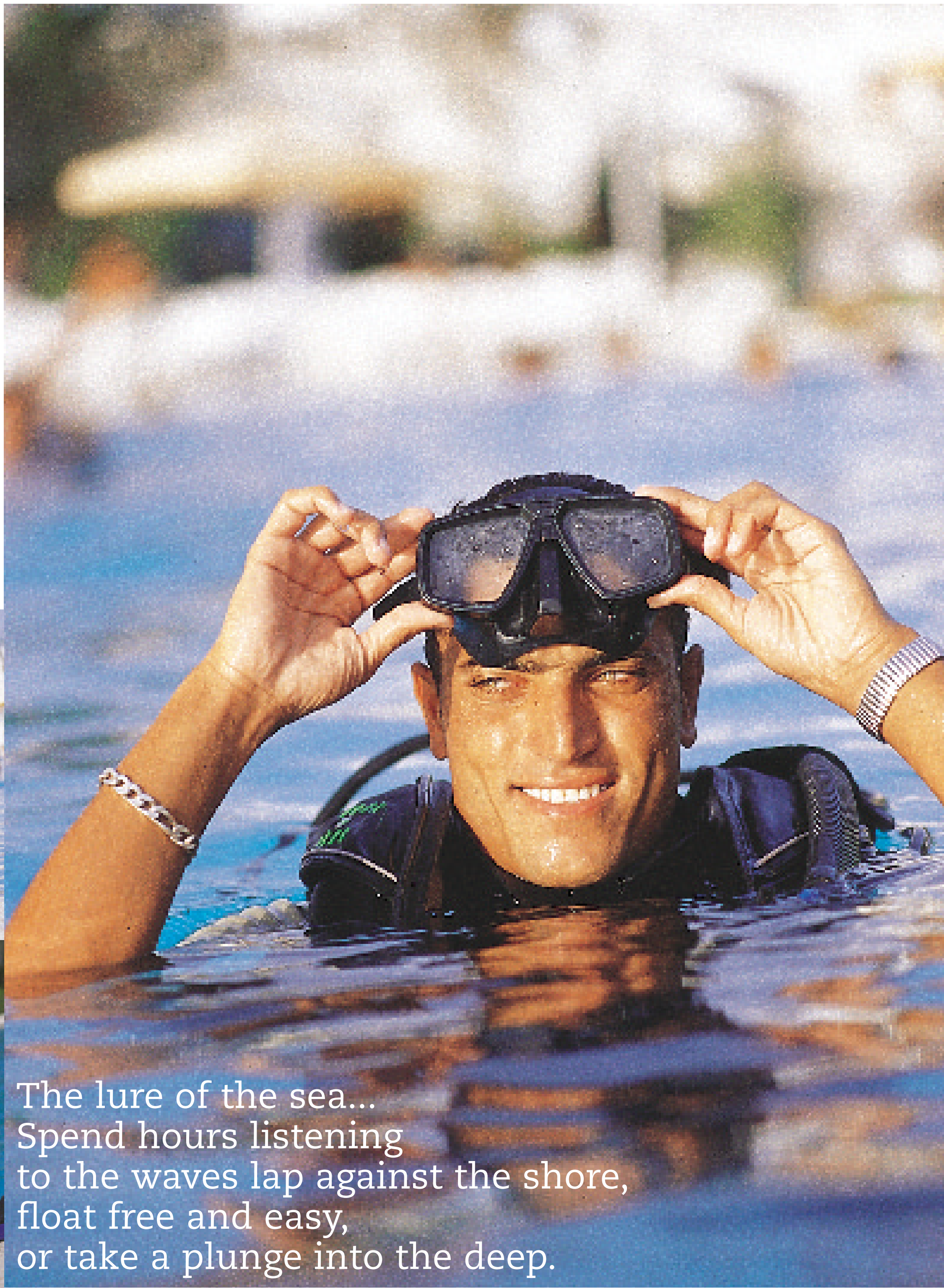
THE FRENCH MARKET—BUSINESS ENVIRONMENT

The French vacation travel market continues to evolve on two levels: consumption patterns and organizational structure.

In 1999, a trend a long time in the making was confirmed. There is a rising demand for long-haul flights during the winter (primarily to sunshine destinations). Aside from the French West Indies (Guadeloupe and Martinique), the demand for countries such as Cuba, the Dominican Republic, and Mexico is growing, supported by the affluence of French tourists. This situation enables several players in the industry to increase that proportion of their revenues derived from winter operations. On an operational level, it is a welcome change because it results in greater use of equipment and infrastructures over longer periods of time. In other respects, the summer season was influenced by various events such as the situation in Kosovo and Turkey which forced tour operators to review the range of products offered for this part of the Mediterranean.

As for its organizational structure, the French holiday travel industry seems about to enter a new phase of consolidation. This market was ignored for several years, but now foreign companies already firmly entrenched in other countries on the European continent are increasingly interested in what is happening in France. In other words, the French leisure travel market will probably join the trend of European consolidation.





The lure of the sea...
Spend hours listening
to the waves lap against the shore,
float free and easy,
or take a plunge into the deep.

In addition to this trend, which began outside the country, consolidation of the industry within France's borders is well under way. We are witnessing a merging of forces in a market that traditionally had very few major players. More and more, industry stakeholders are relying on the integration of their operations with those of other players to increase their scope of operations. For this reason, Club Med acquired Jet Tours in 1999—to become a tour operator with the status of a generalist, and break with the status of a specialist it had developed since its beginnings. Other players have taken similar action to broaden their spectrum of operations. FRAM has taken steps to better control its seat inventory. Accor, a hotelier, has also confirmed its intention to become a key integrated player. After having broadened its reach as a tour operator, it is developing its presence in the field of distribution.

11:20 AM 38°C in the sun, not a cloud in sight.

THE FRENCH MARKET—TRANSAT'S ACHIEVEMENTS

Involved from the beginning in the move towards consolidation in the French market, the Corporation enjoyed somewhat of a head start. It was able to acquire in-depth knowledge of the market, notably by continuing to develop an active presence and by playing an influential role in key fields of activity. Having successfully completed the integration of companies it had acquired—in this particular case, Look Voyages—Transat is now in an excellent position to maximize the value of its investments in a market where a number of competitors are trying to follow the course that Transat helped to chart.

Taking advantage of opportunities in the context of an expanding market, each of its French subsidiaries and related companies substantially increased sales volume during fiscal 1999. Each company served more travellers than the previous year. This increase was more pronounced in the winter season, especially as a result of the new products offered by tour operators (cruises, Lookéa clubs, and long-haul travel to sunshine destinations).

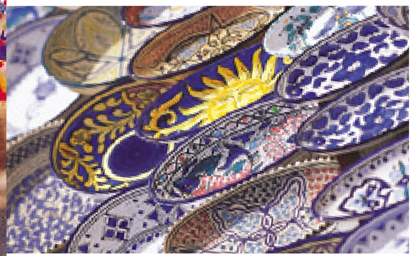
For the first time since the implementation of the action plan aimed at its repositioning, Look Voyages recorded an increase in sales volume. An increase of close to 18% over 1998 made it profitable once more, and, above all, enabled the company to solidify its position in the market as a whole, throughout the year. The number of travellers purchasing its products is rising: 1,400,000 travellers in 1999 compared with 1,239,000 in 1998, an increase of 13%. These financial results are very much in line with the Corporation's expectations and are partly the result of its goal to increase that portion of revenues coming from travel packages while maintaining a solid presence in the marketing of air-only flights. Among the actions that enabled Look Voyages to realize its business objectives is the creation of a new formula, the Lookéa vacation clubs. The formula has been very well received and has been highly successful with both French consumers and travel agencies. The tour operator had some 11 Lookéa clubs in operation in 1999 and expects to increase the number of clubs to meet the rising demand for future vacation seasons. During the winter season, Look Voyages also did well in the cruise market, primarily in the Caribbean.

As for Vacances Air Transat (France), it has pursued the implementation of its development program, especially with regard to increasing its sales volume during the winter season. The tour operator, which specializes in long-haul travel, therefore increased its product offerings for vacation travel to destinations in the Caribbean and Mexico during winter months, while maintaining its leadership for travel to Canada in the summer. Its product offerings for Cuba, the Dominican Republic, and Mexico are increasingly popular. Consequently, its sales for the winter season are higher than in previous years, and represent 32% of the year's total. This is a clear improvement in terms of the use of equipment and infrastructures throughout the year. During the summer season, the tour operator also benefited from a resumption of demand for travel to Canada and the United States. It should be recalled that in the summer of 1998 there was a certain decline in the French market for travel across the Atlantic, a development that many attribute to France's hosting of the World Cup soccer tournament. Yet as more and more French tourists are choosing to visit the United States during the summer months, Vacances Air Transat (France) was in a position to seize this opportunity to continue to develop its presence in this market segment.

With regard to Brok'Air, the 1999 fiscal year was marked by the development and implementation of highly effective computerized tools that enable travel agents to directly book seats for their clients through tickets it consolidates. This action confirmed its leadership as a consolidator of airline tickets in the French market and enables it to position itself as a leader in the marketing of travel products. Its subsidiary Anyway made the jump to e-commerce, becoming one of the first on-line travel agencies in the French market with its Web site, www.anyway.fr. The site has recorded sustained growth in customer traffic since its launch in April 1999, and more and more Web surfers are choosing this method of booking their travel. At the same time, since last September, Brok'Air has been offering French travel agencies the opportunity to quickly create their own transactional sites by using the anyway.fr site as a backdrop. The same infrastructure is used to develop a site that reflects the travel agency's image. This is another way for Brok'Air to raise its profile and make profitable its investment in development.

Local colour...
Souvenirs to bring back packed in your memory or in a suitcase.

6:20 PM 20 pesos each, smile included.



As for the air carrier STAR Airlines, fiscal 1999 saw it increase its presence in its original market: flights to other European destinations, to the Mediterranean region, as well as to certain North African countries. To increase its operating capacity, STAR Airlines added a fifth Airbus A320 to its fleet. For the fiscal year as a whole, the number of passengers carried increased by 34%. In 1999, the airline made a foray into the long-haul market. Due to marketing and operational constraints, however, it chose to defer the development of this activity.

