

No securities tendered to the Offer will be taken up and paid for until the Minimum Tender Condition and any and all other conditions of the Offer have been complied with or waived, as applicable.

This document is important and requires your immediate attention. If you are considering tendering Shares to the Offer you should consult with your investment advisor, broker, bank manager, lawyer or other professional advisor. Additionally, if you have questions, please contact Laurel Hill Advisory Group, the depositary and information agent under the Offer, by telephone at 1-877-452-7184 (toll free in North America), or 1-416-304-0211 (collect calls outside North America), or by email at assistance@laurelhill.com. Additional contact details for the depositary and information agent are set out on the back page of this document.

*This Offer is not a take-over bid as defined under Regulation 62-104 respecting Take-Over Bids and Issuer Bids (“**Regulation 62-104**”). As such, many of the investor protections contemplated in Regulation 62-104 are not available under this Offer. This Offer has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.*

The Offer and this document do not constitute an offer or a solicitation to any Person in any jurisdiction in which any such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from, or on behalf of, Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction. Terms used but not otherwise defined herein are defined in the accompanying Glossary.

August 2, 2019



GROUP MACH ACQUISITION INC.

OFFER TO PURCHASE

6,900,000 CLASS B VOTING SHARES OF TRANSAT A.T. INC. AT A PRICE OF

\$14.00 in cash per Share

Group Mach Acquisition Inc. (“**Mach**” or the “**Offeror**”), a wholly-owned subsidiary of Group Mach Inc., hereby offers (the “**Offer**”) to purchase not less than 6,900,000 Class B Voting Shares (the “**Shares**”) of Transat A.T. Inc. (“**Transat**”), representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer, together with the associated rights issued under the Shareholder Rights Plan of Transat, subject to the terms and conditions of this Offer. The Offer is only for Shares held on the Record Date.

**THE DEADLINE TO DEPOSIT SHARES IS 5:00 P.M. (MONTREAL TIME) ON AUGUST 13, 2019
UNLESS ACCELERATED OR EXTENDED BY MACH (THE “DEPOSIT DEADLINE”)**

**QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE DEPOSITARY AND
INFORMATION AGENT FOR THE OFFER**



North America Toll-Free:
1-877-452-7184
E-mail: assistance@laurelhill.com

The Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “TRZ”.

Based on the public record, as at April 30, 2019, there were 35,376,271 Shares issued and outstanding. The Offer is for not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer. **Under no circumstances will the Offeror acquire more than 19.9% of the Shares pursuant to the Offer. If it is subsequently determined that the 6,900,000 Shares subject to the Offer represent more than 19.9% of the Shares as of the date of the Offer, the Offer will be amended in order to ensure that the Offer is not a take-over bid pursuant to Regulation 62-104 respecting Take-Over Bids and Issuer Bids.**

The consideration of C\$14.00 cash per Share under the Offer represents the following approximate premiums: 21% to the C\$11.55 closing price of the Voting Shares on the TSX on Thursday, August 1, 2019, and a C\$1.00 per Share premium, or 8%, more than the C\$13.00 per Voting Share proposed in the plan of arrangement between Air Canada and Transat A.T. Inc. (“**Transat**” or the “**Company**”) announced on June 27, 2019 (the “**Proposed Arrangement**”). In addition, the Offer represents a premium of 147% to the C\$5.67 closing price of the Voting Shares on the TSX on April 29, 2019, the day prior to Transat first publicly announcing the potential sale of the Company. The consideration under the Offer represents a premium of 176% to the 30-day volume weighted average price of the Voting Shares on the TSX on April 29, 2019, and a premium of 162% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.

COMPLETE AND DEPOSIT THE BLUE LETTER OF TRANSMITTAL FOR THE OFFER. DO NOT COMPLETE THE LETTER OF TRANSMITTAL PROVIDED BY TRANSAT FOR THE PROPOSED ARRANGEMENT.

WARNING: Shareholders should not deposit the letter of transmittal provided by Transat under the Proposed Arrangement between Air Canada and Transat prior to August 23, 2019 as such deposit will be irrevocable. Shareholders will have sufficient time subsequent to the special meeting of holders of Voting Shares to be held on August 23, 2019 at 10:00 a.m. in Montréal, Québec (the “Special Meeting”) to deposit such a letter of transmittal and receive payment of the purchase price under the Proposed Arrangement as the depositing procedures under the Proposed Arrangement do not require that the letter of transmittal and other related documents be filed with the depositary prior to August 23, 2019 in order for any Shareholder to receive said purchase price. SHAREHOLDERS WILL ONLY RECEIVE THE PURCHASE PRICE AFTER THE PROPOSED ARRANGEMENT CLOSES WHICH TRANSAT EXPECTS TO HAPPEN IN EARLY 2020.

The Offer is subject to the conditions set out in Section 5 of the Offer, “Conditions of the Offer”. The closing of the Offer is conditional upon the specified conditions being satisfied, or where permitted, waived at 5:00 PM (Montreal time) on August 23, 2019 (the “**Expiry Time**”) or such earlier or later time which include: (i) there having been validly deposited under the Offer and not withdrawn not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer (the “**Minimum Tender Condition**”); (ii) the Proposed Arrangement not being approved by the requisite number of Voting Shares at the Special Meeting; and (iii) no decision, order, ruling or injunction of a Governmental Entity shall be in effect and no Law shall have been proposed, enacted, promulgated or applied, preventing or prohibiting the ability of the Offeror to proceed with, make or maintain the Offer or to take up and pay for the Shares deposited under the Offer.

The Offeror reserves the right to withdraw the Offer and to not take up and pay for any Shares deposited under the Offer if any condition of the Offer is not satisfied or waived at or prior to the Expiry Time. Subject to the terms and conditions of the Offer, the Offeror will take up the Shares deposited under the Offer at the Expiry Time and pay for such Shares no later than within three Business Days following the Expiry Date.

Shareholders should be aware that, during the period of the Offer, the Offeror and its affiliates may, directly or indirectly, make purchases of Shares on the market or privately or otherwise as permitted by Law. See Section 8 of the Offer, “Purchases Outside Offer”.

Registered Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal, and deposit it, together with the certificate(s) or Direct Registration System statement(s) (“**DRS**”

Statements”) representing their Shares in accordance with the rules and instructions in the Letter of Transmittal. If DRS Statements are not readily available, completed Letters of Transmittal may still be submitted. See Section 4 of the Offer, “Manner of Acceptance - Letter of Transmittal”. Alternatively, Shareholders may accept the Offer by following the procedures for: (i) book-entry transfer of Shares set out in Section 4 of the Offer, “Manner of Acceptance - Book-Entry Transfer”.

Persons whose Shares are held in an account with a broker, investment dealer, bank, trust company or other Intermediary should contact their representative if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Deposit Deadline. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

No broker, dealer, salesperson or other Person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror or the Depositary (as defined below).

Shareholders should not construe the contents of the Offer as legal or financial advice and should consult with their own independent professional advisors as to the relevant legal, financial or other matters in connection therewith.

Shareholders will not be obligated to pay any fee or commission if they accept the Offer by transmitting their Shares directly to Laurel Hill Advisory Group (the “**Depositary**”) at the address shown in the Letter of Transmittal and on the last page of this document. However, an Intermediary through which a Shareholder owns Shares may charge a fee to tender any such Shares on behalf of the Shareholder. Shareholders should consult such Intermediary to determine whether any charge will apply.

Any questions and requests for assistance or additional copies of the Offer and the Letter of Transmittal may be directed by the Shareholders to Laurel Hill Advisory Group 70 University Avenue, Suite 1440 Toronto, ON M5J 2M4, North American toll-free phone: 1-877-452-7184, e-mail: assistance@laurelhill.com. You may also contact your broker, investment dealer, commercial bank, trust company or other Intermediary for assistance.

OFFER ONLY FOR CLASS B VOTING SHARES AT RECORD DATE

The Offer is only for Class B Voting Shares of Transat (defined above as the “**Shares**”) which are held by Canadians on the Record Date.

NOTICE TO SHAREHOLDERS OUTSIDE CANADA

The Offer is not made for any Class A Variable Voting Shares of Transat or Shares held outside of Canada.

NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES

The Offer is made only for Shares and is not made for any Convertible Securities.

FORWARD LOOKING STATEMENTS

The Offer and certain of the other statements made and information contained herein are “forward-looking information” or “forward-looking statements” within the meaning of Applicable Securities Laws. Words such as “anticipate”, “assumption”, “believe”, “estimate”, “expect”, “forecast”, “future”, “intend”, “likely”, “opportunity”, “plan”, “potential”, “preliminary”, “project”, “proposed”, “prospect”, “risk”, “seek” or “uncertainty”, or similar terminology or statements that certain actions, events or results “can”, “could”, “may”, “shall”, “should”, “would”, or “will” be taken, occur, or be achieved, or the negatives or variations of any of the foregoing terms or expressions, are intended to identify such forward-looking information.

