



**CPA AMENDMENT 2019:
STABILITY, PREDICTABILITY AND STRONG ECONOMICS**

January 14, 2019

NOTICE TO READER

This document contains information with respect to:

- amendments to, including an extension of, the amended and restated capacity purchase agreement effective January 1, 2015, between Air Canada and Jazz Aviation LP (the “CPA Amendments”), and
- an investment by Air Canada in Class B Voting Shares of Chorus Aviation Inc. (the “Investment”).

The coming into force of the CPA Amendments and the completion of the Investment are conditional on each other and are subject to a number of conditions, including ratification of the tentative agreement between Jazz and ALPA on behalf of Jazz’s pilots, and satisfaction of the conditions contained in the TSX’s conditional listing approval. There are no assurances that the transactions will be completed as described in this presentation or at all, or that they will deliver any projected benefits.

All projections use an estimated U.S. to Canadian currency exchange rate of \$1.26.

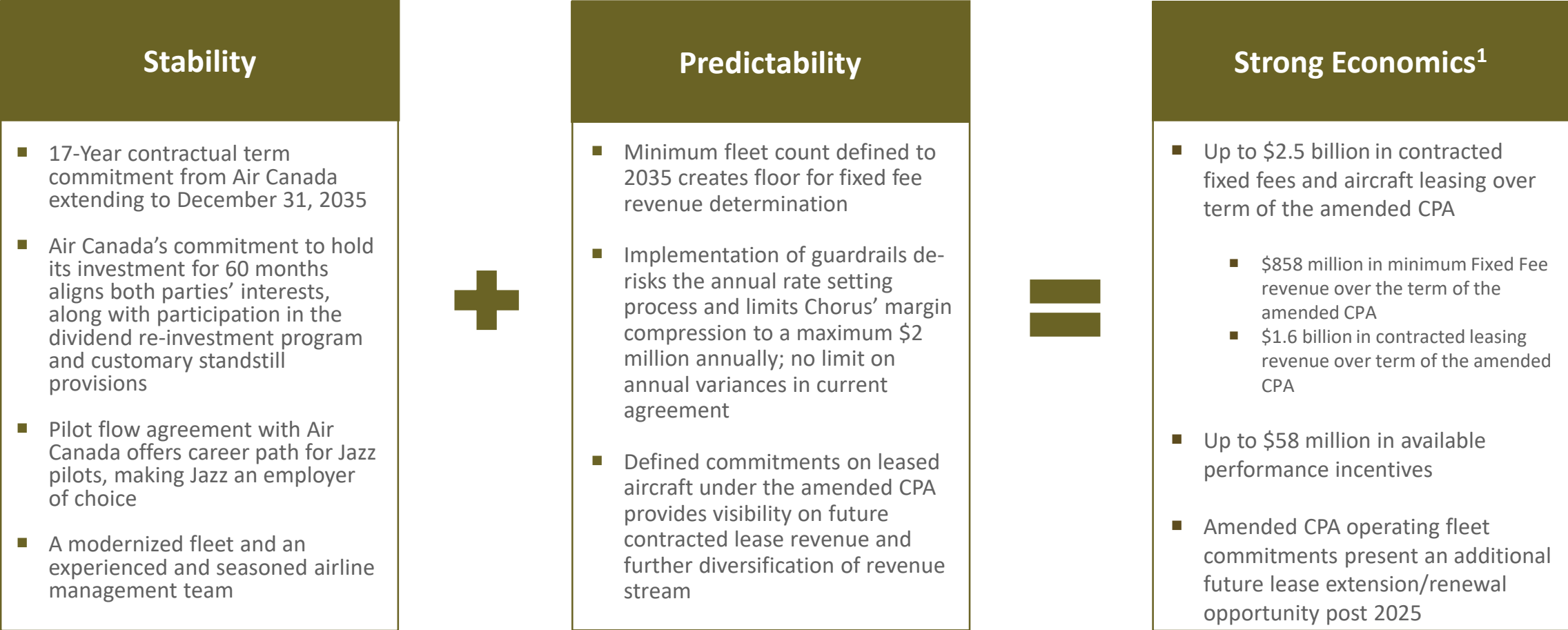
CAUTION REGARDING FORWARD-LOOKING INFORMATION

This presentation contains “forward-looking information” as defined under applicable Canadian securities laws. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve but is not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information relates to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information, by its nature, is based on assumptions, including those described below, and is subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, external events, changing market conditions and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those