Geographical distribution of STAR Airlines' traffic from November 1, 1998 to October 31, 1999

19%	Spain
15%	Italy
14%	Greece
12%	Senegal
11%	Tunisia
9%	Caribbean
8%	Morocco
12%	Other

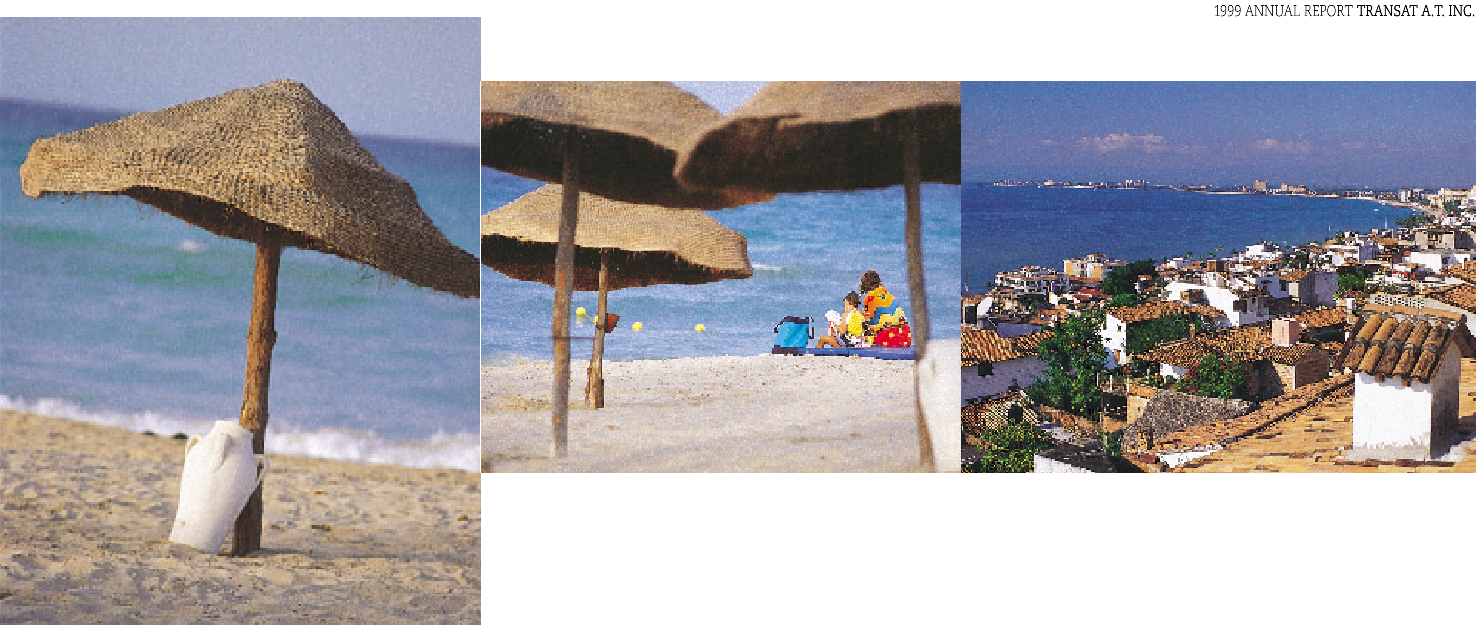
Transat In Europe

	1999	1998
TRAVEL AGENCIES		
EURO CHARTER/CLUB VOYAGES		
Company Revenues ($)	**144,000,000**	145,000,000
Employees	**174**	175
Outlets	**50**	50
OUTGOING TOUR OPERATORS		
VACANCES AIR TRANSAT (FRANCE)		
Revenues ($)	**153,000,000**	124,000,000
Employees	**130**	115
Travellers	**89,000**	76,000
LOOK VOYAGES		
Revenues ($)	**401,000,000**	341,000,000
Employees	**416**	340
Passengers	**1,400,000**	1,239,000
BROK'AIR		
Revenues ($)	**89,000,000**	69,000,000
Employees	**82**	59
THE AIRLINE SECTOR		
STAR AIRLINES		
Revenues ($)	**172,000,000**	122,000,000
Employees	**273**	233
Passengers	**804,000**	600,000

TRANSAT A.T. INC.

management discussion and analysis

For the year ended October 31, 1999, Transat A.T. Inc. generated over $1.6 billion in total revenues, up from $1.4 billion in 1998, an increase of $201.9 million or 14%. This increase in sales results from internal growth in volume in the Canadian and French markets, higher prices and a rise in the value of the French franc.



5:30 PM Late afternoon tranquillity.

Income before amortization, interest, share of net income of companies subject to significant influence and income taxes amounted to $90.8 million, an increase of $18.5 million or 26% compared with last year. In 1999, the Corporation earned net income of $30 million, or $0.89 per share ($0.86 per share on a fully diluted basis), up $10.3 million compared with net income of $19.7 million, or $0.58 per share ($0.56 per share on a fully diluted basis) in 1998.

Several factors contributed to the Corporation's increased profitability in 1999. First, lower fuel costs for the first nine months, higher volumes and improved load factors helped to boost results substantially. Cruise activities also posted improved results. The sales price adjustments made following the increase in certain operating expenses, including the impact of the drop in value of the Canadian dollar against its U.S. counterpart, also enhanced the overall results. Sharp competition and overcapacity certainly had an impact on profit margins. Moreover, the improved results of companies subject to significant influence and lower interest expenses were also notable factors.

REVENUES

The Corporation's operations are divided into two main seasons: winter, from November to April, when it markets flights and packages originating in Canada and France, mainly to sunshine destinations; and summer, when it offers flights and packages primarily between Canada and Europe, as well as departures from France for destinations in the Mediterranean region, North America and the Caribbean. During the summer, sales are concluded with Canadians travelling to Europe as well as with Europeans travelling to Canada.

WINTER 1998-1999

The Corporation's revenues for the 1998-1999 winter season totalled $815 million compared with $669 million in the same period last year, an increase of approximately $146 million or 21.8%. This performance is attributable to the increased volume in both the Canadian and French markets, as well as rising prices stemming from substantial cost increases generated, among other things, by the weak Canadian dollar. During the winter season, the strength of the French franc against the Canadian dollar also contributed to the increase in sales.

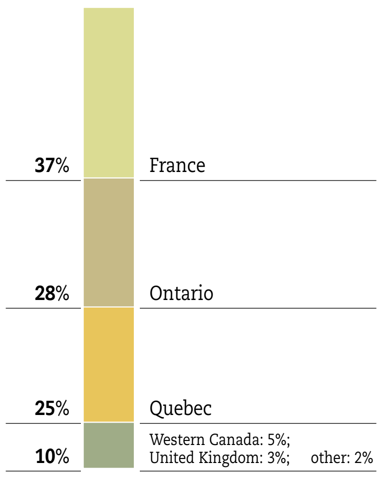
During the 1998-1999 winter season, the growth in revenues for all the group's tour operators in Canada, except for Regent Holidays, ranged from 11% to 25%. The Corporation thus continues to post a substantial increase in sales in Western Canada. Despite sharp competition, particularly with respect to the marketing of air-only travel, the Corporation has maintained a leadership position in its markets and is therefore pursuing its development. With respect to Regent Holidays' lower sales, it may be explained by, among other things, the reduction in cruise offerings, which was undertaken to improve the profitability of this type of activity. In light of the overcapacity in the cruise market, particularly in Ontario, the Corporation thereby undertook to market a portion of its overall cruise offerings in Quebec and in France.

In France, Vacances Air Transat (France), which is continuing to develop its sunshine destination market, mainly with regard to the Caribbean, reported growth in revenues of over 50% in winter 1998-1999, compared with the previous year. During the 1998-1999 winter season, sunshine destinations in the Caribbean accounted for 79% of the revenues generated by Vacances Air Transat (France), compared with 74% in the previous winter season. Moreover, Look Voyages' revenues rose more than 54% as a result, among other things, of the addition to its product offering of cruises and two new Lookéa clubs, one in Cuba and the other in Guadeloupe . As well, the strength of the French franc last winter contributed to the growth in revenues posted by Vacances Air Transat (France) and by Look Voyages.

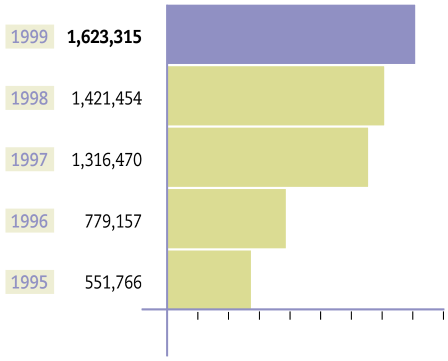
Revenues per season
(in thousands of dollars)

	1999	1998	Change in $	Change in %
Winter season	814,914	668,993	145,921	+ 21.8%
Summer season	808,401	752,461	55,940	+ 7.4%
Total	1,623,315	1,421,454	201,861	+ 12.4%

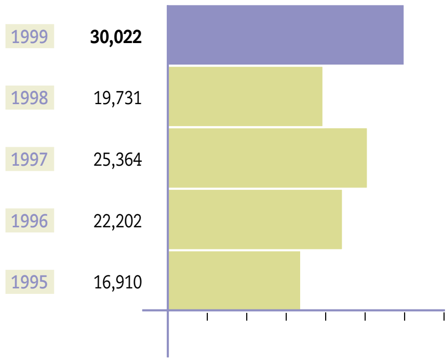
Source of revenues
for fiscal 1999



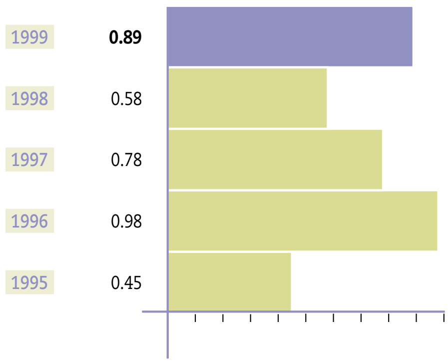
Revenues
for the years ended
October 31
(in thousands of dollars)



Net income
for the years ended
October 31
(in thousands of dollars)



Earnings per share
for the years ended
October 31
(in dollars)



Similarly, Air Transat's revenues, including those generated from business activities within the group, grew by approximately 11%. During the winter season, Air Transat added one Lockheed L-1011-500 to its fleet and leased another to STAR Airlines in France. Thus, during the winter season, Air Transat operated ten Lockheed L-1011-150s, four Lockheed L1011-500s (including the one leased to STAR Airlines), five Boeing 757s, two Boeing 737-400s and one Airbus A-330-200. The latter was delivered on February 24, and a second was added to the fleet in April. With the addition of these two aircraft, the Corporation has begun the fleet renewal process that will take place over the next few years.

SUMMER 1999

Revenues for the summer season rose from $752.5 million in 1998 to $808.4 million in the 1999 summer season, up $55.9 million, or 7.4%. For the last six months of 1999, revenues of our Canadian outgoing tour operators Air Transat Holidays and World of Vacations, were up compared with the 1998 summer season, due to higher volumes and prices, despite sharp competition and excess capacity, especially with respect to European destinations. As for Regent Holidays, revenues were down in part because of the war in Kosovo that no doubt discouraged travel to neighbouring countries, such as Greece, or cruise vacations in the Mediterranean region.