Forward-looking statements include, but are not limited to, statements regarding: the Offer, including the anticipated timing, mechanics, funding, completion, settlement, results and effects of the Offer; and the Offeror’s plans for

Transat; the ability of the Offeror to complete the transactions contemplated by the Offer; the benefits of the Offer; reasons to accept the Offer; the purpose of the Offer; the expected timing for completion of the Proposed Arrangement; the significant value proposition of Transat; and the reduction of competition in Canada's airline industry caused by the Proposed Arrangement.

Forward-looking information is based on current expectations, estimates, forecasts and projections as well as beliefs and assumptions made by the Offeror. Forward-looking information is based on various factors and assumptions including, without limitation, the timing of the Special Meeting, the expectations and beliefs of management that the Offeror will be successful in acquiring Shares pursuant to the Offer and that all other conditions to completion of the transaction will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of the Offeror and there is no assurance they will prove to be correct. Although the Offeror believes that the expectations reflected in the forward-looking information and forward-looking statements contained herein are reasonable, such information and statements, by their nature, involve risks and uncertainties and are not guarantees of future performance.

Forward-looking information and forward-looking statements are subject to a variety of known and unknown risks and uncertainties, and ultimately, actual events or results may differ materially from those reflected in the forward-looking information and forward-looking statements. Risks and uncertainties that may impact forward-looking information and forward-looking statements include, without limitation, the ultimate outcome of any possible transaction between the Offeror and Transat, including: actions taken by Transat or by security holders of Transat in respect of the Offer, that the conditions of the Offer may not be satisfied or waived by the Offeror at the expiry of the Offer period, the ability of the Offeror to acquire Shares pursuant to the Offer or another alternative transaction, the ability to meet other closing conditions to any possible transaction, potential adverse reactions or changes to business relationships resulting from the announcement, pendency or completion of the Offer transaction or any subsequent transaction, competitive responses to the announcement or completion of the Offer, unexpected costs, liabilities, charges or expenses resulting from the Offer, including with respect to litigation relating to the Offer, unexpected change of control consequences, any changes in general economic and/or industry-specific conditions, industry risk, geopolitical risk, including but not limited to legislative or regulatory changes, Transat's structure and its tax treatment, obtaining necessary approvals, interest rates, opposition to the transaction and/or other disruptions, government opposition, changes in capital or securities markets and that there are no inaccuracies or material omissions in Transat's publicly available information, and that Transat has not disclosed events which may have occurred or which may affect the significance or accuracy of such information.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Offeror has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate, and so readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of the Offer. The Offeror does not undertake to update such forward-looking information unless required under Laws.

ADVISORY TEAM OF MACH

Mach's advisory team in connection with the Offer includes Alfred Buggé, Executive Vice-President, Mergers & Acquisitions at Mach, its legal counsel Borden Ladner Gervais LLP and Laurel Hill Advisory Group as Information and Depositary Agent.

INFORMATION CONCERNING THE OFFEROR

Mach is a company constituted under the laws of Québec with its head office located at 630, rue Saint-Paul O., bureau 600 Montréal (Québec) H3C 1L9. It is a wholly-owned subsidiary of Group Mach Inc., which itself is the leading independent real estate owner and developer in Québec. Mach is a holding company which invests in various industries.

INFORMATION CONCERNING TRANSAT

Except as otherwise indicated, the information concerning Transat contained in this Offer has been taken from or is based upon publicly available documents and records on file with the securities regulatory authorities in Canada, including information contained in the Transat Circular and the Arrangement Agreement, and other public sources at the time of the Offer. Although the Offeror has no knowledge that would indicate that any statements contained herein concerning Transat taken from or based upon such documents and records are untrue or incomplete, neither the Offeror nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by Transat to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror.

The Depositary and Information Agent for the Offer is:



Laurel Hill Advisory Group

70 University Avenue, Suite 1440
Toronto, ON M5J 2M4

North American Toll Free Phone:

1-877-452-7184

Facsimile: 416-646-2415

E-mail:

assistance@laurelhill.com

By Mail:

PO Box 370, STN Adelaide Toronto, Ontario
Canada M5C 2J5

By Registered Mail, Hand or Courier:

70 University Avenue, Suite 1440 Toronto, Ontario Canada M5J 2M4

Facsimile:

1-416-646-2415

Questions and requests for assistance may be directed to the Depositary and Information Agent at the telephone numbers and location set out above.

QUESTIONS AND ANSWERS ABOUT THE OFFER

The following are some of the questions that you, as a Shareholder, may have and the Offeror's answers to those questions. The information contained in these questions and answers is a summary only and is not meant to be a substitute for the more detailed description and information contained elsewhere in the Offer and the Letter of Transmittal. Shareholders are urged to read the Offer and the Letter of Transmittal in their entirety. Terms defined in the Glossary and not otherwise defined in these questions and answers have the respective meanings given to them in the Glossary, unless the context otherwise requires. Cross references have been included in these questions and answers to other sections of the Offer where you will find more complete descriptions of the topics mentioned below.

Except as otherwise indicated, the information concerning Transat contained in this Offer has been taken from or is based upon publicly available documents and records on file with the securities regulatory authorities in Canada, including information contained in the Transat Circular, the Proposed Arrangement and the Arrangement Agreement, and other public sources at the time of the Offer. Although the Offeror has no knowledge that would indicate that any statements contained herein concerning Transat taken from or based upon such documents and records are untrue or incomplete, neither the Offeror nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Transat to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror.

WHAT IS THE OFFER?

The Offeror is offering to purchase, on and subject to the terms and conditions set forth in the Offer and the Letter of Transmittal, not less than 6,900,000 Class B Voting Shares of Transat A.T. Inc. (the “**Shares**”), representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer, at a price of C\$14.00 in cash per Share. **Note, the Offer is only for Shares held as of the Record Date, being July 17, 2019.**

A Shareholder depositing their Shares will be deemed to have deposited any associated rights issued under the Shareholder Rights Plan of Transat (“**SRP Rights**”). No additional payment will be made for the SRP Rights and no part of the consideration to be paid by the Offeror will be allocated to the SRP Rights. See “The Offer” in Section 1 of the Offer.

WHAT ARE THE CLASSES OF SECURITIES SOUGHT IN THE OFFER?

The Offeror is offering to purchase not less than 6,900,000 Class B Voting Shares held as of the Record Date, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer. The Offer is not for any Class A variable voting shares of Transat (“**Class A Variable Voting Shares**”).

WHAT IS THE DEADLINE TO DEPOSIT MY SHARES?

If you wish to accept the Offer, you must deposit Shares in accordance with the terms of the Offer **before 5:00 p.m. (Montréal time) on August 13, 2019**, or such earlier or later time or times and date or dates which may be established by the Offeror. See “Deposit Deadline” under Section 2 of the Offer and “Variation or Change of the Offer” at Section 6 of the Offer.

The Offeror will make a public announcement regarding the number of Shares deposited under the Offer as promptly as practicable following the Deposit Deadline.

WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?

The Offer is made only to registered and beneficial holders of Shares as of July 17, 2019, the Record Date for voting at the Special Meeting. The Offer is not made for any Class A Variable Voting Shares or any Convertible Securities. Shares belonging to registered or beneficial holders who were not holders of such Shares as of July 17, 2019 are ineligible for take up under the Offer.

WHY DEPOSIT YOUR SHARES TO THE OFFER?

The Offer provides holders of Shares with certainty of value and an opportunity to receive liquidity at a significant cash premium within three Business Days after the Expiry Date of August 23, 2019, subject to terms and conditions of the Offer.

The cash consideration of C\$14.00 cash per Share under the Offer represents the following approximate premiums: 21% to the C\$11.55 closing price of the Voting Shares on the TSX on Thursday, August 1, 2019, and a C\$1.00 per Share premium, or 8%, more than the C\$13.00 per Voting Share under the Proposed Arrangement. In addition, the Offer represents a premium of 147% to the C\$5.67 closing price of the Voting Shares on the TSX on April 29, 2019, the day prior to Transat first publicly announcing the potential sale of the Company. The consideration under the Offer represents a premium of 176% to the 30-day volume weighted average price of the Voting Shares on the TSX on April 29, 2019, and a premium of 162% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.

In contrast, holders of Voting Shares may have to wait until early 2020 or possibly past the outside closing date of June 27, 2020 to receive any purchase price under the Proposed Arrangement.

WHO IS OFFERING TO PURCHASE MY SHARES?