expressed in the forward-looking information. The coming into force of the CPA amendments and the completion of Air Canada’s equity investment in Chorus are subject to a number of conditions (including ratification of the tentative agreement between Jazz and ALPA on behalf of Jazz’s pilots, and satisfaction of the conditions contained in the TSX’s conditional listing approval) and there are no assurances that they will be completed as described in this presentation or at all, or that they will deliver any projected benefits.

Other factors that could cause results to differ materially from those expressed in this presentation include, without limitation, changes in Air Canada’s financial condition or prospects; adverse developments affecting the airline industry generally; risks relating to aircraft leasing (such as the financial condition of lessees, availability of aircraft, access to capital, fluctuations in aircraft market values, competition and political risks); litigation or regulatory action; and future changes (if any) to Chorus’ dividend policy. For a further discussion of risks, please refer to Chorus’ Annual Information Form dated February 14, 2018, and Management’s Discussion and Analysis of Results of Operations and Financial Condition dated February 14, 2018 and November 13, 2018. All forward-looking information in this presentation represents Chorus’ expectations as of January 14, 2019 and is subject to change after such date. However, Chorus disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

AMENDED CPA PROVIDES LONG-TERM CERTAINTY



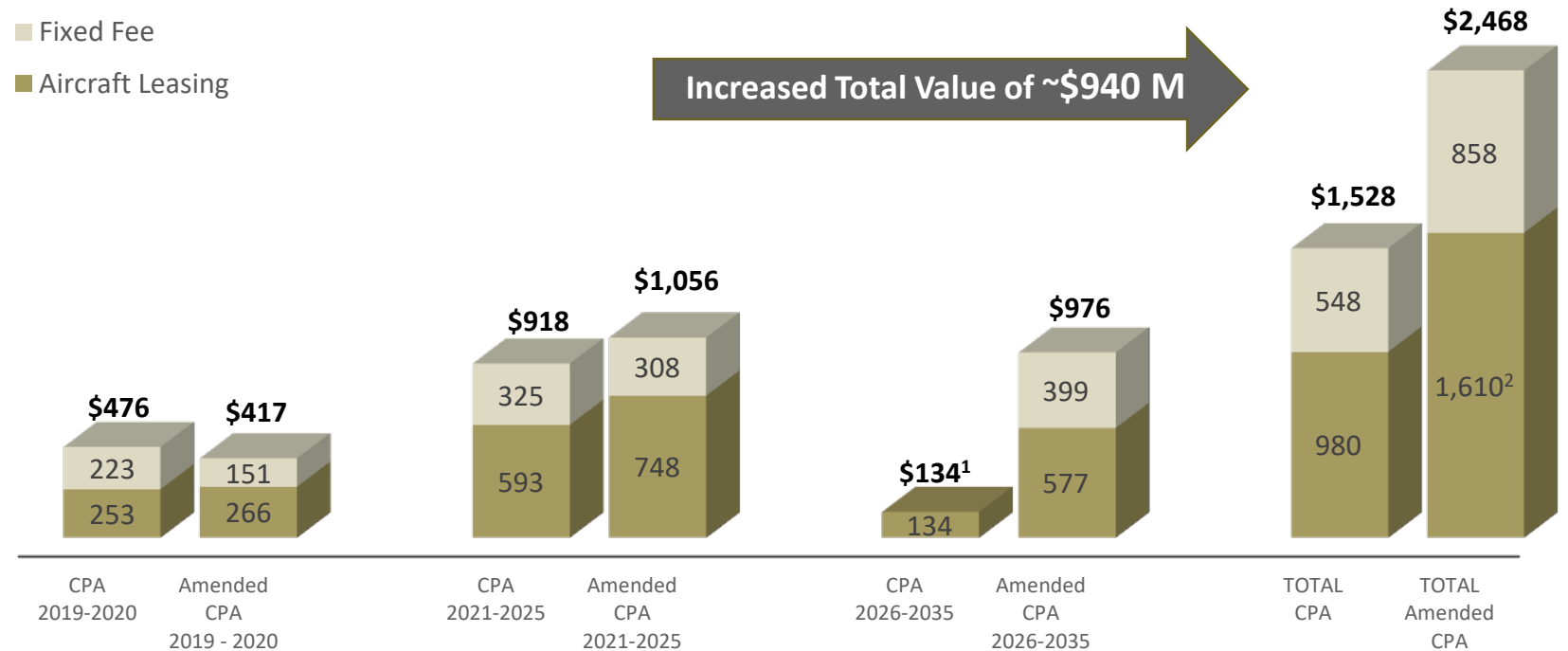
1. See slides 5, 6 and 7 for the principles underlying the future economics