In France, Brok'Air's revenues rose by approximately 30%, while those of Vacances Air Transat (France) increased by approximately 19% (excluding the currency translation). Vacances Air Transat (France) partly recovered the drop in sales for Canadian destinations experienced last year and continued with the promotion of destinations in the U.S. and the Caribbean. The improved sales volume in the French market also had an impact on DMC Transat, our incoming tour operator, whose activities focus primarily on leisure travel from France to Canada. The excellent performance posted by Vacances Air Transat (France) was partially offset by the decline in the value of the French franc in the 1999 summer season compared with 1998.

Look Voyages' volume rose in the summer season, while sales prices remained stable. However, the increase was more than offset by the decline in the French currency, as mentioned, thereby resulting in a slight drop in revenue on consolidation. It should be remembered that growth in the European travel market slowed last summer as a result of the war in Kosovo and problems in Turkey.

1:20 PM Putting the final touches on the 1999-2000 brochure.

Finally, Air Transat's sales, including from business activities within the group, increased by approximately $36 million, or 13%. As in the winter season, Air Transat experienced solid growth. As at October 31, 1999, its fleet of aircraft consisted of nine Lockheed L-1011-150s, four Lockheed L-1011-500s, five Boeing 757s, two Airbus A330-200s and one Airbus A330-300.

Overall, a number of reasons were behind the growth of consolidated revenues during the summer of 1999 over the previous summer: first, increased volumes in France and Canada as well as improved load factors; second, higher sales prices made necessary by the general increase in costs. However, these positive elements were offset by the decline in the value of the French franc against the Canadian dollar, which had a negative impact on revenues generated in French francs when converted into Canadian dollars. Given the hedging of the foreign exchange risk through the use of forward contracts and the fluctuation in the conversion rates for transactions in French francs, income before income taxes decreased by approximately $0.8 million in 1999 compared with 1998.

OPERATING EXPENSES AND PROFITABILITY

With respect to operating expenses, the drop in value of the Canadian dollar against the U.S. dollar is the factor that had the most impact on the results for the year. Indeed, a large portion of the Corporation's expenses are incurred in U.S. dollars. They include leasing of aircraft, fuel, maintenance and airport costs, as well as hotel room reservations for sunshine destinations.

During the 1998-1999 winter season, the value of the Canadian dollar was on average US$0.66 compared with an average of US$0.71 in the previous winter. During the summer, the Canadian dollar fluctuated around US$0.68, similar to its level in the same season last year. Although the Corporation has a policy of hedging foreign exchange risk through the use of forward contracts, it suffered seriously from the decline in the Canadian dollar which, from the fall of 1998 to the summer of 1999, traded below US$0.67. For the whole year, the weakening of the Canadian dollar had an impact of over $18 million on our margins, essentially incurred during the 1998-1999 winter season. This currency fluctuation generated an increase in costs, partially covered by higher sales prices; nevertheless, it had a significant impact on profitability for the year.

A new season is coming with vacation packages for every taste.

The combination of higher volume in 1999 compared with 1998 and higher purchase prices charged by suppliers resulted in an increase in overall expenses. With respect to our airline operations, aircraft maintenance costs remained subject to upward pressure. Fuel is another cost that has a substantial impact on profitability. In the first three quarters, fuel prices were lower than in the corresponding period last year. Given the level of world fuel prices and fuel purchase contracts negotiated, the Corporation achieved savings for the current year compared with last year.

Amortization expenses for the year increased by close to $4 million compared with 1998. The increase stems from acquisition and improvement programs related to aircraft and other assets of the Corporation.

The inclusion of Look Voyages' results had a positive impact on income in 1999. For the first time since it was acquired by Transat, Look Voyages reported a profit in spite of factors, such as the war in Kosovo and events in Turkey, which had a negative impact. Look Voyages' sales for the year totalled over $400 million, up 18% compared with last year. Its results also improved substantially, and Look Voyages reported consolidated income before income taxes in the amount of $4.6 million for the current year compared with a consolidated loss before income taxes of $1.2 million in 1998. This improvement is primarily explained by higher volumes and improved load factors. STAR Airlines, a company on which Look Voyages exercises a significant influence, also contributed positively to Look Voyages' financial performance. Now that it is profitable, Look Voyages is committed to growth, in particular in the area of vacation packages.

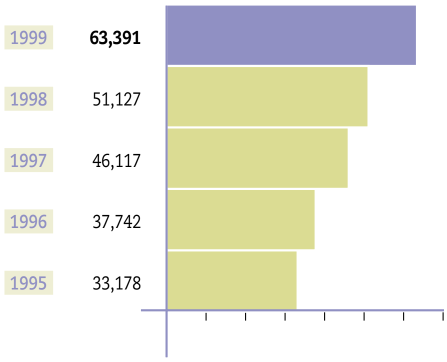
World of Vacations posted a loss for the year ended October 31, 1999, but of a lesser magnitude than that of the previous year. Management is still working on streamlining activities and repositioning the company in its markets.

7:10 PM Changing hues with the setting sun.

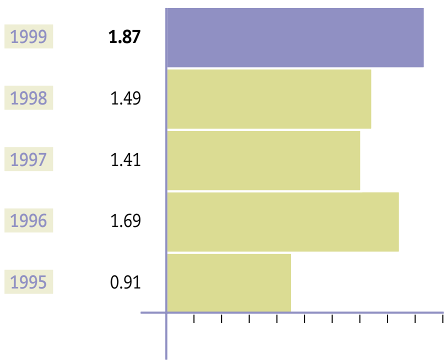
FINANCIAL POSITION

The Corporation's cash position as at October 31, 1999 was $173.9 million (including $33.0 million in trust) compared with $155.7 million (including $22.3 million in trust) at the same date last year. During the year, operating activities generated cash in the amount of $89.9 million, while investing and financing activities required $28.4 million and $42.3 million, respectively. Thus, these activities resulted in a net increase in cash and cash equivalents of $18.1 million for the year.

Operating cash flow
for the years ended
October 31
(in thousands of dollars)



Operating cash flow per share
for the years ended
October 31
(in dollars)



Net cash inflow provided by operating activities is largely due to an operating cash flow generated by the Corporation that amounted to $63.4 million ($1.87 per share or $1.79 on a fully diluted basis) this year, compared with $51.1 million ($1.49 per share or $1.43 on a fully diluted basis) in 1998. Moreover, a significant cash amount of about $24.5 million was generated by working capital, an improvement over last year when cash in the amount of over $15.1 million was invested in working capital.

The Corporation used $28.4 million for investing activities during the year ended October 31, 1999, of which $13.6 million were additions to capital assets and rotable aircraft spare parts, and close to $9.0 million were deposits with suppliers. Additions to capital assets primarily included one Lockheed L-1011-500 to Air Transat's fleet, as well as the purchase of computer hardware and software, in particular with respect to the Year 2000 changeover. It should be noted that the Corporation made retroactive changes to the presentation of its statement of cash flows, in particular by excluding the investing and financing activities that have no impact on cash or cash equivalents. Based on this approach, the acquisition of assets under a capital lease is now excluded from the Corporation's statement of cash flows. As well, the Corporation used $5.8 million to acquire other assets.

Finally, during the year, $42.3 million was used for financing activities. The repayment of various debts required approximately $37 million in cash, while the financing of capital assets mentioned previously provided $4.8 million in cash. Moreover, the Corporation used about $10.7 million as part of its program to redeem common shares in the normal course of business and received $633,000 from issues of shares.

6:25 AM A simple ritual, long before the sun and guests rise.

RISK MANAGEMENT

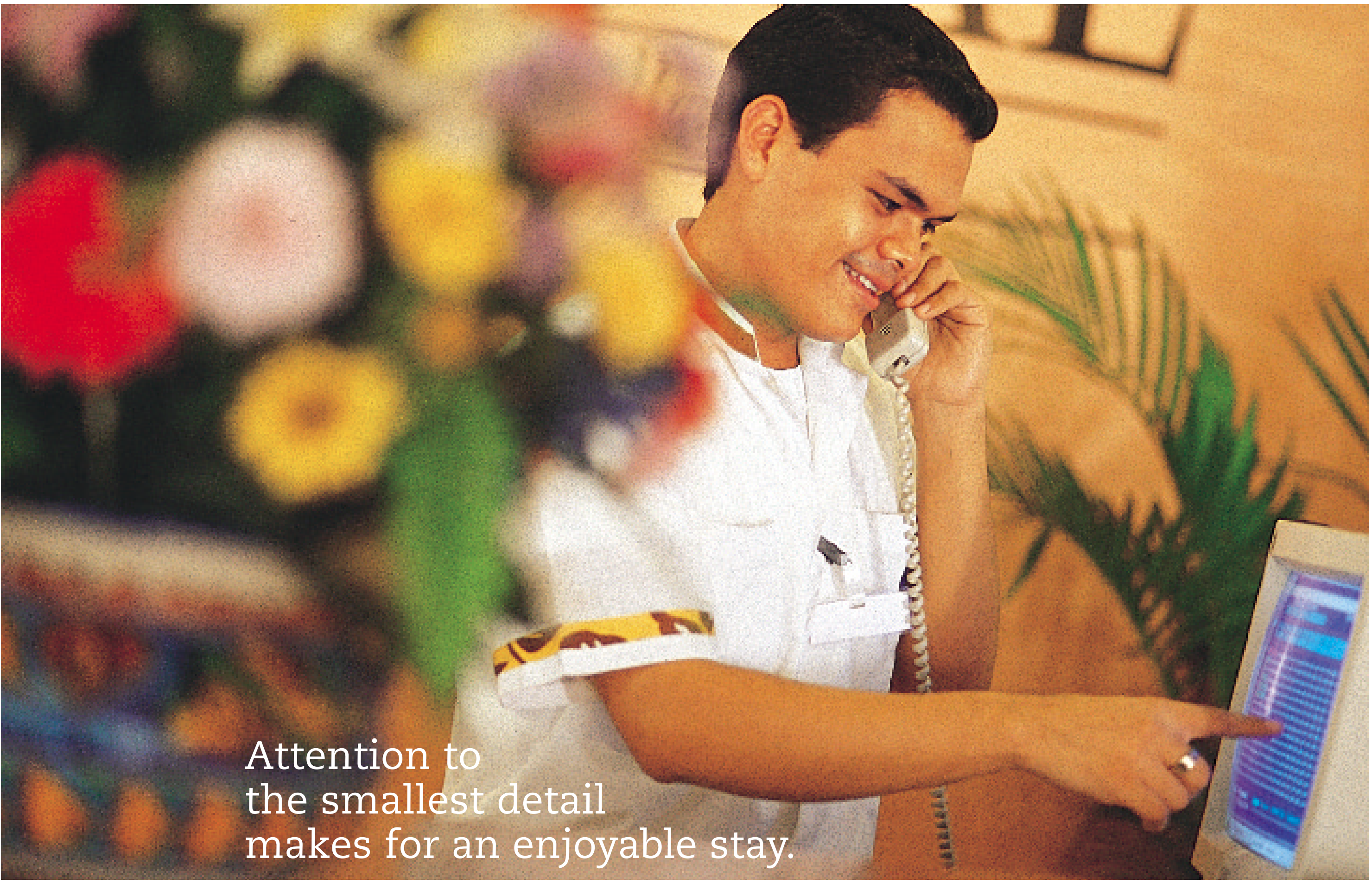
FUEL AND FOREIGN CURRENCY

As part of its operations, Transat spends significant amounts on fuel for its aircraft. It uses fuel purchasing contracts with terms not exceeding one year to protect against unstable fuel prices. Management considers the current environment risky, given the amount of money the Corporation spends on fuel, volatile fuel prices and the possible impact on the sales prices of the Corporation's products.