The Offer is being made by Group Mach Acquisition Inc., a company constituted under the laws of Québec, and a wholly-owned subsidiary of Group Mach Inc. Mach is a company constituted under the laws of Québec with its head office located at 630, rue Saint-Paul O., bureau 600 Montréal (Québec) H3C 1L9. It is a wholly-owned subsidiary of Group Mach Inc., which itself is the leading independent real estate owner and developer in Québec. Mach is a holding company which invests in various industries.

WHAT IS THE PURPOSE OF OFFER AND WHAT ARE MACH'S INTENTIONS?

The Purpose of the Offer is for Mach to vote the Deposited Shares against the Proposed Arrangement and to purchase the Shares at a significant Purchase Price premium in cash no later than within three business days after August 23, 2019, subject to the terms of the Offer.

Mach opposes the Arrangement Resolution for the following reasons:

- Mach believes that the proposed acquisition by Air Canada under the Proposed Arrangement greatly undervalues Transat.
- The sale process undertaken by the board of directors of Transat (the “**Transat Board**”) has been flawed in many respects, most significantly, by the Transat Board’s failure to respond to, or discuss with Group Mach Inc., its superior proposal dated June 25, 2019 at a price of \$14.00 cash per Voting Share.
- The Offer generates near term liquidity. If the conditions of the Offer are met or waived, Shareholders of Deposited Shares will receive the Purchase Price within three business days following August 23, 2019.
- The Transat Circular confirms that the Proposed Arrangement is expected to be completed early in 2020 (without providing specifics about the meaning of “early 2020”) and that holders of Voting Shares may have to wait a considerable time, and possibly past the outside closing date of June 27, 2020, before receiving any purchase price under the Proposed Arrangement due to the time required to obtain key regulatory approvals.
- Transat is a strong company with a significant value proposition, which includes new Airbus fleets in contrast to the indefinitely grounded Boeing 737 Max 8 fleets included in Air Canada’s portfolio.
- The closing of the Proposed Arrangement will significantly reduce competition in Canada’s airline industry which has historically been dominated by the two largest domestic airlines, including Air Canada.

- No binding guarantees have been provided by either Air Canada or Transat that the closing of the Proposed Arrangement will not result in job losses for either company or any of their subsidiaries.
- No binding guarantees have been provided by Air Canada that Transat's banner and head office shall be permanently preserved.

If the Offer is successful, Mach intends to work with other stakeholders and shareholders to advocate for improved corporate governance, management accountability and financial performance at Transat, with a view to maximizing returns for Transat shareholders.

Mach has no intention of launching a formal hostile take-over bid for all Voting Shares. Mach will not submit a "Superior Proposal" as defined in the Arrangement Agreement as long as the current Transat Board is in place. To the extent the Proposed Arrangement is not approved by the requisite number of Voting Shares at the Special Meeting, we look forward to the opportunity of working with stakeholders of Transat, including the Key Shareholders and any new members of the Transat Board to protect the best long term interests of the Company as a strong and independent global leader in the leisure travel industry by advocating for improved corporate governance, management accountability and financial performance.

HOW WILL DEPOSITED SHARES BE VOTED?

As a condition of take up and payment of the Shares, a depositing Shareholder is required to appoint the Offeror as its nominee and proxy for the Special Meeting in respect of all Shares deposited pursuant to the Offer (the "Deposited Shares") by August 13, 2019, regardless of the number of Deposited Shares actually taken up and paid for by Offeror.

Upon deposit, the depositing Shareholder will appoint, or instruct the Intermediary of a beneficial Shareholder to appoint, Alfred Buggé, Executive Vice President, Mergers & Acquisitions of Mach and Vincent Chiara, President of Mach, as the proxyholders in respect of the Deposited Shares and to vote against the Arrangement Resolution at the Special Meeting and assign all other rights, including Dissent Rights (as defined below), over the Deposited Shares in favour of the Offeror notwithstanding (i) any Pro Rata Condition (as defined below) and (ii) that the take-up and payment of Deposited Shares occurs within three Business Days following the Expiry Time (as defined below).

THE OFFEROR INTENDS TO VOTE ALL DEPOSITED SHARES AGAINST THE ARRANGEMENT RESOLUTION.

WILL ANY DISSENT RIGHTS BE EXERCISED?

Mach may also decide to exercise Dissent Rights associated with any Deposited Shares under the Proposed Arrangement following the Deposit Deadline. The Arrangement Agreement expressly provides that Air Canada may terminate the Proposed Arrangement if Dissent Rights have been validly exercised (or, if exercised, remain outstanding) with respect to more than 10% of the issued and outstanding Voting Shares. See "Rights of Dissent" under Section 4 of the Offer.

If the Offer does not close, the Deposited Shares will be returned as soon as practicable to the holder of said Shares (see "Return of Shares" under Section 10 of the Offer) and the Shareholder will be able at its discretion to withdraw or maintain the exercise of Dissent Rights in accordance with the procedures set forth in the Transat Circular.

HAVE OTHER TRANSAT SHAREHOLDERS COMMITTED TO SUPPORTING THE ARRANGEMENT RESOLUTION?

Based on the public record as of the date hereof, only the directors and executive officers of the Company, who collectively own or exercise control or direction over approximately 3.46% of the Voting Shares, have entered into Support and Voting Agreements pursuant to which they have agreed, subject to the terms thereof, to vote in favour of the Arrangement Agreement.

Based on the public record, none of the following key holders of Voting Shares (the “**Key Shareholders**”) along with their approximate respective issued and outstanding Voting Share percentages have executed such agreements: Letko Brosseau (19.28%), Fonds de solidarité FTQ (11.55%), Caisse de dépôt et placements du Québec (5.83%) and Pender Management (2.86%).

HOW DO I ACCEPT THE OFFER?

Registered Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal, and deposit it, together with the certificate(s) or Direct Registration System statement(s) (“**DRS Statements**”) representing their Shares in accordance with the rules and instructions in the Letter of Transmittal. If DRS Statements are not readily available, completed Letters of Transmittal may still be submitted. See Section 4 of the Offer, “Manner of Acceptance - Letter of Transmittal”. Alternatively, Shareholders may accept the Offer by following the procedures for: (i) book-entry transfer of Shares set out in Section 4 of the Offer, “Manner of Acceptance - Book-Entry Transfer”.

CAN I DEPOSIT ALL OF MY SHARES TO THE OFFER?

Yes, no later than the Deposit Deadline. Following the Deposit Deadline, the Offeror will provide an update by way of press release regarding the number of Deposited Shares including whether proportionate take-ups described below will apply.

WHAT IF MORE THAN 6,900,000 SHARES ARE TENDERED TO THE OFFER?

If greater than 6,900,000 Shares or 19.5%, of the issued and outstanding Shares are deposited under the Offer, subject to the terms and conditions of the Offer, the Offeror shall take up and pay for only 6,900,000 Shares or 19.5% of the issued and outstanding Shares proportionately, disregarding fractions, according to the number of Shares deposited by each Shareholder, by rounding down to the nearest whole number of Deposited Shares.

WHEN WILL I RECEIVE PAYMENT FOR DEPOSITED SHARES?

Presuming all conditions of the Offer are met or waived and the Offer is not withdrawn, the Deposited Shares shall be taken up and paid for no later than within three Business Days after the Expiry Time on August 23, 2019.

CAN I WITHDRAW MY DEPOSITED SHARES OR REVOKE PROXIES?

Deposited Shares may be withdrawn by the depositing Shareholder any time prior to the Offeror taking up and paying for the Deposited Shares. Presuming all conditions of the Offer are met or waived, the Deposited Shares shall be taken up and paid for no later than within three Business Days after the Expiry Time on August 23, 2019.

Any proxies solicited by the Offeror in connection with the Special Meeting, other than proxies in respect of Shares taken up and paid for by the Offeror under the Offer, may be revoked at any time by the Shareholder providing instructions to its investment dealer, broker or other nominee or by simply subsequently submitting a vote in favour of the Proposed Arrangement. See “Take Up and Payment for Deposited Shares” under Section 3 of the Offer.

WHAT HAPPENS TO MY DEPOSITED SHARES IF THE OFFER DOES NOT CLOSE?

If the Offer does not close, you remain owner of the Deposited Shares entitled to receive the purchase price for your Shares under the Proposed Arrangement if it receives the requisite approvals or under any “Superior Proposal” as defined in the Arrangement Agreement. If the Offer does not close, your Deposited Shares will be returned to you as soon as practicable. See “Return of Shares” under Section 10 of the Offer. The Proposed Arrangement between Air Canada and Transat does not require that you deposit your Shares prior to August 23, 2019 in order to receive the purchase price under the Proposed Arrangement. As such, if the Offer does not close, you will have sufficient time to

deposit your Shares under the Proposed Arrangement and to receive the purchase price under the Proposed Arrangement if and when it closes.