TOTAL CONTRACTED REVENUE TO INCREASE BY ~\$940 MILLION

Combined Value ~\$2.5 Billion in Minimum Contracted Revenue

- Total aircraft leasing and fixed fee revenue under the amended CPA increases by ~\$940 million versus the current contract
- Near-term fixed fee reductions more than offset by term extension and aircraft leasing
- Aircraft leasing driving approximately 65% of the contracted revenue for the term of the amended agreement
- Potential for additional lease extensions/renewals under the amended CPA with Air Canada beyond 2025
- Maximum available performance incentives reduce to an average of \$3.4 million annually over the term
 - As these are variable in nature, they are not included in the contracted revenue figures

Aircraft Leasing and Fixed Fee Revenue (Millions CAD\$)

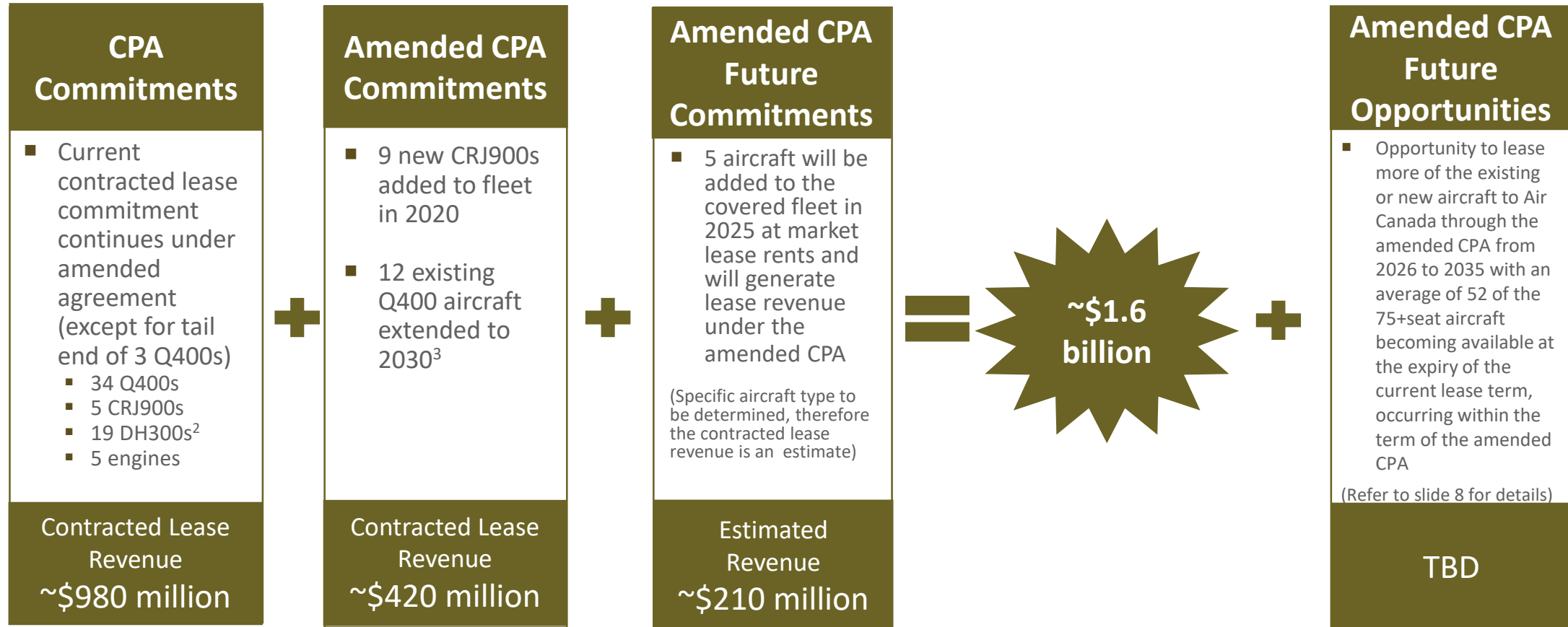


¹ Certain current aircraft leases under the current CPA extend past December 31, 2025

² 'Total Amended CPA' column includes contracted aircraft leasing for 2036 and beyond estimated at \$19 million (refer to slide 7)

CONTRACTED LEASE REVENUE GROWS TO ~\$1.6 BILLION

By 2022, Chorus will have 67¹ aircraft on lease to Air Canada under the amended CPA