In order to manage foreign exchange risk, the Corporation enters into foreign exchange forward contracts.

Information relating to fuel purchasing contracts and foreign exchange forward contracts is presented in note 18 to the consolidated financial statements.

Given the sharp rise in the price of fuel in the fall of 1999, and in order to minimize its negative effect on results, a surcharge was imposed at the beginning of fiscal 2000 to cover part of the excess costs for the 1999-2000 winter season.



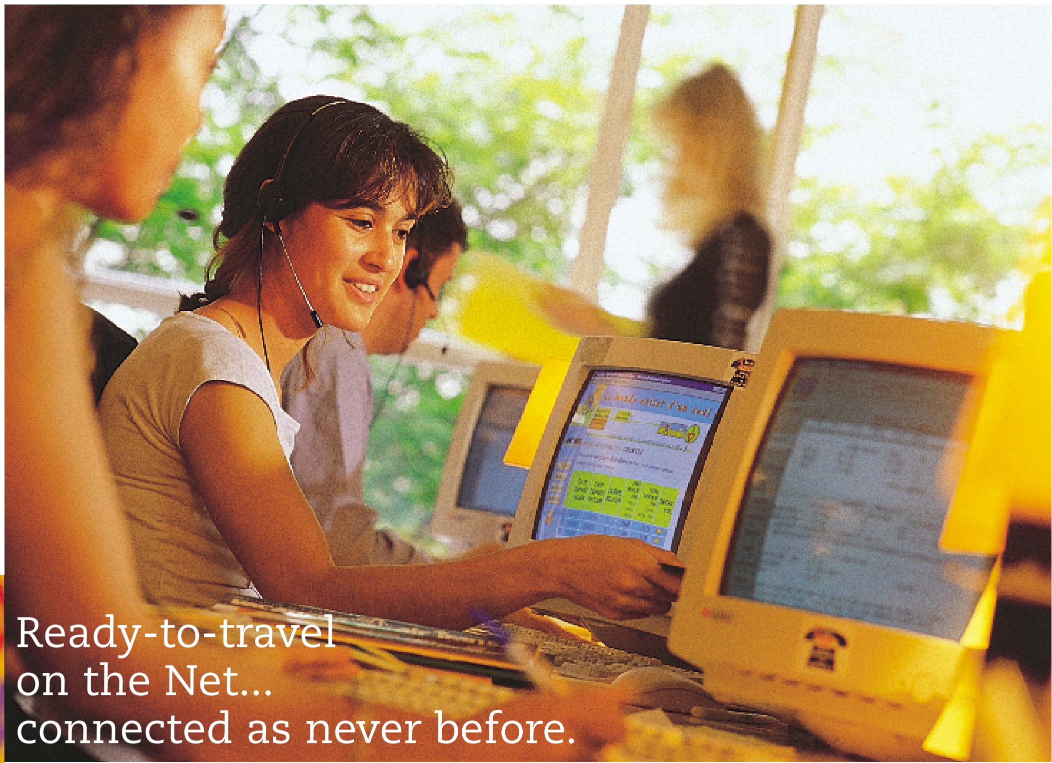
THE YEAR 2000

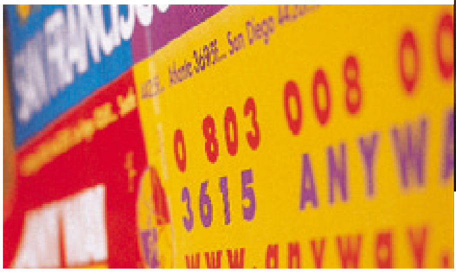
In order to facilitate a smooth transition to the Year 2000 and to ensure that the integrity and continuity of the Corporation's operations can be maintained after December 31, 1999, Transat has carried out the required changes to its information systems, software and other computer equipment. The Year 2000 compliance project, which includes the creation of a contingency plan, was developed and implemented in all the group's subsidiaries and affiliated companies. Management considers that all necessary and appropriate measures have been taken.

The Corporation has not experienced any information processing problems to date that might be associated with the Year 2000 issue. However, it is still too early to state with any certainty that the Corporation will not experience any difficulties of this kind.

The total costs of the Year 2000 project are evaluated at $2.7 million, which are mainly charged against the results or capitalized as improvements if they prolong the useful life of the underlying assets. As at October 31, 1999, the Corporation had charged the cumulative direct costs of approximately $2.5 million against its results for the Year 2000 project.

Lorraine Maheu (Signed)
Vice-President, Finance and Administration and
Chief Financial Officer





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www.anyway.fr
www.transat.com

The consolidated financial statements are the responsibility of Management and have been approved by the Board of Directors. Management's responsibility in this respect includes the selection of appropriate accounting principles as well as the exercise of sound judgment in establishing reasonable and fair estimates in accordance with generally accepted accounting principles which are adequate in the circumstances. The financial information presented throughout this annual report is consistent with that appearing in the financial statements.

The Corporation and its affiliated companies have set up accounting and internal control systems designed to provide reasonable assurance that the Corporation's assets are safeguarded against loss or unauthorized use, and that its books of account may be relied upon for the preparation of financial statements.

The Board of Directors is responsible for the consolidated financial statements through its Audit Committee. The Audit Committee reviews the annual consolidated financial statements and recommends their approval to the Board of Directors. The Audit Committee is also responsible for analyzing, on an ongoing basis, the results of the audits by the external auditors of the accounting methods and policies used as well as of the internal control systems set up by the Corporation. These financial statements have been audited by Ernst & Young LLP, the external auditors. Their report on the consolidated financial statements appears below.

Jean-Marc Eustache (Signed)
Chairman of the Board,
President and Chief Executive Officer

Lorraine Maheu (Signed)
Vice-President,
Finance and Administration
and Chief Financial Officer

TRANSAT A.T. INC.

MANAGEMENT REPORT AND AUDITORS' REPORT

To the Shareholders of Transat A.T. Inc.

We have audited the consolidated balance sheets of Transat A.T. Inc. as at October 31, 1999 and 1998 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at October 31, 1999 and 1998 and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Montreal, Canada
January 11, 2000

Ernst & Young LLP (Signed)
Chartered Accountants

TRANSAT A.T. INC.

CONSOLIDATED BALANCE SHEETS

As at October 31
[In thousands of dollars]

	1999 $	1998 $
ASSETS *[notes 7, 8 and 10]*		
Current assets		
Cash and cash equivalents *[note 3]*	**173,868**	155,720
Accounts receivable *[note 15]*	**63,259**	47,323
Inventories	**10,404**	13,380
Deposits with suppliers	**25,287**	20,807
Prepaid expenses	**29,525**	23,543
Total current assets	**302,343**	260,773
Deposits *[note 4]*	**27,167**	20,061
Tax benefits	**19,788**	18,980
Inventory of rotable aircraft spare parts *[note 8]*	**12,877**	8,474
Investments in companies subject to significant influence	**17,151**	15,718
Capital assets *[note 5]*	**118,200**	120,837
Goodwill	**33,484**	36,026
Other assets *[note 6]*	**14,336**	15,698
	545,346	496,567
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank loans *[note 7]*	**5,154**	16,637
Accounts payable and accrued liabilities *[note 15]*	**130,729**	113,673
Customer deposits and deferred income	**84,388**	64,005
Income taxes payable	**6,583**	208
Current portion of long-term debt and obligations under capital leases *[notes 8 and 9]*	**18,453**	18,832
Total current liabilities	**245,307**	213,355
Long-term debt *[note 8]*	**43,464**	44,975
Obligations under capital leases *[note 9]*	**42,426**	45,569
Debenture *[note 10]*	**10,000**	10,000
	341,197	313,899
Shareholders' equity		
Share capital *[note 11]*	**111,126**	115,795
Retained earnings	**93,720**	69,156
Deferred translation adjustments	**(697)**	(2,283)
	204,149	182,668
	545,346	496,567

On behalf of the Board:
Jean-Marc Eustache (Signed), Director
André Bisson (Signed), O.C., Director

Contingencies
[note 19]

See accompanying notes to consolidated financial statements

TRANSAT A.T. INC.

CONSOLIDATED STATEMENTS OF INCOME

Years ended October 31
(In thousands of dollars, except per share amounts)

	1999 $	1998 $
Revenues	**1,623,315**	1,421,454
Operating expenses	**1,532,538**	1,349,175
Income before the following accounts	**90,777**	72,279
Amortization *[note 13]*	**34,553**	30,593
Interest on long-term debt, obligations under capital leases and debenture	**9,720**	10,269
Other interest and financial expenses	**2,608**	2,977
Interest income	**(8,584)**	(8,769)
	38,297	35,070
Income before share of net income of companies subject to significant influence, income taxes and goodwill charges	**52,480**	37,209
Share of net income of companies subject to significant influence	**2,918**	1,796
Income taxes (recovered) *[note 14]*		
Current	**23,642**	16,675
Deferred	**(808)**	(14)
	22,834	16,661
Net income before goodwill charges	**32,564**	22,344
Goodwill charges	**2,542**	2,613
Net income for the year	**30,022**	19,731
Net earnings per share before goodwill charges		
Earnings per share	**0.96**	0.65
Diluted earnings per share	**0.93**	0.63
Net earnings per share		
Earnings per share	**0.89**	0.58
Diluted earnings per share	**0.86**	0.56

TRANSAT A.T. INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended October 31
(In thousands of dollars)

	1999 $	1998 $
Retained earnings at beginning of year	**69,156**	49,425
Net income for the year	**30,022**	19,731
Premium paid on redemption of common shares *[note 11]*	**(5,458)**	—
Retained earnings at end of year	**93,720**	69,156

See accompanying notes to consolidated financial statements

TRANSAT A.T. INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended October 31
(In thousands of dollars)