IS THIS OFFER SUBJECT TO ANY FINANCING CONDITION?

No.

IS THE OFFER A TAKE-OVER BID?

This Offer is not a take-over bid as defined under *Regulation 62-104 respecting Take-Over Bids and Issuer Bids* (“**Regulation 62-104**”). As such, many of the investor protections contemplated in Regulation 62-104 are not available under this Offer.

WHOM CAN I CALL WITH QUESTIONS

Any questions and requests for assistance or additional copies of the Offer and the Letter of Transmittal may be directed to Laurel Hill Advisory Group by mail at 70 University Avenue, Suite 1440 Toronto, ON M5J 2M4, by Phone at: 1-877-452-7184 (North American Toll-Free) or 1-416-304-0211 (collect calls outside North America), or by email at assistance@laurelhill.com. You may also contact your broker, investment dealer, commercial bank, trust company or other Intermediary for assistance.

THE OFFER

Unless the context otherwise requires, terms used but not defined in the Offer have the respective meanings given to them in the accompanying Glossary which is incorporated into and forms part of the Offer.

TO: THE SHAREHOLDERS

August 2, 2019

1. The Offer

The Offer is made by Group Mach Acquisition Inc. (“**Mach**” or the “**Offeror**”), a wholly-owned subsidiary of Group Mach Inc. The Offeror hereby offers to purchase, on and subject to the terms and conditions set forth in the Offer and the Letter of Transmittal, not less than 6,900,000 Class B Voting Shares of Transat A.T. Inc. (the “**Shares**”), representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer, at a price of C\$14.00 in cash per Share (the “**Purchase Price**”).

The Offer represents the following approximate premiums: 21% to the \$11.55 closing price of the Voting Shares on the TSX on Thursday, August 1, 2019, and \$1.00 per Share, or 8%, more than the \$13.00 per Voting Share offered under the plan of arrangement between Air Canada and Transat A.T. Inc. (“**Transat**” or the “**Company**”) announced on June 27, 2019 (the “**Proposed Arrangement**”). In addition, the Offer represents a premium of 147% to the C\$5.67 closing price of the Voting Shares on the TSX on April 29, 2019, the day prior to Transat first publicly announcing the potential sale of the Company. The consideration under the Offer represents a premium of 176% to the 30-day volume weighted average price of the Voting Shares on the TSX on April 29, 2019, and a premium of 162% to the 90-day volume weighted average price of such Voting Shares on the TSX on such date.

The Offer is made only to registered and beneficial holders of Shares as of the Record Date for the Special Meeting, being July 17, 2019. The Offer is not made for any Class A Variable Voting Shares of Transat or any Convertible Securities. Shares belonging to registered or beneficial holders who were not holders of such Shares as of July 17, 2019 are ineligible for take up under the Offer.

Based on the public record, as at April 30, 2019, there were 35,376,271 Shares issued and outstanding. The Offer is for not less than 6,900,000 Shares, representing approximately 19.5% of the issued and outstanding Shares based on Transat’s publicly available information as at the date of the Offer. **Under no circumstances will the Offeror acquire more than 19.9% of the Shares pursuant to the Offer. If it is subsequently determined that the 6,900,000 Shares subject to the Offer represent more than 19.9% of the Shares as of the date of the Offer, the Offer will be amended in order to ensure that the Offer is not a take-over bid pursuant to Regulation 62-104.**

The obligation of the Offeror to take up and pay for Shares pursuant to the Offer is subject to certain conditions. See Section 5 of the Offer, “Conditions of the Offer”.

Registered Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depository. However, an Intermediary through which a Shareholder owns Shares may charge a fee to tender any such Shares on behalf of the Shareholder. Shareholders should consult such Intermediary to determine whether any charge will apply.

Shareholders whose Shares are registered in the name of a broker, investment dealer, bank, trust company or other Intermediary should immediately contact such Intermediary for assistance if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Deposit Deadline (as defined below). Shareholders must instruct their brokers or other Intermediaries promptly if they wish to tender.

This document does not constitute an offer or a solicitation to any Person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

Shareholders should not construe the contents of the Offer as legal or financial advice and should consult with their own independent professional advisors as to the relevant legal, financial or other matters in connection therewith.

All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

As of July 17, 2019, there were 37,749,090 Voting Shares issued and outstanding.

2. Deposit Deadline

The deadline to deposit Shares under the Offer commences on the date hereof and ends at 5:00 p.m. (Montreal time) on August 13, 2019 (the “**Deposit Deadline**”), or such earlier or later time or times and date or dates which may be established by the Offeror in accordance with Section 6 of the Offer, “Variation or Change of the Offer”, unless withdrawn by the Offeror. The Offeror will make a public announcement regarding the number of Shares deposited under the Offer as promptly as practicable following the Deposit Deadline.

If the Minimum Tender Condition is satisfied and the other conditions to the Offer are satisfied or waived at the Expiry Time, such that the Offeror takes up the Shares deposited under the Offer, the Offeror will promptly make a public announcement of the number of Shares taken up on a pro rated basis.

3. Take Up and Payment for Deposited Shares

If, at the Expiry Time, the Minimum Tender Condition has been satisfied and all of the other conditions described in Section 5 of the Offer, “Conditions of the Offer”, have been satisfied or waived by the Offeror, the Offeror will take up the Shares validly deposited under the Offer and not withdrawn at the Expiry Time, and pay for such Shares no later than within three Business Days following the Expiry Date. In the event that greater than 6,900,000 Shares or 19.5% of the issued and outstanding Shares are tendered to the Offer and the terms and conditions of the Offer are waived or satisfied, as applicable, under no circumstances will the Offeror take up less than 6,900,000 Shares or 19.5% of the issued and outstanding Shares.

If greater than 6,900,000 Shares or 19.5% of the issued and outstanding Shares are deposited under the Offer, subject to the terms and conditions of the Offer the Offeror shall take up and pay for only 6,900,000 Shares or 19.5% of the issued and outstanding Shares proportionately, disregarding fractions, according to the number of Shares deposited by each Shareholder, by rounding down to the nearest whole number of Deposited Shares (the “**Pro Rata Condition**”).

Any proxies solicited by the Offeror in connection with the Special Meeting, other than proxies in respect of Shares taken up and paid for by the Offeror under the Offer, may be revoked at any time by the Shareholder providing instructions to its investment dealer, broker or other nominee or by simply submitting a subsequent vote in favour of the Proposed Arrangement.

If, however, any holder of Deposited Shares revokes proxies granted to the Offeror, votes any of the said Deposited Shares in favour of the Arrangement Resolution, or withdraws any dissent made pursuant to assigned Dissent Rights (as defined below) after depositing said Deposited Shares under the Offer (the “**Revoking Shareholder**”), the Offeror shall not pay for said Deposited Shares and the deposit of said shares shall be deemed withdrawn by the Revoking Shareholder (“**Deemed Withdrawal**”). In the event of a Deemed Withdrawal, the Offeror shall return the Deposited Shares to the Revoking Shareholder in accordance with Section 10 of the Offer, “Return of Shares”.

The Offeror will be deemed to have taken up and accepted for payment Shares validly deposited and not withdrawn pursuant to the Offer if, as and when the Offeror gives written notice or other communication confirmed in writing to that effect, to the Depositary at its principal office in Toronto, Ontario.

Upon the terms and subject to the conditions of the Offer, the Offeror will forthwith take up Shares duly and validly deposited pursuant to the Offer and shall widely disseminate a press release that states the number of Shares taken up under the Offer on a pro-rated basis, if applicable. The Offeror will take up Shares validly deposited at the Expiry Time and shall pay for such Shares not later than three business days after taking up the Shares.

Subject to Law, the Offeror expressly reserves the right in its sole discretion to, on, or after the Expiry Date, terminate or withdraw the Offer and not take up or pay for any Shares if any condition specified in Section 5 of the Offer, "Conditions of the Offer", is not satisfied or, where such condition may be waived, is not waived, by giving written notice thereof or other communication confirmed in writing to the Depositary at its principal office in Toronto, Ontario. If the Offer is withdrawn by the Offeror, the Offeror will promptly return any Deposited Shares of the Shareholders. Subject to the Pro Rata Condition, the Offeror will not, however, take up and pay for any Shares deposited under the Offer unless it simultaneously takes up and pays for all Shares then validly deposited under the Offer and not withdrawn.

The Offeror will pay for Shares validly deposited under the Offer and not withdrawn by providing the Depositary with sufficient funds (by wire transfer or other means satisfactory to the Depositary) for transmittal to depositing Shareholders. The Offeror has sufficient funds to acquire the maximum number of Shares to be taken up pursuant to the Offer.