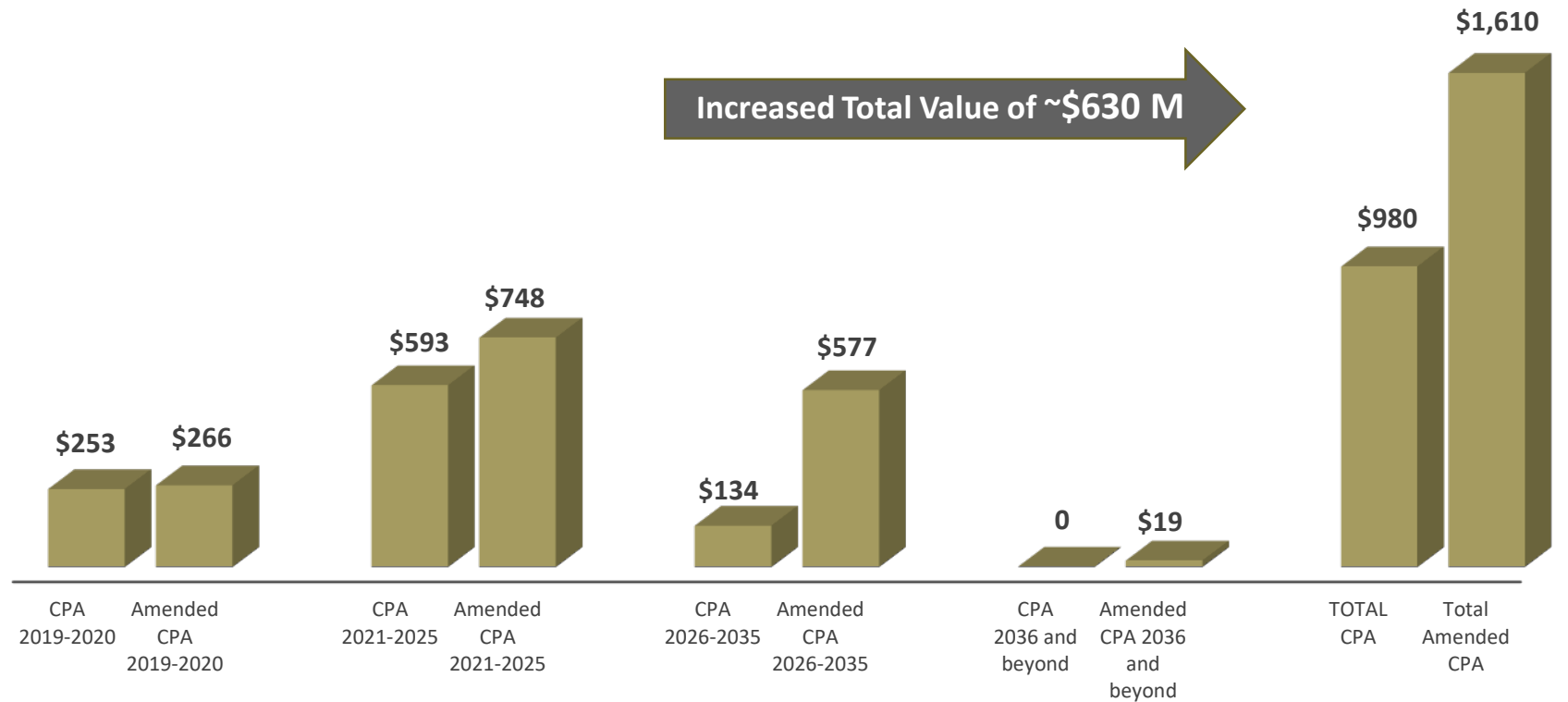
1. With delivery of nine CRJ900s in 2020
2. As of January 14, 2019, the Extended Service Program was completed on eight Dash 8-300s which are earning lease revenue under the CPA. The remaining 11 aircraft will gradually be completed by December 31, 2022 and will earn lease revenue under the amended CPA (see slide 8)
3. Amended CPA includes methodology to determine fair market value lease rates from 2026-2030; lease rates will be set in 2026 using this methodology

INCREMENTAL CONTRACTED LEASE REVENUE OF UP TO ~\$630 MILLION

Contracted Lease Revenue of ~\$1.6 Billion

- Up to ~\$1.6 billion in future contracted lease revenue
- Includes ~\$630 million in incremental contracted commitments with the following fleet:
 - Of the 34 Q400s on lease today:
 - 3 aircraft removed at end of current leases in 2023
 - 12 aircraft extended to 2030
 - 19 Q400 aircraft with a fair market value put and call right to Air Canada at end of current lease (ending lease periods ranging from 2025 to 2028)
 - 9 CRJ900s added to the fleet in 2020
 - 5 aircraft added in 2025 at market rents (type to be determined)
 - Opportunity to lease more aircraft to Air Canada through the amended CPA post 2025