	1999 $	1998 $
OPERATING ACTIVITIES		
Net income for the year	**30,022**	19,731
Add items not involving an outlay (receipt) of cash		
Amortization and goodwill charges	**37,095**	33,206
Share of net income of companies subject to significant influence	**(2,918)**	(1,796)
Deferred income taxes	**(808)**	(14)
Operating cash flow	**63,391**	51,127
Net change in non-cash working capital balances related to operations	**24,534**	(15,109)
Deposits for engine and airframe overhauls	**983**	(214)
Cash flows from operating activities	**88,908**	35,804
INVESTING ACTIVITIES		
Additions to capital assets *[note 5]*	**(6,711)**	(8,828)
Deposits	**(8,975)**	(4,477)
Other assets	**(5,838)**	(2,889)
Purchase of rotable aircraft spare parts	**(6,906)**	(210)
Cash flows from investing activities	**(28,430)**	(16,404)
FINANCING ACTIVITIES		
Long-term debt—revolving term loan	**(4,893)**	(142)
Increase in other long-term debt	**4,832**	201
Repayment of other long-term debt and obligations under capital leases	**(20,659)**	(27,562)
Bank loans	**(11,483)**	6,319
Issue of common shares	**633**	800
Repurchase of common shares	**(10,760)**	—
Recovery of deposits for engine and airframe overhauls	**—**	15,371
Cash flows from financing activities	**(42,330)**	(5,013)
Net increase in cash and cash equivalents	**18,148**	14,387
Cash and cash equivalents at beginning of year	**155,720**	141,333
Cash and cash equivalents at end of year	**173,868**	155,720

Income taxes and interest paid during the year are $15,363,000 [$22,286,000 in 1998] and $10,682,000 [$11,575,000 in 1998] respectively.

See accompanying notes to consolidated financial statements

TRANSAT A.T. INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 31, 1999 and 1998
(Tabular figures in thousands of dollars)

1 INCORPORATION AND NATURE OF BUSINESS

Transat A.T. Inc., incorporated under the Canada Business Corporations Act, is an integrated company in the tourism industry. Tour operators offer holiday travel packages with transportation provided in part by commercial charter flights operated by member companies of the group. In addition, Consultour/Club Voyages Inc., a company subject to significant influence, acts as a franchisor in the travel industry, and Services Haycot Inc., a company subject to significant influence, offers airport ground handling and representation services.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation have been prepared by Management in accordance with accounting principles generally accepted in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in Management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation, its subsidiaries and joint ventures as well as the investments in companies subject to significant influence, of which the major ones are:

Corporate entities	Interest held on October 31, 1999	Accounting method
Air Transat A.T. Inc.	100%	Consolidated
Air Transat Holidays A.T. Inc.	100%	Consolidated
Cameleon Hotel Management Corporation	100%	Consolidated
Exit Travel Inc.	100%	Consolidated
Les Voyages Nolitour Inc.	100%	Consolidated
Regent Holidays Limited	100%	Consolidated
Tourbec (1979) Inc.	100%	Consolidated
Transat A.T. Barbados Limited	100%	Consolidated
Vacances Air Transat Holidays [Florida]	100%	Consolidated
Vacances Air Transat (France) S.A.S.	100%	Consolidated
Vacances A.T. Europe S.A.	100%	Consolidated
Look Voyages S.A.	97.9%	Consolidated
DMC Transat Inc.	66.7%	Proportionate consolidation
Consultour/Club Voyages Inc. and its subsidiary	50%	Equity method
Services Haycot Inc.	50%	Equity method
STAR Airlines S.A.	48.5%	Equity method
Brok'Air S.A. and its subsidiaries	39%	Proportionate consolidation
World of Vacations Ltd.	35%	Proportionate consolidation

Cash equivalents

Cash equivalents consist primarily of commercial papers, term deposits and bankers' acceptances that are readily convertible into known amounts of cash. These investments are recorded at cost plus accrued interest and their carrying values approximate their fair market values.

Inventories

Inventories are valued at the lower of cost determined according to the first-in, first-out method and market value. Market value, in the case of duty-free merchandise, is equal to net realizable value and for other inventories it is equal to replacement value.

2 SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Rotable aircraft spare parts

Inventories of rotable aircraft spare parts are valued at the lower of cost, determined according to the average cost method, and replacement value. Depending on the category, spare parts are amortized based on their use or the duration of the aircraft lease.

Capital leases

Capital leases which transfer substantially all the benefits and inherent risks related to the ownership of the property leased to the Corporation are capitalized by recording as assets and liabilities the present value of the payments under the leases. The property leased and recorded in this way is amortized over its estimated useful life. Rental payments are recorded partly against the amount of the obligation and partly as interest.

Capital assets

Capital assets are recorded at cost and are amortized, taking into account their residual value, on a straight-line basis over their estimated useful lives [except for aircraft engines which are amortized based on the number of cycles used and the Lockheed L-1011-150 aircraft, whether owned or rented under capital leases, which are amortized based on the estimated number of years of utilization of these aircraft as a whole], as follows:

Property under capital leases	
Aircraft	10 to 12 years
Other property	Lease term
Owned assets	
Hangar and administrative building	35 years
Improvements to aircraft under operating leases	Lease term
Aircraft equipment	10% and 20%
Computer equipment, software and other	20%, 25%, 30% and 33 1/3%
Office furniture and equipment	10%, 20% and 25%
Leasehold improvements	Lease term
Automotive equipment	20% and 30%

Engine and airframe overhaul expenses

Engine and airframe overhaul expenses are determined based on their estimated cost and are charged to income according to the number of flying hours recorded during the year.

Foreign currency translation

Foreign operations are divided into two categories: integrated and self-sustaining operations. Look Voyages S.A. and Brok'Air S.A. are self-sustaining operations whereas Vacances Air Transat (France) S.A.S. is an integrated operation.

(a) Self-sustaining operations

All assets and liabilities of self-sustaining operations are translated at the exchange rates in effect at year-end. Revenues and expenses are translated at average rates of exchange during the period. Net gains or losses resulting from the translation of assets and liabilities are shown under the heading of "Deferred translation adjustments" in shareholders' equity.

(b) Integrated operations and accounts in foreign currencies

The accounts of integrated operations and accounts of the Corporation denominated in foreign currencies are translated using the temporal method. Under this method, monetary items on the balance sheet are translated at the exchange rates in effect at year-end, while non-monetary items are translated at the historical rates of exchange. Revenues and expenses [other than amortization which is translated at the exchange rates applying to the related capital assets] are translated at the rates of exchange on the transaction date or at the average exchange rates for the period. Gains or losses resulting from the translation are included in the statement of income except for those related to a monetary item whose lifetime is pre-determined and extends beyond the end of the following fiscal year, which are amortized over the remaining life of the related asset or liability.

2 SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Revenue recognition

Revenue earned from passenger transportation is recorded upon each return flight. Revenue of tour operators and retail travel agents and the related costs are recorded at the time of the departure of the passengers. Amounts received for services not yet rendered are included in current liabilities as customer deposits and deferred income.

Goodwill

Goodwill is recorded at cost and is amortized on a straight-line basis over periods from 10 to 20 years. The Corporation evaluates the carrying value of goodwill each year to determine if there has been a decline in value based on estimates of current and expected undiscounted cash flows from operations of each underlying business taking into consideration operating trends and other relevant factors.

Derivative instruments

The Corporation uses foreign exchange forward contracts to hedge against currency exchange rate variations related to long-term debt and lease payments denominated in other currencies, aircraft operating lease payments, receipt of revenue from some tour operators and disbursements pertaining to some operating expenses. The gains or losses on these contracts resulting from exchange rate variations are recorded in income when the related hedging transactions are realized.

To protect itself against variations in fuel costs, the Corporation has entered into fuel hedging contracts. The resulting gains or losses are recorded in fuel costs as purchases of fuel are made.

Income taxes

The Corporation provides for income taxes using the tax deferral method. Under this method, temporary differences between income for accounting and for tax purposes result in deferred income taxes.

3 CASH AND CASH EQUIVALENTS

As at October 31, 1999, cash balances amounting to $32,966,000 [$22,258,000 in 1998] were held in trust and represent funds received from customers for services not yet rendered.

Further to the issuance of a letter of guarantee by its bankers, Air Transat A.T. Inc. is required to reserve a cash amount at least equal to the deposits received from tour operators for flights not made. As at October 31, 1999, an amount of $5,567,000 had been reserved for this purpose [$4,112,000 in 1998].

As at October 31, 1999, bank accounts and term deposits amounting to $4,390,000 [$11,595,000 in 1998] were pledged as collateral security against letters of guarantee issued by financial institutions.

4 DEPOSITS

	1999	1998
	$	$
Deposits on leased aircraft	**16,955**	9,661
Other deposits	**7,429**	6,635
Deposits for engine and airframe overhauls	**2,783**	3,765
	27,167	20,061

5 CAPITAL ASSETS

	1999 Cost $	1999 Accumulated amortization $	1998 Cost $	1998 Accumulated amortization $
Property under capital leases				
Aircraft	**123,932**	**49,371**	128,381	46,028
Others	**10,435**	**3,049**	5,815	2,071
	134,367	**52,420**	134,196	48,099
Owned assets				
Aircraft engines	**1,632**	**1,557**	4,095	3,982
Hangar and administrative building	**6,089**	**979**	6,001	799
Aircraft	**17,632**	**8,756**	13,101	4,868
Improvements to aircraft under operating leases	**2,040**	**1,163**	1,402	929
Aircraft equipment	**13,393**	**9,429**	13,527	8,409
Computer equipment, software and other	**25,920**	**15,205**	20,804	11,908
Office furniture and equipment	**10,435**	**6,834**	9,620	5,965
Leasehold improvements	**5,855**	**3,469**	5,440	2,999
Automotive equipment	**1,488**	**839**	1,244	635
	84,484	**48,231**	75,234	40,494
	218,851	**100,651**	209,430	88,593
Accumulated amortization	**100,651**		88,593	
Net book value	**118,200**		120,837	

During the year, assets acquired using capital lease financing totalled $18,618,000 [$15,328,000 in 1998].

6 OTHER ASSETS

	1999 $	1998 $
Deferred costs [unamortized balance]		
Foreign exchange loss on long-term monetary items	**1,587**	5,938
Financing costs	**602**	646
Development costs and other	**4,702**	2,336
	6,891	8,920
Loan to a joint venture at 12% interest, net of the Corporation's interest therein *[see note 20]*	**2,167**	2,167
Miscellaneous	**5,278**	4,611
	14,336	15,698

7 BANK LOANS

Operating lines of credit totalling FF130,000,000 [FF124,000,000 in 1998] have been authorized for Look Voyages S.A., of which FF21,915,000 [approximately $5,154,000] was used as at October 31, 1999. Accounts receivable of Look Voyages S.A. totalling FF5,535,000 [approximately $1,302,000] were given as collateral. As at October 31, 1999, the operating lines of credit bear interest at an average rate of 4.5% [4.25% in 1998] corresponding to the average monthly rate of the French money market plus 0.75% to 1%.