The Depositary will act as the agent of Persons who have deposited Shares in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting payment to such Persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by Persons depositing Shares.

Under no circumstances will interest accrue or be paid by the Offeror or the Depositary on the Purchase Price for Shares purchased by the Offeror to Persons depositing Shares, regardless of any delay in making such payment.

Settlement with each Shareholder who has deposited (and not withdrawn) Shares under the Offer will be made by the Depositary issuing or causing to be issued a cheque (except for payments in excess of C\$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds in the amount to which the Person depositing Shares is entitled. Unless otherwise directed by the Letter of Transmittal, the cheque will be issued in the name of the registered holder of the Shares so deposited. Unless the Person depositing the Shares instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by first class mail to such Person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of Transat. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing.

Registered Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary. However, an Intermediary through which a Shareholder owns Shares may charge a fee to tender any such Shares on behalf of the Shareholder. Shareholders should consult such Intermediary to determine whether any charge will apply.

4. Manner of Acceptance

Letter of Transmittal

The Deposit Deadline may be respected by delivering to the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal accompanying the Offer, so as to be received at or prior to the Deposit Deadline:

- (a) certificate(s) or DRS Statement(s), if available, representing the Shares in respect of which the Offer is being accepted;
- (b) a properly completed and duly executed Letter of Transmittal, in the form accompanying the Offer, in accordance with the rules and instructions set out in such Letter of Transmittal, with signature guarantee(s), if required; and
- (c) any other relevant documents required by the rules and instructions set out in the Letter of Transmittal.

The signature on the Letter of Transmittal must be guaranteed by an Eligible Institution or in some other manner acceptable to the Depositary (except that no guarantee is required for the signature of a depositing Shareholder which is an Eligible Institution) if it is signed by a Person other than the registered owner(s) of the Shares being deposited, or if the Shares not purchased are to be returned to a Person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) as shown on the registers of Transat, or if payment is to be issued in the name of a Person other than the registered owner(s) of the Shares being deposited. If a Letter of Transmittal is executed by a Person other than the registered holder of the Shares represented by the certificate(s) or DRS Statement(s) deposited therewith, then the certificate(s) or DRS Statement(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or share transfer power of attorney guaranteed by an Eligible Institution.

Shares will be validly deposited under the Offer provided the Depositary has actually received these documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Deposit Deadline.

Book-Entry Transfer

The Offeror understands that CDS will be issuing instructions to their participants as to the method of depositing such Shares under the terms of the Offer. Shareholders wishing to accept the Offer whose Shares are registered in the name of a nominee should contact their broker, investment dealer, bank, trust company or other Intermediary for assistance in depositing their Shares well before the Deposit Deadline.

Beneficial Shareholders who hold their shares through a bank, brokerage firm, or other nominee may accept the Offer by following the procedures for a book-entry transfer established by their Intermediary through CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Deposit Deadline. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Shareholder's Shares into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Shares to the Depositary by means of a book-entry transfer will constitute a valid deposit of Shares under the Offer.

Beneficial Shareholders who, through their Intermediary and respective CDS Participant, utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depositary are considered a valid deposit in accordance with the terms of the Offer.

For greater certainty, deposits of Shares in respect of which the holder thereof shall have validly revoked proxies appointing representatives of Mach, under the terms of the Letter of Transmittal, as their respective proxy for any meeting of holders of relevant securities of Transat (whether annual, special or otherwise or any adjournment or postponement thereof, including the Special Meeting), shall be considered to not be in proper form and may be rejected.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than as set forth herein.

Shareholders whose Shares are registered in the name of an Intermediary and who wish to accept the Offer should contact their Intermediary for assistance in depositing the Shares under the Offer.

Power of Attorney

The execution of the Letter of Transmittal (or, in the case of Shares deposited by book-entry transfer, by the making of a book-entry transfer) irrevocably constitutes and appoints effective at and after the time that Deposited Shares are tendered under the Offeror (the "**Effective Time**"), each director and officer of the Offeror and any other Person designated by the Offeror in writing as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Shares (which said Deposited Shares together with any and all Distributions (as defined below) which may be declared, paid, accrued, issued, distributed, made or transferred thereon, hereinafter referred to as the "**Effective Shares**") with respect to such Effective Shares, with full power of substitution and re-substitution (such

powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Shareholder to:

- (a) register or record the transfer and/or cancellation of such Effective Shares on the appropriate registers maintained by or on behalf of Transat;
- (b) instruct the Intermediary of a beneficial shareholder to appoint Alfred Buggé, Executive Vice-President, Mergers & Acquisitions of Mach and Vincent Chiara, President of Mach, as the proxyholders in respect of the Deposited Shares and to vote against the Arrangement Resolution at the Special Meeting;
- (c) whether or not such shares are registered in the Offeror's name, vote, execute and deliver as and when requested by the Offeror, any instruments of proxy, authorization or consent in form and on terms satisfactory to the Offeror in respect of any and all of such Effective Shares, revoke any such instrument, authorization or consent previously given, or designate in any such instrument, authorization, requisition, resolution, consent or direction, any Person or Persons as the proxy of such Shareholder or proxy nominee or nominees of such Shareholder in respect of such Effective Shares for all purposes including, without limitation, in connection with any meeting (whether annual, special or otherwise or any adjournment or postponement thereof, including, without limitation, the Special Meeting) of holders of relevant securities of Transat;
- (d) execute, endorse and negotiate for and in the name of and on behalf of such Shareholder, any and all cheques or other instruments representing any Distribution payable to or to the order of, or endorsed in favour of, a holder of such Effective Shares and/or designate in any instruments of proxy any Person(s) as the proxy or the proxy nominee(s) of such Shareholder in respect of such Distributions for all purposes;
- (e) exercise any rights of a holder of Effective Shares with respect to such Effective Shares, including all Dissent Rights associated with such Effective Shares in accordance with the *Canada Business Corporations Act* as modified by the Proposed Arrangement; and
- (f) execute all such further and other documents, transfers or other assurances as may be necessary or desirable in the sole judgment of the Offeror to effectively convey Effective Shares to the Offeror, all as specified in the Letter of Transmittal.

A Shareholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Shareholder at any time with respect to the Deposited Shares or any Distributions. Such depositing Shareholder agrees that no subsequent authority, whether as agent, attorney-in fact, attorney, proxy or otherwise will be granted with respect to the Deposited Shares or any Distributions by or on behalf of the depositing Shareholder unless the Deposited Shares are not taken up and paid for under the Offer, are withdrawn in accordance with Section 7 of the Offer, "Withdrawal of Deposited Shares" or are subject to a Deemed Withdrawal.

A Shareholder who executes a Letter of Transmittal agrees, effective on and after the date the Deposited Shares are tendered under the Offer, not to vote any of the Effective Shares at any meeting (whether annual, special or otherwise or any adjournment or postponement thereof, including the Special Meeting) of holders of Voting Shares or holders of Distributions and not to exercise any or all of the other rights or privileges attached to the Effective Shares, including all rights of dissent under the *Canada Business Corporations Act* as modified by the Proposed Arrangement ("**Dissent Rights**") and agrees to execute and deliver to the Offeror, at any time and from time to time, as and when requested by, and at the expense of, the Offeror, any and all instruments of proxy, authorizations or consents, in form and on terms satisfactory to the Offeror, in respect of all or any of the Effective Shares. A Shareholder who executes a Letter of Transmittal also agrees to designate in such instruments of proxy the Person or Persons specified by the Offeror as the proxy or the proxy nominee or nominees of the holder in respect of the Effective Shares. Upon such appointment, all prior proxies given by the holder of such Effective Shares with respect thereto shall be revoked and no subsequent proxies may be given by such Person with respect thereto.

In accordance with the terms of the Letter of Transmittal, a Shareholder that validly deposits Shares pursuant to the Offer (each, a “**Deposited Share**”), will appoint representatives of Mach as its nominees and proxy in respect of all Deposited Shares for any meeting of holders of relevant securities of Transat (whether annual, special or otherwise or any adjournment or postponement thereof, including the Special Meeting). For greater certainty, notwithstanding the Pro Rata Condition, upon tendering of the Deposited Shares under the Offer a Shareholder agrees that said Shares shall be voted against the Arrangement Resolution pursuant to the foregoing proxy, and if required, instruct an Intermediary of a beneficial owner to appoint the Shares to Alfred Buggé, Executive Vice-President, Mergers & Acquisitions of Mach and Vincent Chiara, President of Mach, as the proxyholder and to vote against the Arrangement Resolution at the Special Meeting.