Minimum Contracted Aircraft Leasing Revenue (Millions CAD\$)



OPPORTUNITIES FOR INCREMENTAL REVENUE AT END OF LEASES

Significant Leasing Opportunity as each Aircraft Lease under the CPA Expires

- Current lease commitments beyond 2025 leave substantial room for additional lease extensions/renewals on current and possibly new aircraft to Air Canada in amended CPA
- Lease expiry of each aircraft is concurrent with full debt repayment; no exposure for Chorus on debt
- 19 Q400 aircraft with a fair market value put and call right to Air Canada at end of current lease (ending lease periods ranging from 2025 to 2028)

Year end fleet counts	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Chorus-owned 75-78 seat aircraft earning leasing revenue under CPA	39	48 ¹	48	48	45	45	50 ¹	44	39	31	26	26	14	5	5	5	5
								Average of 33					Average of 7				
Chorus-owned Dash 8-300 aircraft ² (50-seat aircraft) earning leasing revenue under CPA	16	17	18	19	19	19	19	-	-	-	-	-	-	-	-	-	-
Chorus-owned aircraft with expired leases ^{3,4}	-	-	-	-	3	3	3	28	33	41	46	46	58	67	67	67	67
								Average of 52									
Total	55	65	66	67	67	67	72	72	72	72	72	72	72	72	72	72	72

¹ Includes 9 CRJ900s acquired and leased in 2020 and 5 aircraft to be determined acquired and leased in 2025.