8 LONG-TERM DEBT

	1999 $	1998 $
Air Transat A.T. Inc.		
Bank loans and bankers' acceptances at rates ranging between 5.59% and 6.25% [ranging between 6.17% and 6.75% in 1998] [*See a*]	**31,617**	33,539
Term loan, bearing interest at 8%, repayable in monthly instalments of capital and interest totalling US$43,860, maturing in June 2004 and collateralized by a first rank movable hypothec on rotable aircraft spare parts	**4,614**	—
Term loan, bearing interest at 9.46%, repayable in monthly instalments of varying amounts maturing in July 2001 and collateralized by a first rank movable hypothec on an aircraft	**1,435**	2,230
Other loans	**—**	170
Air Transat Holidays A.T. Inc.		
Bank loans and bankers' acceptances at a rate of 5.59% [6.3% in 1998] [*See a*]	**7,029**	10,000
Other subsidiaries		
Term loans maturing in 2000	**100**	448
	44,795	46,387
Less current portion	**1,331**	1,412
	43,464	44,975

Principal instalments payable during the next five years are as follows: 2000 – $1,331,000, 2001 – $39,726,000, 2002 – $493,000, 2003 – $534,000 and 2004 – $2,711,000.

(a) Revolving term loan and special revolving credit

The Corporation, Air Transat A.T. Inc. and Air Transat Holidays A.T. Inc. entered into an agreement with a banking syndicate for a revolving term loan in the amount of $55,000,000 and, with respect to guarantee agreements related to the operations of Air Transat A.T. Inc., a special revolving credit of $35,000,000.

Under the bank agreement, the Corporation and its subsidiaries, Air Transat A.T Inc. and Air Transat Holidays A.T. Inc., granted their bankers movable hypothecs on all their movable property. In addition, the Corporation granted a movable hypothec in respect of the shares of its subsidiaries and Air Transat A.T Inc. granted an immovable hypothec in respect of the hangar and administrative building.

The revolving term loan matures on February 28, 2001 and can be extended for a 12-month period. Under this agreement, amounts can be drawn by way of bankers' acceptances or loans in Canadian or U.S. dollars. The interest rate is based on a rate scale which varies in accordance with the level of financial ratios calculated on a consolidated basis.

9 OBLIGATIONS UNDER CAPITAL LEASES

	1999 $	1998 $
Obligations totalling US$37,511,000 [US$40,661,000 in 1998] related to aircraft, maturing at various dates until 2004	**55,190**	62,736
Obligations totalling US$1,941,000 related to aircraft equipment, maturing at various dates until 2004	**2,855**	—
Other obligations, maturing at various dates until 2004	**1,503**	253
	59,548	62,989
Less current portion	**17,122**	17,420
	42,426	45,569

Obligations under capital leases related to aircraft and to aircraft equipment were determined based on interest rates ranging from 7.7% to 11.9% [from 8.8% to 11.9% in 1998], and those related to other obligations were determined based on rates averaging 6.5% [12% in 1998].

Minimum instalments payable under these leases amount to approximately $70,787,000, $11,239,000 of which is interest, payable as follows for the next five years: 2000 – $21,841,000, 2001 – $16,232,000, 2002 – $16,599,000, 2003 – $5,814,000 and 2004 – $10,301,000.

10 DEBENTURE

The $10,000,000 debenture of Air Transat Holidays A.T. Inc. bears interest at 17.5% and matures on November 1, 2005. The debenture is repayable at Air Transat Holidays A.T. Inc.'s option at any time on or after November 1, 2000, subject to a ten-day prior notice. In the event the debenture is repaid, the redemption price will be such that the holder earns a compound annual return of 20.5% from its issuance on November 1, 1995 [taking into consideration annual interest already paid and recorded at a rate of 17.5%]. The debenture, if not repaid, is convertible into 25% of Air Transat Holidays A.T. Inc.'s common shares on or after November 1, 2000, subject to a 30-day prior notice.

The debenture is collateralized by certain intercorporate guarantees and by a second rank movable hypothec on the shares of a number of the Corporation's subsidiaries and on all of the tangible assets of Air Transat A.T. Inc. and of Air Transat Holidays A.T. Inc. Should the Corporation be subject to a takeover bid, the lender has the option to acquire all of the outstanding shares of Air Transat Holidays A.T. Inc. at a price determined under an agreed formula.

11 SHARE CAPITAL

Authorized

An unlimited number of common shares.

An unlimited number of preferred shares, non-voting, issuable in series, each series bearing the number of shares, designation, rights, privileges, restrictions and conditions as determined by the Board of Directors.

Issued and outstanding

		1999 $	1998 $
32,967,932	common shares [34,429,317 in 1998]	**110,690**	115,359
123,800	preferred shares, series 3	**436**	436
		111,126	115,795

11 SHARE CAPITAL [Cont'd]

The Canada Transportation Act limits to 25% the proportion of the Corporation's common shares that can be held by non-residents.

During the year, the Corporation bought back and cancelled 1,582,590 common shares for a total of $10,760,000 under a normal course issuer bid. The premium paid on the redemption of these shares totalled $5,458,000 and was charged against retained earnings. On October 29, 1999, the Corporation was authorized to prolong its normal course issuer bid, thus enabling it to buy back up to 2,742,595 shares in the subsequent twelve months.

In 1999, the Corporation issued 21,000 common shares [237,200 in 1998] for $28,000 [$421,000 in 1998] under its stock option plan and 100,205 common shares [36,634 in 1998] for $605,000 [$379,000 in 1998] in connection with a common share purchase plan for the employees of the Corporation and its subsidiaries.

The preferred shares, series 3, are non-voting and are entitled to a dividend equal to any dividend declared on the common shares. They are convertible at the rate of one preferred share, series 3, for three common shares and are redeemable at the holder's option at their issue price. It has been agreed that the escrowed shares will be released at the closing of the acquisition transaction in respect of Regent Holidays Limited under which a purchase price balance must be established based on Regent Holidays Limited's net income for the years from 1994 to 1999; it is currently estimated that there will be no purchase price balance payable. Following a transaction carried out in March 1997, a total of 51,671 preferred shares, series 3, are the property of the subsidiary Regent Holidays Limited and are excluded from the balance of issued and outstanding shares.

In 1998, 30,950 preferred shares, series 3, were converted into 92,850 common shares.

At the annual meeting held on March 24, 1999, the shareholders ratified the adoption of a shareholders' subscription rights plan ("rights plan"). The rights plan entitles holders of common shares to acquire, under certain conditions, additional common shares at a price equal to 50% of their market value at the time the rights are exercised. The rights plan is designed to give the Board of Directors time to consider offers, thus allowing shareholders to receive full and fair value for their shares. The rights plan will terminate at the 2002 annual shareholders' meeting, unless it is terminated earlier by the Corporation's Board of Directors.

Options on common shares have been granted under a stock option plan for directors, management and employees. Options granted prior to 1999 may be exercised during a five-year period after the grant date, whereas those granted as of 1999 may be exercised during a ten-year period, subject to approval by shareholders.

The number of options has varied as follows:

	1999	1998
Balance at beginning of year	**983,000**	1,154,450
Granted	**751,738**	105,000
Exercised and cancelled	**(96,000)**	(276,450)
Balance at end of year	**1,638,738**	983,000

The options granted and outstanding at year-end are as follows:

Grant date	Exercise price $	1999	1998
1995	0.83	**31,500**	42,000
1996	1.83	**74,750**	85,250
1997	12.32	**735,750**	750,750
1998	9.93 to 12.83	**45,000**	105,000
1999	6.45 to 7.05	**751,738**	—
		1,638,738	983,000

12 JOINT VENTURES

The Corporation's share in the assets, liabilities, revenues, expenses and cash flows of joint ventures is summarized as follows:

	1999 $	1998 $
Balance sheet		
Cash and cash equivalents	**10,884**	10,875
Other current assets	**5,493**	5,996
Capital assets	**1,140**	1,171
Other long-term assets	**6,214**	5,769
	23,731	23,811
Current liabilities	**19,896**	19,329
Shareholders'equity	**3,835**	4,482
	23,731	23,811
Statement of income		
Revenues	**123,382**	106,269
Expenses	**124,082**	107,753
Net loss	**(700)**	(1,484)
Statement of cash flows		
Operating activities	**997**	237
Investing activities	**(456)**	(291)
Financing activities	**(532)**	350
Net increase in cash and cash equivalents	**9**	296

Revenues and expenses include sales of $11,929,000 and purchases of $19,557,000 with the Corporation for the year ended October 31, 1999 [sales of $9,561,000 and purchases of $16,475,000 in 1998].

The commitments presented in note 17(a) include the Corporation's share in the commitments of joint ventures.

13 AMORTIZATION

	1999 $	1998 $
Capital assets	**26,319**	23,742
Rotable aircraft spare parts	**3,503**	3,800
Deferred costs and other assets	**3,083**	2,529
Deferred foreign exchange loss	**1,648**	522
	34,553	30,593

14 INCOME TAXES

Income tax expense as presented differs from the amount calculated by applying the statutory income tax rate to income before share of net income of companies subject to significant influence, income taxes and goodwill charges.

The reasons for this difference and the impact on income tax expense are as follows:

	1999 $	1998 $
Statutory income tax rate	**39.5%**	41.3%
Income tax expense at statutory rate	**20,730**	15,367
Income taxes related to:		
Non-deductible expenses and other permanent differences	**1,780**	1,480
Foreign exchange variance on translation of financial statements	**324**	(186)
	22,834	16,661

15 RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of its operations, the Corporation entered into the following transactions with related companies:

	1999 **$**	1998 $
Revenues from companies subject to significant influence	**37,421**	27,009
Purchases from companies subject to significant influence	**87,750**	67,034

The balances receivable from and payable to related companies included in the accounts receivable and accounts payable and accrued liabilities are as follows:

	1999 **$**	1998 $
Accounts receivable from companies subject to significant influence	**6,767**	3,139
Accounts payable and accrued liabilities due to companies subject to significant influence	**3,669**	5,011

16 PENSION PLAN

During the year, the Corporation implemented a defined benefit pension plan covering certain of its executives. As at October 31, 1999, the actuarial present value of accrued pension benefits and the actuarial deficit amounted to $810,000.

17 COMMITMENTS

(a) As at October 31, 1999, the Corporation's commitments under operating leases relating to aircraft, land, automotive equipment, telephone systems and office premises amounted to $427,953,000 broken down as follows: $18,349,000, US$270,488,000 and FF44,753,000.