In accordance with the Pro Rata Condition, the Offeror will promptly return, following the Deposit Deadline, any Shares of the depositing Shareholders in excess of 6,900,000 or 19.5% of the issued and outstanding Shares.

Any proxies solicited by the Offeror in connection with the Special Meeting, other than proxies in respect of Effective Shares taken up and paid for by the Offeror under the Offer, may be revoked at any time by the Shareholder providing instructions to its investment dealer, broker or other nominee or by simply submitting a subsequent vote. After the Deposit Deadline, Depositing Shareholders can call 1-866-892-5387, toll-free, to facilitate the immediate revocation of any proxies associated with Deposited Shares not taken up and paid for by the Offeror under the Offer, if they so choose.

Rights of Dissent

All Shareholders depositing Shares pursuant to this Offer will, in addition to appointing a representative of Mach as its nominee and proxy, also assign such representative the power to exercise all Dissent Rights associated with such Shares.

Dissent Rights may be exercised up to 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Special Meeting. Mach may decide to exercise the Dissent Rights for the Effective Shares following the Deposit Deadline. The Arrangement Agreement expressly provides that Air Canada may terminate the Proposed Arrangement if Dissent Rights have been validly exercised (or, if exercised, remain outstanding) with respect to more than 10% of the issued and outstanding Voting Shares.

If the Offer does not close, the Depositing Shares will be returned as soon as practicable to the holder of said shares (see “Return of Shares” under Section 10 of the Offer) and the holder will be able at its discretion to withdraw or maintain the exercise of Dissent Rights in accordance with the procedures set forth in the Transat Circular.

Dividends and Distributions

Subject to the terms and conditions of the Offer and subject, in particular, to Shares being validly withdrawn by or on behalf of a depositing Shareholder, and except as provided below, by accepting the Offer pursuant to the procedures set forth herein, a Shareholder deposits, sells, assigns and transfers to the Offeror all right, title and interest in and to the Shares covered by the Letter of Transmittal or book-entry transfer and in and to all rights and benefits arising from such Deposited Shares, including, without limitation, any and all dividends, distributions, payments (including any payments received in respect of the exercise of Dissent Rights), securities, property, rights or other interests which may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Shares or any of them on and after the date of the Offer including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property, rights or other interests (collectively, “**Distributions**”).

Further Assurances

A Shareholder who executes a Letter of Transmittal agrees in the Letter of Transmittal to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Effective Shares to the Offeror and acknowledges that all authority therein conferred or agreed to be conferred is, to the extent permitted by Laws, irrevocable and may be exercised during any

subsequent legal incapacity of such holder and shall, to the extent permitted by Laws, survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Shareholder.

Depositing Shareholders' Representations and Warranties

All Shareholders depositing Shares pursuant to the Offer must have full power and authority to deposit, sell, assign and transfer the Shares, together with any associated SRP Rights, to the Offeror. Shareholders depositing Shares pursuant to the Offer must have good title to their Shares free and clear of all liens, restrictions, charges, encumbrances, claims, adverse interests, equities and rights of other Persons.

The tendering of Deposited Shares under the Offer pursuant to the procedures described above will constitute a binding agreement between the depositing Shareholder and the Offeror upon the terms and subject to the conditions of the Offer, including the depositing Shareholder's representation and warranties that: (i) the Shareholder has been a holder of the Deposited Shares as of the Record Date; (ii) no letter of transmittal has been deposited by the Shareholder or any other Person on its behalf with respect to its Shares under the Proposed Arrangement; (iii) the Person signing the Letter of Transmittal, or on whose behalf a book-entry transfer is made, has full power and authority to deposit, sell, assign and transfer the Deposited Shares and Distributions being deposited and all interests therein and has not sold, assigned or transferred or agreed to sell, assign or transfer any of such Shares and Distributions (or interests therein) to any other Person; (iv) such Shareholder depositing the Deposited Shares (and any Distributions), or on whose behalf such Shares (and any Distributions) are being deposited, has good title to and is the beneficial owner of the Shares (and any Distributions) being deposited within the meaning of Applicable Securities Laws; (v) the deposit of such Deposited Shares (and any Distributions) complies with Applicable Securities Laws; and (vi) when such Deposited Shares are taken up and paid for by the Offeror, the Offeror will acquire good title to the Shares (and any Distributions) free and clear of all security interests, liens, restrictions, charges, encumbrances, claims, adverse interests, equities and rights of other Persons.

5. Conditions of the Offer

Notwithstanding any other provision of the Offer and subject to Law, the Offeror shall have the right to withdraw the Offer and not take up or pay for any Shares deposited under the Offer, if the following conditions are not satisfied or waived by the Offeror in whole or in part at or prior to the Expiry Time or such earlier or later time during which Shares may be deposited under the Offer:

- (a) there shall have been validly deposited under the Offer and not withdrawn at the Expiry Time 6,900,000 Shares which represents approximately 19.5% of the issued and outstanding Shares (on a non-diluted basis), together with any associated SRP Rights (the "**Minimum Tender Condition**");
- (b) the Deposited Shares under the Minimum Tender Condition are Shares held by the depositing Shareholders as of the Record Date;
- (c) the Proposed Arrangement is not approved by the requisite number of Voting Shares at the Special Meeting;
- (d) none of the Deposited Shares under the Minimum Tender Condition will have been deposited under a letter of transmittal for the Proposed Arrangement;
- (e) none of the Deposited Shares under the Minimum Tender Condition will have been the subject of a Deemed Withdrawal;
- (f) there shall not be threatened, instituted or pending any action, suit or proceeding by any Governmental Entity in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction or otherwise, in either case (i) preventing or prohibiting the ability of the Offeror to proceed with, make or

maintain the Offer or to take up, and pay for the Shares deposited under the Offer; (ii) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to the Offeror of the Shares, the right of the Offeror to own or exercise full rights of ownership of the Shares; (iii) which would materially and adversely affect the ability of the Offeror to proceed with the Offer and/or taking up and paying for any Shares deposited under the Offer; (iv) challenging, or seeking to make illegal, delay or otherwise directly or indirectly restrain or prohibit the voting of the Deposited Shares by the Offeror at any meeting of shareholders of Transat, including the Special Meeting; or (v) seeking material damages or that otherwise, or in the sole judgment of the Offeror, has or may have a material adverse effect on the Shares or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of Transat or Mach, or any of their respective subsidiaries, partners or affiliates taken as a whole, or has impaired or may materially impair the contemplated benefits of the Offer to Mach;

- (g) there shall not exist any prohibition at Law against the Offeror making or maintaining the Offer or taking up and paying for any Shares deposited under the Offer;
- (h) any change or changes shall not have occurred (or any development shall not have occurred involving any prospective change or changes) in the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of Transat or its subsidiaries or affiliates that, in the sole judgment of the Offeror, has or may have material adverse significance with respect to Transat or Mach;
- (i) the Offeror shall have determined in its sole judgment that, on terms satisfactory to the Offeror that the Shareholder Rights Plan does not and will not adversely affect the Offer or the Offeror, either before or on consummation of the Offer, or the acquisition by the Offeror of any Shares under the Offer; and
- (j) Transat shall not have entered into any agreement or have undertaken or announced any action which could have a material adverse impact on the Offer.

The foregoing conditions are for the exclusive benefit of the Offeror. The Offeror may assert any of the foregoing conditions at any time, regardless of the circumstances giving rise to such assertion (including, without limitation, any action or inaction by the Offeror giving rise to any such assertions). The Offeror may waive any of the foregoing conditions in its sole discretion, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. Each of the foregoing conditions is independent of and in addition to each other of such conditions and may be asserted irrespective of whether any other of such conditions may be asserted in connection with any particular event, occurrence or state of facts or otherwise. The failure by the Offeror at any time to exercise or assert any of the foregoing rights shall not be deemed to constitute a waiver of any such right, the waiver of any such right with respect to particular facts or circumstances shall not be deemed to constitute a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time by the Offeror. Any determination by the Offeror concerning any event or other matter described in the foregoing conditions will be final and binding for all purposes.

Any waiver of a condition or the withdrawal of the Offer will be effective upon written notice, or other communication confirmed in writing, by the Offeror to that effect to the Depositary at its principal office in Toronto, Ontario. The Offeror, promptly after giving any such notice, shall issue and file a press release announcing such waiver or withdrawal, and shall cause the Depositary, if required by Law, as soon as practicable thereafter to notify the Shareholders, in the manner set forth in Section 9 of the Offer, "Notices and Delivery", and shall provide a copy of the aforementioned notice to the TSX. If the Offer is withdrawn, the Offeror will not be obligated to take up or pay for any Deposited Shares, and the Depositary will promptly return all documents tendered to the Depositary under the Offer including certificates or DRS Statements representing Deposited Shares and Letters of Transmittal and related documents to the parties by whom they were deposited. See Section 10 of the Offer, "Return of Shares".