² As of January 14, 2019, the Extended Service Program was completed on eight Dash 8-300s which are earning lease revenue under the CPA. The remaining 11 aircraft will gradually be completed by December 31, 2022 and will earn lease revenue under the amended CPA.

³ Owned Chorus aircraft that have their lease expire under the amended CPA. These aircraft have the potential for re-lease with Air Canada or other third parties, sale or part out.

⁴ Aircraft debt is fully paid off with each lease expiry, including the 3 Q400s removed in 2023.

MINIMUM COVERED FLEET COMMITMENT PROVIDES CERTAINTY

Significant Footprint within Air Canada Regional Network under Amended CPA

- Enhanced relevance to Air Canada with regional AC Express capacity reallocated to Jazz
- Further fleet modernization and transition to larger gauge equipment with the Dash 8-100s exiting the fleet earlier
- Amended CPA identifies covered fleet by type from 2019 to 2025
 - 2% higher total seats available from 2019 – 2025 in the Amended CPA
- Fleet beyond 2025 set at minimum of 80 aircraft with 75 to 78 seat capacity

Amended CPA

	2019	2020	2021	2022	2023	2024	2025	2026 ONWARD
DASH 8-100	-	-	-	-	-	-	-	-
DASH 8-300	19	19	19	19	19	19	19	-
CRJ900	35	35	35	35	35	35	35	-
Q400	36	36	36	36	36	36	36	-
CRJ200	15	15	15	15	15	15	15	-
Type TBD								80
TOTAL	105	105	105	105	105	105	105	80

Current CPA

	2019	2020	2021	2022	2023	2024	2025	2026 ONWARD
DASH 8-100	15	15	12	12	4	1	-	-
DASH 8-300	26	26	26	26	26	26	26	-
CRJ900	21	21	21	21	21	21	21	-
Q400	44	49	49	49	49	49	49	-
CRJ200	10	-	-	-	-	-	-	-
TOTAL	116	111	108	108	100	97	96	-