Annual instalments to be paid under these leases during the next five years are as follows:

Year	$
2000	76,085
2001	67,630
2002	57,860
2003	45,265
2004	37,703

(b) As at October 31, 1999, Air Transat A.T. Inc. entered into a commitment to acquire one engine and spare parts under a capital lease. The obligation under this lease maturing in 2009 will be US$10,000,000 [approximately $14,754,000], based on LIBOR plus 2%.

(c) In 2001, the joint venturer in DMC Transat Inc. will have the option of selling to the Corporation and to Air Transat Holidays A.T. Inc. the shares of DMC Transat Inc. which it holds at a price equal to the greater of 7.5 times the average net income earned by DMC Transat Inc. during the two previous years and the investment of $2,500,000 plus the amount required to provide an annual return of 7% starting in May 1995.

(d) In September 1999, the Corporation signed a letter of intent whereby it entered into a commitment to acquire the balance of outstanding shares of Brok'Air S.A., namely 61%, for a consideration of approximately $3,000,000.

18 FINANCIAL INSTRUMENTS AND OTHER DERIVATIVE INSTRUMENTS

In the normal course of its operations, the Corporation is exposed to risks related to exchange rate fluctuations for certain currencies and fuel cost variations. The Corporation manages these risks by entering into various derivative financial instruments. The Corporation's Management is responsible for determining the acceptable level of risk and only uses derivative financial instruments to hedge existing commitments or obligations and not to realize a profit on trading operations.

Credit risk related to derivative instruments

The theoretical risk to which the Corporation is exposed related to derivative financial instruments is limited to the replacement cost of contracts at market rates in effect in the event of default by one of the parties. Management is of the opinion that the credit risk related to derivative instruments is well controlled because the Corporation only enters into agreements with large financial institutions and multinational companies.

Management of fuel price and foreign exchange risks

The Corporation enters into fuel purchasing contracts that do not exceed one year to manage fuel price fluctuation risks. The unrealized gains and losses on these contracts were not significant as at October 31, 1999 and 1998.

The Corporation has also entered into foreign exchange forward contracts of less than one year for the purchase and sale of foreign currencies to manage foreign exchange risks. As at October 31, 1999, the face value of these contracts to purchase and sell foreign currencies amounted to approximately $281,801,000 and $30,204,000 respectively [$151,789,000 and $92,864,000, respectively in 1998].

The fair value of foreign exchange forward contracts generally reflects the estimated amounts that the Corporation would receive from settlements of favourable contracts or that it would be required to pay to cancel unfavourable contracts at year-end. These estimated fair values are based on the rates in effect at financial institutions. As at October 31, the fair values in the event of a settlement were as follows:

	1999 **$**	1998 $
Favourable foreign exchange forward contracts	**4,647**	1,775
Unfavourable foreign exchange forward contracts	**—**	(15,895)
	4,647	(14,120)

It is the Corporation's policy not to speculate either on contracts to purchase fuel or on foreign exchange positions. Thus, contracts are normally maintained until maturity according to the primary objective of hedging risks.

Concentration of credit risk

The Corporation believes it is not exposed to a significant concentration of credit risk. Cash and cash equivalents are invested on a diversified basis in corporations benefiting from an excellent credit rating. Accounts receivable generally arise from the sale of vacation packages to individuals through retail travel agencies and the sale of seats to tour operators which are dispersed over a wide geographic area.

18 FINANCIAL INSTRUMENTS AND OTHER DERIVATIVE INSTRUMENTS [Cont'd]

Fair value of financial instruments

Due to their short-term nature, the carrying amount of short-term financial assets and liabilities reflected on the consolidated balance sheets approximates their fair value.

The fair value of long-term debt and obligations under capital leases, including the current portion, is based on the rates in effect for financial instruments with similar terms and maturities. As at October 31, 1999 and 1998, the carrying amount and fair value of long-term financial instruments are as follows:

	1999		1998	
	Carrying value $	**Fair value $**	Carrying value $	Fair value $
Long-term debt	**44,795**	**44,733**	46,387	46,460
Obligations under capital leases	**59,548**	**60,703**	62,989	65,200

The fair value of the debenture could not be determined with sufficient reliability due to its specific nature.

19 CONTINGENCIES

(a) Year 2000 Issue

In general, the Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

The Corporation has developed and implemented a plan aimed at identifying and solving problems raised by the transition to the year 2000. By their nature, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

(b) Look Voyages S.A. has guaranteed the obligations of STAR Airlines S.A. related to operating leases for two aircraft. The guarantee amounts to a maximum of US$18,000,000 in 2000 and decreases to US$12,000,000 in 2001 [approximately $26,557,000 in 2000 and $17,705,000 in 2001].

20 SUBSEQUENT EVENTS

On November 1, 1999, the Corporation entered into an agreement with a joint venture to redefine repayment terms and conditions of a loan. As a result, the balance of the loan, which totalled $3,333,333 at that date, will be repayable in ten equal quarterly instalments as of May 1, 2000.

In addition, the Corporation granted this same joint venture an additional loan of $18,000,000, bearing interest at 12% and repayable in 24 equal quarterly instalments as of May 1, 2001.

21 SEGMENTED INFORMATION

The Corporation has determined that it conducts its activities in a single industry segment, namely holiday travel. Therefore, the consolidated statement of income includes all the required information. With respect to geographic areas, the Corporation operates mainly in Canada and in Europe. Geographic intersegment sales are accounted for at prices that take into account market conditions and other considerations.

	Canada		France and others		Eliminating entry		Total	
	1999	1998	**1999**	1998	**1999**	1998	**1999**	1998
	$	$	**$**	$	**$**	$	**$**	$
Revenues from third parties	**980,700**	872,968	**642,615**	548,486	**—**	—	**1,623,315**	1,421,454
Geographic intersegment sales	**46,211**	42,031	**—**	—	**(46,211)**	(42,031)	**—**	—
Total revenues	**1,026,911**	914,999	**642,615**	548,486	**(46,211)**	(42,031)	**1,623,315**	1,421,454
Capital assets and goodwill	**119,024**	121,363	**32,660**	35,500	**—**	—	**151,684**	156,863

22 COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the presentation adopted in the current year, primarily with respect to new recommendations issued by the Canadian Institute of Chartered Accountants regarding the presentation of the statements of cash flows.

TRANSAT A.T. INC.

FINANCIAL REVIEW

(In thousands of dollars, except per share amounts)

	1999	1998	1997	1996	1995
Consolidated statements of income					
Revenues	**1,623,315**	1,421,454	1,316,740	779,157	551,766
Operating expenses	**1,532,538**	1,349,175	1,244,283	718,978	504,260
Income before the following accounts	**90,777**	72,279	72,457	60,179	47,506
Expenses and other income					
Amortization	**34,553**	30,593	22,801	16,002	17,190
Interest on long-term debt, obligations under capital leases and debenture	**9,720**	10,269	8,172	6,556	6,146
Other interest and financial expenses	**2,608**	2,977	4,443	3,455	472
Interest income	**(8,584)**	(8,769)	(6,652)	(3,452)	(3,248)
Gain on transfer of incoming tour operator activities	**—**	—	—	—	(2,500)
	38,297	35,070	28,764	22,561	18,060
Income before share of net income of companies subject to significant influence, income taxes, non-controlling interest and goodwill charges	**52,480**	37,209	43,693	37,618	29,446
Share of net income of companies subject to significant influence	**2,918**	1,796	2,380	1,233	467
Income taxes	**22,834**	16,661	17,984	15,667	11,652
Share of non-controlling interest in subsidiaries' results	**—**	—	(11)	369	(296)
Net income before goodwill charges	**32,564**	22,344	28,078	23,553	17,965
Goodwill charges	**2,542**	2,613	2,714	1,351	1,055
Net income for the year	**30,022**	19,731	25,364	22,202	16,910
Net earnings per share before goodwill charges					
Earnings per share	**0.96**	0.65	0.86	1.05	0.49
Diluted earnings per share	**0.93**	0.63	0.82	0.90	0.43
Net earnings per share					
Earnings per share	**0.89**	0.58	0.78	0.98	0.45
Diluted earnings per share	**0.86**	0.56	0.74	0.86	0.41
Cash flows from:					
Operating activities	**88,908**	35,804	24,603	27,400	35,142
Investing activities	**(28,430)**	(16,404)	(53,526)	(34,938)	(9,008)
Financing activities	**(42,330)**	(5,013)	123,359	19,334	(18,253)
Net increase in cash and cash equivalents	**18,148**	14,387	94,436	11,796	7,881
Cash and cash equivalents at end of year	**173,868**	155,720	141,333	46,897	35,101
Operating cash flow	**63,391**	51,127	46,117	37,742	33,178
Operating cash flow per share	**1.87**	1.49	1.41	1.69	0.91
Total assets	**545,346**	496,567	467,476	308,927	171,773
Long-term debt and obligations under capital leases (including current portion)	**104,343**	109,376	115,760	44,533	45,816
Debenture	**10,000**	10,000	10,000	10,000	2,500
Non-controlling interest	**—**	—	—	—	10,058
Shareholders' equity	**204,149**	182,668	164,420	52,995	25,824
Debt ratio[1]	**0.63**	0.63	0.65	0.83	0.85
Book value per share	**6.19**	5.29	4.81	2.10	1.11
Return on weighted average shareholders' equity	**15.6%**	11.4%	23.5%	58.9%	56.8%
Shareholding statistics (in thousands)					
Common shares outstanding at year-end	**32,968**	34,429	34,063	24,770	20,358
Weighted average number of common shares outstanding (before dilution)	**33,899**	34,311	32,705	22,389	36,552
Weighted average number of common shares outstanding (after dilution)	**35,422**	35,772	34,415	26,067	41,700

[1] Represents liabilities over liabilities plus shareholders' equity.

QUARTERLY DATA	1999				1998			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
Revenues	**394,812**	**413,589**	**451,445**	**363,469**	387,507	364,954	368,747	300,246
Operating income (loss)[2]	**26,627**	**14,594**	**14,207**	**(1,746)**	21,673	10,075	12,385	(5,060)
Net income (loss)	**16,509**	**8,839**	**7,553**	**(2,879)**	12,151	6,330	6,111	(4,861)
Earning (loss) per share	**0.49**	**0.26**	**0.22**	**(0.08)**	0.36	0.18	0.18	(0.14)
Operating cash flow	**28,322**	**15,149**	**16,772**	**3,148**	23,522	13,215	13,213	1,177
Operating cash flow per share	**0.88**	**0.41**	**0.49**	**0.09**	0.68	0.39	0.39	0.03

[2] Represents revenues less operating expenses, amortization and goodwill charges.