6. Variation or Change of the Offer

The closing of the Offer is at the Expiry Time, subject to extension or variation in the Offeror's sole discretion, or as set out below, unless the Offer is withdrawn by the Offeror.

The Offer will not be extended past the Expiry Time if all conditions of the Offer are satisfied or waived at or prior to the Expiry Time, including that there shall have been deposited a minimum of 6,900,000 Shares as at the Expiry Time, representing approximately 19.5% of the issued and outstanding Shares based on Transat's publicly available information as at the date of the Offer.

Subject to the limitations set out below, the Offeror reserves the right, in its sole discretion, at any time and from time to time while the Offer is open (or at any other time if permitted by Law), to vary the Offer (including, without limitation, by extending the Deposit Deadline or the Expiry Date or, where permitted by Law, abridging the period during which Shares may be deposited under the Offer where permitted by Law).

If, before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, the terms of the Offer are varied, including any reduction of the period during which securities may be deposited under the Offer pursuant to Law, or any extension of the period during which securities may be deposited under the Offer pursuant to Law, and whether or not that variation results from the exercise of any right contained in the Offer, the Offeror will promptly issue and file a news release announcing the number of Deposited Shares under the Offer as at the date of any such variation. Any notice of variation of the Offer will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depository at its principal office in Toronto, Ontario.

If at any time before the Expiry Time, or at any time after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to whom the Offer is being made to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), the Offeror will promptly issue and file a news release of such change and send a notice of change to the Depository ("**Notice of Change**"). Any Notice of Change will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depository at its principal office in Toronto, Ontario.

During any extension or in the event of any variation of the Offer or change in information, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be taken up by the Offeror in accordance with the terms hereof. An extension of the Expiry Date of the Offer, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by the Offeror of its rights under Section 5 of the Offer, "Conditions of the Offer".

Subject to the Pro Rata Condition, if the consideration being offered for the Shares under the Offer is increased, the increased consideration will be paid to all depositing Shareholders whose Shares are taken up under the Offer, whether or not such Shares were taken up before the increase.

If there is a further extension of the Offer past the Expiry Date, the Offeror will announce the number of Shares deposited under the Offer as at the date of such extension. Furthermore, the Offeror will continue to provide the market with timely updates by way of press release, and any material updates to the terms of the Offer will be disseminated by way of notice mailed to each Shareholder.

7. Withdrawal of Deposited Shares

Except as otherwise provided in this Section 7, all deposits of Shares pursuant to the Offer are irrevocable. Any Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder at any time before the Shares have been taken up by the Offeror or if the Shares have not been paid for by the Offeror within three Business Days after having been taken up by the Offeror. In either circumstance, all Shares deposited pursuant to the Offer will be immediately returned to Shareholders and all proxies associated with such withdrawn Shares will be deemed to be revoked.

Withdrawals of Shares deposited under the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by the Depositary at the place of deposit of the applicable Shares within the time limits indicated above. Notices of withdrawal: (i) must be made by a method that provides the Depositary with a written or printed copy, (ii) must be signed by or on behalf of the Person who signed the Letter of Transmittal accompanying the Shares which are to be withdrawn, and (iii) must specify such Person's name, the number of Shares to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Shares to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions set out therein), except in the case of Shares deposited for the account of an Eligible Institution. Any such withdrawal becomes effective on receipt of the notice of withdrawal by the Depositary.

If Shares have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 4 of the Offer, "Manner of Acceptance – Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS to be credited with the withdrawn Shares and otherwise comply with the procedures of CDS.

If the Offeror extends the period of time during which the Offer is open, is delayed in taking up or paying for Shares or is unable to take up or pay for Shares for any reason, then, without prejudice to the Offeror's other rights, Shares deposited under the Offer may be retained by the Depositary on behalf of the Offeror and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in this Section 7.

Withdrawals cannot be rescinded and any Shares withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be re-deposited at any subsequent time at or prior to the Deposit Deadline by following any of the procedures described in Section 4 of the Offer, "Manner of Acceptance".

All questions as to the validity (including timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion, and such determination will be final and binding. There is no duty or obligation of the Offeror, the Depositary or any other Person to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give such notice.

8. Purchases Outside Offer

The Offeror reserves the right to, and may, acquire or cause an affiliate to acquire beneficial ownership of Voting Shares by making purchases at prices higher or lower than the Purchase Price privately or through the facilities of the TSX at any time, and from time to time (the "**Outside Purchases**"). The Outside Purchases will not be counted in any determination as to whether the Minimum Tender Condition has been fulfilled.

Although the Offeror has no present intention to sell Shares taken-up and paid for under the Offer, it reserves the right to make or to enter into an arrangement, commitment or understanding at or prior to the Expiry Time to sell any of such Shares after the Expiry Time.

9. Notices and Delivery

Without limiting any other lawful means of giving notice, and unless otherwise specified by, any notice to be given by the Offeror or the Depositary pursuant to the Offer will be deemed to properly given if it is mailed by first class mail, postage prepaid, to the Shareholders at their respective addresses as shown on the registers maintained by or on behalf of Transat in respect of the Shares and will be deemed to have been received on the first Business Day the date of mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and notwithstanding any interruption of mail services mailing. Except as otherwise permitted by Law, in the event of any interruption of or delay in mail following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by any means, such as publication. Except as otherwise required or permitted by Law, in the event of any interruption or delay in mail service following mailing or if post offices in Canada are not open for the deposit of mail, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if a summary of the material provisions thereof is (i) given to the TSX for dissemination through its facilities, (ii) published once in the National Edition of

The Globe and Mail, and in Québec, in Le Devoir, in French, or (iii) given to the MarketWired or Canada Newswire Service for dissemination through their respective facilities.

The Offer and the Letter of Transmittal will be mailed to registered Shareholders by first class mail, postage prepaid, or made in such other manner as is permitted by Law and the Offeror will use its reasonable efforts to furnish such documents to investment dealers, banks and similar Persons whose names, or the names of whose nominees, appear in the register maintained by or on behalf of Transat in respect of the Shares or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Shares where such listings are received.

These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a nonregistered owner, and the Offeror or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with Law from the Intermediary holding such securities on your behalf.

Wherever the Offer calls for documents to be delivered to the Depository, those documents will not be considered delivered unless and until they have been physically received at the address listed for the Depository on the Letter of Transmittal, as applicable. Wherever the Offer calls for documents to be delivered to the office of the Depository, those documents will not be considered delivered unless and until they have been physically received at the office at the address indicated on the Letter of Transmittal.

10. Return of Shares

Any Deposited Shares that are either not taken up and paid for by the Offeror pursuant to the terms and conditions of the Offer, or that are subject to a Deemed Withdrawal, for any reason will be returned, at the Offeror's expense, to the depositing Shareholder as soon as practicable after the Expiry Time or withdrawal of the Offer, by either (i) sending certificates or DRS Statements representing the Shares not purchased by first-class insured mail to the address of the depositing Shareholder specified in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities register maintained by or on behalf of Transat, or (ii) in the case of Shares deposited by book-entry transfer of such Shares pursuant to the procedures set out in Section 4 of the Offer, "Manner of Acceptance – Book-Entry Transfer", such Shares will be credited to the depositing holder's account maintained with CDS.

11. Changes in Capitalization, Dividends, Distributions and Liens

If, on or after the date of this Offer, Transat should divide, reclassify, consolidate, convert, split, combine or otherwise change any of the Shares or its capitalization or shall disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion and without prejudice to its rights under Section 5 of the Offer, "Conditions of the Offer", make such adjustments as it considers appropriate to the Purchase Price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amounts payable therefor), to reflect such division, reclassification, consolidation, conversion, split, combination or other change. See Section 6 of the Offer, "Variation or Change of the Offer".

Shares and any Distributions acquired by the Offeror pursuant to the Offer shall be transferred by the Shareholder and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including, without limitation, the right to any and all dividends, distributions, payments, securities, property, rights (including but not limited to SRP Rights), assets or other interests which may be accrued, declared, paid, issued, distributed, made or transferred on or after the date of the Offer on or in respect of the Shares, whether or not separated from the Shares.