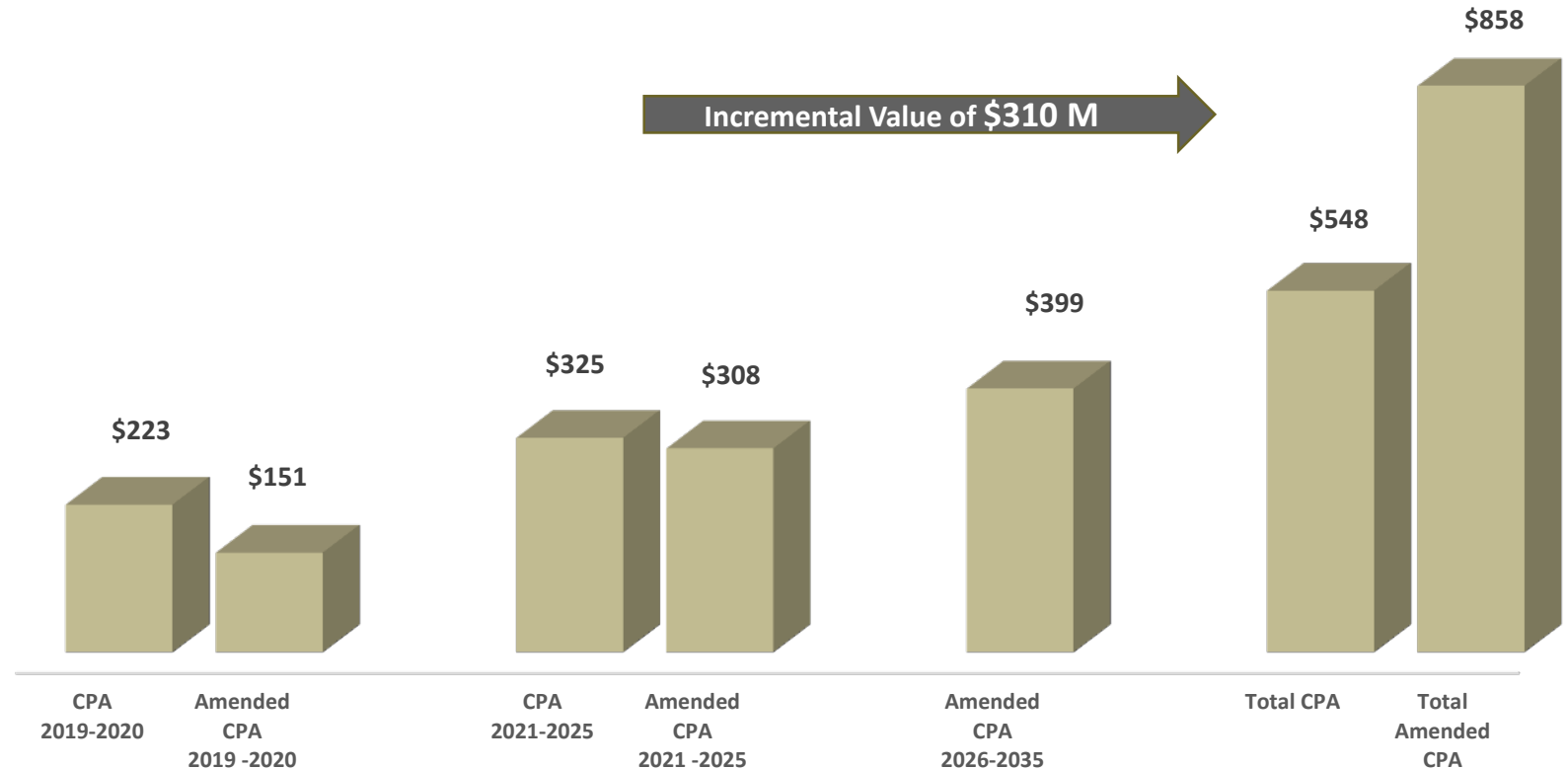
Note: Operating aircraft in fleet may be higher than the minimum covered fleet commitment, particularly in the early years as fleet transition occurs.

INCREMENTAL \$310 MILLION IN CONTRACTED FIXED FEE REVENUE

Significant Contracted Fixed Fee Revenue under Amended CPA

- \$858 million of total contracted fixed fee revenue under amended CPA based on minimum fleet commitment
- \$310 million in incremental contracted fixed fees due to the extended contract term
- Near-term fixed fee reductions of above-market rates more than offset by term extension renewal.
- +/- \$2 million range for annual rate-setting ensures predictability (previous agreement had no limit on annual variance)

Minimum Contracted Fixed Fee Revenue
(Millions CAD\$)