TRANSAT A.T. INC.
DIRECTORS AND OFFICERS

Directors

Jean-Marc Eustache[1,3]	Chairman of the Board President and Chief Executive Officer Transat A.T. Inc. and President, Look Voyages S.A.
Jean-Paul Bellon[1]	Chairman of the Board and Chief Executive Officer Consultour/Club Voyages Inc. and President, Euro Charter S.A.
André Bisson, O.C.[2,4]	Director of Corporations
Lina De Cesare[1]	Executive Vice-President Tour Operator Sector Transat A.T. Inc., President and Chief Executive Officer Air Transat Holidays A.T. Inc. and President, Tourbec (1979) Inc.
Benoît Deschamps[1,2,4]	Vice-President, Financial Planning and Treasurer Le Groupe Vidéotron Ltée
Marcel Gagnon	Portfolio Manager Capital d'Amérique, Caisse de dépôt et placement du Québec
Yves Graton[1,3]	Director of Corporations
Jean Guertin[1,3]	Senior Advisor Telemedia Corporation and Honorary Professor École des Hautes Études Commerciales
Sylvie Jacques[1]	Director, Investments Recreation-Tourism Fund Fonds de solidarité des travailleurs du Québec (FTQ)
Michel Lessard[4]	President, Placement-Voyages inc.
Philippe Lortie	Captain, Air Transat A.T. Inc.
Philippe Sureau[1]	Executive Vice-President Transat A.T. Inc. President and Chief Executive Officer, Air Transat A.T. Inc. and President, Exit Travel Inc.
John D. Thompson[2,3]	Deputy Chairman of the Board Montreal Trust Company

1 Member of the Executive Committee

2 Member of the Audit Committee

3 Member of the Human Resources and Compensation Committee

4 Member of the Corporate Governance Committee

Transat

Jean-Marc Eustache	President and Chief Executive Officer
Philippe Sureau	Executive Vice-President
Lina De Cesare	Executive Vice-President, Tour Operator Sector
Lorraine Maheu	Vice-President, Finance and Administration and Chief Financial Officer
Jean-Marc Bélisle	Vice-President Information Systems
Danièle Bergeron	Vice-President, Human Resources Tour Operator Sector
Jean-François Legault	General Counsel and Corporate Secretary

Air Transat

Philippe Sureau	President and Chief Executive Officer
Denis Jacob	Executive Vice-President
Sylvie Bourget	Vice-President, Marketing
Jean Coté	Vice-President, Flight Operations Support
Clive Edwards	Vice-President, Maintenance and Engineering
Denis Gosselin	Vice-President, Flight Operations
Kevin Kalbfleisch	Vice-President, Sales
Peter Nitchke	Vice-President, Passenger Services
Denis Pétrin	Vice-President, Finance and Administration
André Souchon	Vice-President, Human Resources

Air Transat Holidays

Lina De Cesare	President and Chief Executive Officer
Daniel Godbout	Executive Vice-President
Gérald Caron	Vice-President, Finance and Administration
Lucy De Cesare	Vice-President, Operations
Benoit Deshaies	Vice-President and General Manager, Quebec Division
Paul Foster	Vice-President and General Manager, Ontario and Atlantic Provinces Division
Anna Malito	Vice-President, Product Merchandising
Vic Nakhleh	Vice-President and General Manager, Western Provinces Division
Clauderic Saint-Amand	Vice-President, Sales and Marketing
Isabelle Sparer	Vice-President, European Products
Daniel Tessier	Vice-President, Sunshine Products
Michel Boismenu	Vice-President and General Manager, Florida Division

Voyages Nolitour

Sam Ghorayeb	President and Chief Executive Officer
Robert Brouillard	Executive Vice-President
Paul Capaday	Vice-President, Finance and Administration

Regent Holidays

Sam Ghorayeb	President and Chief Executive Officer
Ian Rayment	Vice-President and General Manager
Charles E. Roy	Vice-President, Sales and Marketing

World of Vacations

Errol Francis	President and Chief Executive Officer
Naila Abdulla	Vice-President, Sales and Customer Service
Brenda McInerney	Vice-President, Products and Marketing
Janaki Veerakumar	Vice-President, Finance and Administration

DMC Transat

Georges Vacher	President and Chief Executive Officer
Brigitte Michaud	Vice-President, Product Development

Vacances Tourbec

Lina De Cesare	President
Odette Thomas	General Manager

Consultour/Club Voyages

Jean-Paul Bellon	Chief Executive Officer
Odette Thomas	President
Chantal Barbeau	Vice-President and General Manager
Patricia Corcos	Vice-President, Marketing
Sylvie Lecouteur	Vice-President, Consolidation - Montreal
Serge Marleau	Vice-President, Consolidation - Quebec City
Peter Ouellette	Vice-President, Corporate Development
Jocelyne St-Amour	Vice-President, Corporate Affairs

Exit Travel

Philippe Sureau	President
Michel Boilard	General Manager

Services Haycot

Claude Racicot	President and Chief Executive Officer

Look Voyages

Jean-Marc Eustache	President
Cédric Pastour	General Manager
Diane Ghirotto	Assistant General Manager Finance and Administration
Michel Madi	Assistant General Manager Production
Patrick Martinet	Assistant General Manager Sales and Marketing
Bruno Rigal	Assistant General Manager Service and Projects
Christian Vanroy	Assistant General Manager Revenue Administration and Transport

STAR Airlines

Cédric Pastour	President and Chief Executive Officer
Christian Bris	Vice-President, Administration Fuel and Catering
Jérôme Cazade	Vice-President, Legal Affairs
Daniel Chaubard	Vice-President, Technical
Jean-Louis Clauzier	Vice-President, Finance and Human Resources
Jim Dezetter	Vice-President, Flight Operations
Luc Preher	Vice-President, Planning and Stations
Laurent Valet	Vice-President, Sales

Brok'Air

Éric Eustache	President and Chief Executive Officer
Olivier Kervella	General Manager, Anyway
Marieke Bruijns	Assistant General Manager Globe System
Christian Diamante	Assistant General Manager Finance and Administration
Jean Eustache	Assistant General Manager Group Services
Christian Mazeau	Assistant General Manager Information Systems

Vacances Air Transat (France)

Jean-Marc Batta	General Manager
Patrice Caradec	Director, Business and Marketing
Michel Quenot	Director, Production
Leng Taing	Director, Finance

Euro Charter/Club Voyages

Jean-Paul Bellon	President
Odette Thomas	General Manager
Chantal Barbeau	Director, Administration
Nathalie Boyer	Director, Finance
Patricia Chastel	Assistant General Manager

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H2W 2P6
Telephone: (514) 987-1660
Fax: (514) 987-9546
Internet: http://www.transat.com

INFORMATION
For additional information
on the Corporation,
investors and analysts are invited
to contact, in writing, the Director,
Finance and Administration.

Vous pouvez obtenir un exemplaire
de ce rapport annuel en français
en écrivant au directeur,
finances et administration.

STOCK EXCHANGE
The common shares
of the Corporation are listed
on The Toronto Stock Exchange
under the ticker symbol TRZ.

TRANSFER AGENT AND REGISTRAR
Montreal Trust Company
Place Montreal Trust
1800 McGill College Avenue
Montreal, Quebec H3A 3K9

AUDITORS
Ernst & Young LLP
Montreal, Quebec

The annual meeting
of shareholders
will be held on
March 29, 2000,
10:30 AM

at:
The Queen Elizabeth Hotel
Marquette-Jolliet Room
900 René-Lévesque Blvd, West
Montreal, Quebec

DESTINATIONS OFFERED BY TOUR OPERATORS ON THE WINGS OF AIR TRANSAT AND STAR AIRLINES

AIR TRANSAT

BELGIUM
BRUSSELS

CANADA
CALGARY
EDMONTON
GANDER
HALIFAX
MONTREAL
QUEBEC CITY
ST. JOHN'S
TORONTO
VANCOUVER
WHITEHORSE

CAYMAN ISLANDS
GRAND CAYMAN

COLOMBIA
BARRANQUILLA
CARTAGENA
SAN ANDRÉS

COSTA RICA
LIBÉRIA
SAN JOSÉ

CUBA
CAYO LARGO
CIEGO DE ÁVILA
CIENFUEGOS
CAMAGÜEY
HOLGUÍN
HAVANA
SANTIAGO DE CUBA
VARADERO

DOMINICAN REPUBLIC
PUERTO PLATA
PUNTA CANA
SANTO DOMINGO

FRANCE
BORDEAUX
LYONS
MARSEILLES
MULHOUSE
NANTES
NICE
PARIS
TOULOUSE

GERMANY
BERLIN
DÜSSELDORF
FRANKFURT

GREECE
ATHENS

GUADELOUPE
POINTE-À-PITRE

IRELAND
DUBLIN
SHANNON

ITALY
ROME

MARTINIQUE
FORT-DE-FRANCE

MEXICO
ACAPULCO
CANCÚN
COZUMEL
HUATULCO
IXTAPA
MANZANILLO
MAZATLÁN
MERIDA
PUERTO VALLARTA
SAN JOSÉ DEL CABO

NETHERLANDS
AMSTERDAM

NICARAGUA
MANAGUA

PANAMA
PANAMA CITY

PORTUGAL
FARO
LISBON
PONTA DELGADA
OPORTO
TERCEIRA

SAINT-MARTIN
PHILIPPSBURG

ST.KITTS
ST.KITTS

SWITZERLAND
BASEL

TURKS AND CAICOS
PROVIDENCIALES

UNITED KINGDOM
ABERDEEN
BELFAST
BIRMINGHAM
CARDIFF
EDINBURGH
EXETER
GLASGOW
LEEDS-BRADFORD
LONDON
MANCHESTER
NEWCASTLE

UNITED STATES
FORT LAUDERDALE
FORT MYERS
HONOLULU
LAS VEGAS
MAUII
ORLANDO
SAINT PETERSBURG
SARASOTA
WEST PALM BEACH

VENEZUELA
MARGARITA

STAR AIRLINES

EGYPT
LUXOR

FRANCE
BASTIA

GREECE
ARAXOS
ATHENS
HERAKLION
KOS
MYKONOS
RHODES
SANTORINI
VOLOS

ITALY
CATANIA
OLBIA
PALERMO
ROME
VENICE

MOROCCO
AGADIR
MARRAKECH

PORTUGAL
FARO

SENEGAL
CAP SKIRRING
DAKAR
SAINT-LOUIS

SPAIN
ALICANTE
IBIZA
MÁLAGA
PALMA DE MALLORCA
TENERIFE

TUNISIA
DJERBA
MONASTIR
TUNIS

TURKEY
ANTALYA
BODRUM
IZMIR

Graphic Design: Claude Angers Photography: Pierre Charbonneau
The photographs in this annual report feature people and places connected with the activities of Transat, its subsidiaries and related companies.

transat
A.T. inc.