If, on or after the date of the Offer, Transat should declare, set aside or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to any Share, which is or are payable or distributable to Shareholders on a record date prior to the date of transfer into the name of the Offeror or its Intermediary or transferee on the securities register maintained by or on behalf of Transat in respect of Shares accepted for purchase under the Offer, then (and without prejudice to its rights under Section 5 of

the Offer, “Conditions of the Offer”): (i) in the case of any such cash dividends, distributions or payments that in an aggregate amount do not exceed the Purchase Price per Share payable, the Purchase Price per Share payable by the Offeror pursuant to the Offer will be reduced by the amount of any such dividend, distribution or payment, and (ii) in the case of any such cash dividends, distributions or payments that in an aggregate amount exceeds the Purchase Price per Share payable by the Offeror pursuant to the Offer, or in the case of any non-cash dividend, distribution, payment, securities, property, rights, assets or other interests, the whole of any such dividend, distribution, payment, securities, property, rights, assets or other interests (and not simply the portion that exceeds the Purchase Price per Share payable by the Offeror under the Offer), the amount of any excess will be received and held by the depositing Shareholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Shareholder to the Depositary for the account of the Offeror, accompanied by appropriate documentation of transfer. The Offeror will be entitled to deduct from the consideration payable by the Offeror under the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

12. Mail Service Interruption

Notwithstanding the provisions of the Offer or the Letter of Transmittal, cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary to which the deposited certificate(s) or DRS Statement(s) for Shares were delivered until such time as the Offeror has determined that delivery by mail will no longer be delayed. The Offeror will provide notice of any such determination not to mail made under this Section 12 as soon as reasonably practicable after the making of such determination and in accordance with Section 9 of the Offer, “Notices and Delivery”. Notwithstanding Section 3 of the Offer, “Take Up and Payment for Deposited Shares”, cheques and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Shareholder at the Depositary’s Toronto, Ontario office.

13. Other Terms of the Offer

The Offeror reserves the right to transfer or assign, in whole or in part from time to time, to one or more of its affiliates, the right to purchase all or any portion of the Shares deposited pursuant to the Offer, but any such transfer or assignment will not relieve the Offeror of its obligations under the Offer and will in no way prejudice the rights of Persons depositing Shares to receive payment for Shares validly deposited and taken up pursuant to the Offer.

The Offer and all contracts resulting from acceptance of the Offer will be governed by and construed in accordance with the Laws of the Province of Québec and the Laws of Canada applicable therein. Each party to an agreement resulting from the acceptance of an Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Québec.

No broker, investment dealer or other Person (including the Depositary) has been authorized to give any information or to make any representation or warranty on behalf of the Offeror or any of its affiliates in connection with the Offer other than as contained in the Offer and the Letter of Transmittal and, if any such information, representation or warranty is given or made, it must not be relied upon as having been authorized.

The Offeror, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the terms and conditions of the Offer (including, without limitation, the satisfaction of the conditions of the Offer), the Offer and the Letter of Transmittal, the validity of any acceptance of the Offer, the validity of any proxies to vote Deposited Shares and the validity of any withdrawal of Shares.

The provisions of the Letter of Transmittal accompanying the Offer, including the rules and instructions contained therein, as applicable, are incorporated into and form part of the terms and conditions of the Offer.

Where the Offer provides that the time for the taking of any action, the doing of any thing or the end of any period expires or falls upon a day that is not a Business Day, the time shall be extended and action may be taken, the thing may be done or the period shall end, as the case may be, on the next Business Day.

Dated August 2, 2019

GROUP MACH ACQUISITION INC.

By: (signed) "*Alfred Buggé*"

Name: Alfred Buggé

Title: Executive Vice-President, Mergers & Acquisitions

GLOSSARY

In the Offer, terms not otherwise defined in the Offer have the following meanings:

“**Applicable Securities Laws**” means the Securities Act (Québec) and the regulations thereunder and all other applicable Canadian securities Laws;

“**Arrangement Agreement**” means the arrangement agreement entered into between Air Canada and Transat on June 27, 2019 as it may be amended, modified or supplemented from time to time in accordance with its terms;

“**Arrangement Resolution**” means the special resolution approving the Proposed Arrangement in connection with the Arrangement Agreement;

“**Book-Entry Confirmation**” means confirmation of a book-entry transfer of a Shareholder’s Shares into the Depository’s account at CDS;

“**Business Day**” means any day of the week, other than a Saturday, a Sunday or a statutory or civic holiday observed in the Province of Québec or across Canada;

“**CDS**” means CDS Clearing and Depository Services Inc., or its nominee (which is, at the date hereof, CDS & Co.);

“**CDS Participant**” means a participant of CDS, which includes investment dealers, stockbrokers, banks, trust companies and other financial institutions that maintain custodial relationships with a participant, either directly or indirectly;

“**CDSX**” means the clearing and settlement system for debt and equity securities in Canada;

“**Class A Variable Voting Shares**” means the Class A variable voting shares in the capital of Transat;

“**Convertible Securities**” means options, warrants, and all other securities exercisable for, convertible into or exchangeable for Voting Shares, other than the SRP Rights;

“**Deemed Withdrawal**” has the meaning ascribed thereto in Section 3 of the Offer “Take Up and Payment for Deposited Shares”;

“**Depository**” means Laurel Hill Advisory Group;

“**Deposit Deadline**” means the deadline to deposit Shares under the Offer being 5:00 p.m. (Montreal time) on August 13, 2019, subject to any abridgement or extension thereof;

“**Deposited Shares**” has the meaning ascribed thereto in Section 4 of the Offer “Manner of Acceptance”;

“**DRS Statements**” means direct registration statements;

“**Expiry Date**” means August 23, 2019 or such earlier or later date or dates to which the Offer may be abridged or extended from time to time by the Offeror in accordance with Section 6 of the Offer, “Variation or Change of the Offer”;

“**Expiry Time**” means, in respect of the Offer, 5:00 p.m. (Montreal time) on the Expiry Date;

“**Eligible Institution**” means a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory

Organization of Canada, members of the Financial Industry Regulatory Authority, Inc. or banks in Canada or the United States;

“**Governmental Entity**” means: (a) any international, supranational, national, federal, state, provincial, territorial, municipal, local (or other political subdivision of the foregoing) entity exercising any executive, legislative, judicial, regulatory, administrative or quasi-governmental function, including any agency, board, body, bureau, court, tribunal (whether public or private), commissioner, commission (including any securities commission) or any central bank (or similar monetary or regulatory authority) or other entity acting on behalf of or with delegated authority from any of the foregoing; (b) any stock exchange; or (c) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing established to perform a duty or function on its behalf;

“**Information Agent**” means Laurel Hill Advisory Group;

“**Intermediary**” means a registered broker or dealer, financial institution or other intermediary (within the meaning ascribed thereto in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer, as amended), that holds securities on behalf of a Person who is not the registered holder thereof;

“**Laws**” means laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, notices, by-laws, rules, regulations, ordinances, or other requirements, policies or instruments of any Governmental Entity;

“**Letter of Transmittal**” means the letter of transmittal in the form accompanying the Offer to be delivered by holders of Shares to the Depository to effect the tender of Shares pursuant to the Offer;

“**Outside Purchases**” means acquisitions by the Offering or an affiliate of beneficial ownership of Voting Shares by making purchases at prices higher or lower than the Purchase Price privately or through the facilities of the TSX at any time, and from time to time;

“**Person**” includes an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrator, legal representative, Governmental Entity or any other entity, whether or not having legal status;

“**Proposed Arrangement**” means the proposed C\$13.00 per share plan of arrangement between Air Canada and Transat announced on June 27, 2019;

“**Pro Rata Condition**” has the meaning ascribed thereto in Section 3 of the Offer “Take Up and Payment for Deposited Shares”;

“**Record Date**” means the close of business on July 17, 2019 being the date that the Transat Board has set as the record date for determining the holders of Voting Shares who are entitled to receive notice of, and to vote at, the Special Meeting;

“**Shareholders**” means the registered or beneficial holders of Shares, as the context requires, other than the Offeror or affiliates of the Offeror;

“**Shareholder Rights Plan**” means the amended and restated shareholder rights plan agreement dated as of March 16, 2017, between Transat and CST Trust Company, as rights agent;

“**Shares**” means the Class B Voting Shares of Transat in the capital of Transat;

“**SRP Rights**” mean the rights issued pursuant to the Shareholder Rights Plan, and “SRP Right” means any one of them;

“**Special Meeting**” means the special meeting of holders of Voting Shares, including any adjournment or postponement thereof, to be called and held on August 23, 2019 to consider the Arrangement Resolution as set forth in the Transat Circular;

“**Transat Board**” means the board of directors of Transat;

“**Transat Circular**” means the management proxy circular of Transat, including all schedules hereto, sent by Transat to the holders of Voting Shares in connection with the Special Meeting;

“**TSX**” means the Toronto Stock Exchange; and

“**Voting Shares**” means, collectively, the Class A Variable Voting Shares and the Shares, and a "Voting Share" means any of a Class A Variable Voting Share and a Share.