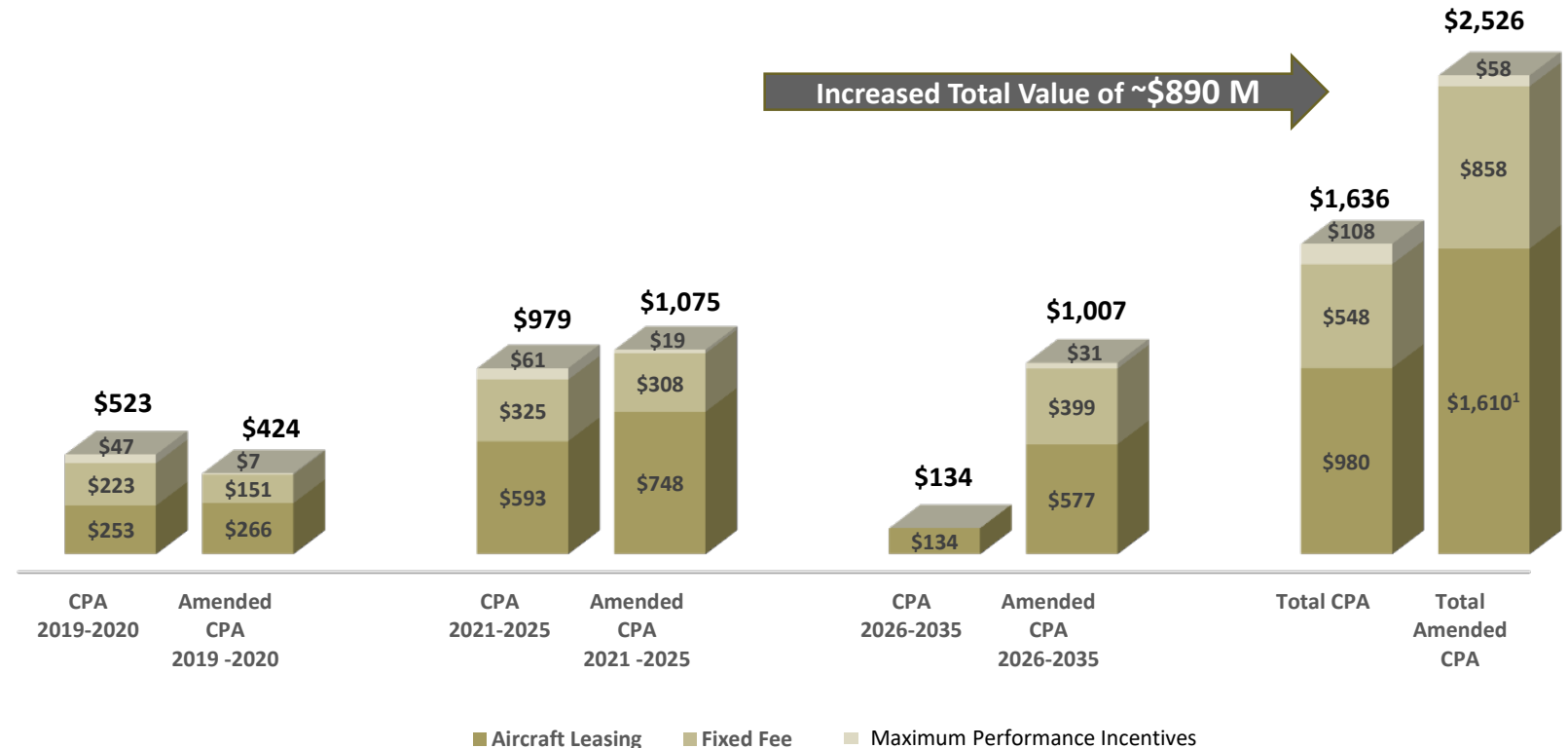
Appendix

OVERALL CHANGE IN REVENUE (INCLUDING MAXIMUM AVAILABLE PERFORMANCE INCENTIVES)

Overall Change in Revenue under amended CPA

- Overall, including the maximum available performance incentives, revenue increase of ~\$890 million
- Performance incentives are variable in nature, and are earned under the agreement through attainment of certain operational metrics
- Excluding maximum available performance incentives, total incremental contracted revenue value of ~\$940 million created with amended CPA

Aircraft Leasing, Fixed Fee and Maximum Performance Incentive Revenue (Millions CAD\$)



¹Total Amended CPA' column includes contracted aircraft leasing for 2036 and beyond estimated at \$19 million (refer to slide 7)