



On February 2, 2015 Chorus announced that it had established an amended and extended Capacity Purchase Agreement ('CPA').

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information in this presentation, and statements made during this presentation may be forward-looking. These forward-looking statements are 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 statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements relate 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 statements, by their nature, are based on assumptions, including those described below, and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, risks relating to Chorus' relationship with Air Canada, the airline industry and in particular the international operation of airlines in developing countries and areas of unrest, airline leasing, energy prices, general industry, market, credit, and economic conditions, (including a severe and prolonged economic downturn which could result in reduced payments under the amended CPA), competition, insurance issues and costs, supply issues, war, terrorist attacks, aircraft incidents, epidemic diseases, environmental factors, acts of God, changes in demand due to the seasonal nature of the business, the ability of Chorus to reduce operating costs and employee counts, the ability of Chorus to secure financing, the ability of Chorus to renew and or replace existing contracts, employee relations, labour negotiations or disputes, pension issues, currency exchange and interest rates, leverage and restructure covenants in future indebtedness, uncertainty of dividend payments, managing growth, changes in laws, adverse regulatory developments or proceedings in countries in which Chorus and its subsidiaries operate or will operate, pending and future litigation and actions by third parties. For a discussion of certain risks, please refer to Section 21 – Risk Factors in the second quarter 2015 MD&A. The forward-looking statements contained in this discussion represent Chorus' expectations as of November 13, 2015, and are subject to change after such date. However, Chorus disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

You'll note the usual disclaimer regarding forward-looking information.

| Overview of the CPA | |  | |
|-------------------------|---|---|---|
| Term | January 1, 2015 to December 31, 2025 | | |
| Responsibilities |  | |  Operated by  |
| | Airfares | Crews | |
| | Flight schedules | Aircraft | |
| | Passenger accommodation | Airframe maintenance | |
| | Aircraft deployment | Flight operations | |
| | Marketing | Some airport operations | |
| | | | 3 |

The term of the agreement is from January 1, 2015 to December 31, 2025.

Under the CPA Air Canada manages, and assumes all the risks associated, with the commercial aspects of the business. This includes commercial responsibilities such as setting air fares, flight schedules, passenger accommodation and determining which aircraft flies certain routes.

Chorus subsidiary, Jazz Aviation LP ('Jazz') is contracted to fly on Air Canada's behalf under the Air Canada Express brand. Jazz is a contracted operator that is responsible for providing aircraft, crew and aircraft maintenance to support the operation. It is also responsible for flight dispatch functions and for providing airport services at 46 airports in Canada and the United States.

Jazz-operated AC Express fleet



The Chorus fleet will transition to more efficient, larger aircraft with significant fleet simplification

- Jazz will transition to a mix of larger, newer technology regional jets (CRJ705s) and turboprops (Q400s)

| Aircraft Type | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Q400 | 27 | 42 | 44 | 44 | 44 | 49 | 49 | 49 | 49 | 49 | 49 |
| CRJ200 | 16 | 13 | 10 | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| CRJ705 | 16 | 16 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Total | 59 | 71 | 75 | 75 | 75 | 70 | 70 | 70 | 70 | 70 | 70 |

- The addition of Q400s will replace older, less efficient Dash 8-100s that have a higher value in alternative uses

| Aircraft Type | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Dash 8-100 | 28 | 19 | 16 | 15 | 15 | 15 | 12 | 12 | 4 | 1 | 0 |
| Dash 8-300 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Total | 54 | 45 | 42 | 41 | 41 | 41 | 38 | 38 | 30 | 27 | 26 |

For the next 5 years we have an overall fleet plan intended to simplify and modernize the Jazz fleet. This program will lower our cost per available seat mile and provide Air Canada the ability to enhance its network flexibility and competitiveness.

The overall fleet plan calls for the addition of 28 Q400s to gradually replace 34 Dash 8-100s and 25 CRJ-200s. 26 Dash 8-300s are to continue to operate to 2025, as well as 21 CRJ705s. The transition gradually reduces the minimum number of aircraft from 122 to 96 over the term of the agreement; however, overall seat capacity increases by approximately 4%. Overall capacity as measured by available seat miles climbs to just under 13% with the addition of the larger gauge aircraft until 2020, and then there's a corresponding modest decline with the gradual removal of the remaining 15 Dash 8-100s from 2021 to 2025.

| Fixed Fees | Performance Incentives | Aircraft Leasing |
|---|--|---|
| <ul style="list-style-type: none"> * Fixed margin per covered aircraft * Fixed infrastructure fee per covered aircraft * Combined fixed fees set at \$109.7 million for 2015 | <ul style="list-style-type: none"> * Achieving established targets: <ul style="list-style-type: none"> - Controllable on-time performance - Controllable flight completion - Passengers arriving with luggage - Customer service * Maximum available annually (2015-2020): \$23.4 million | <ul style="list-style-type: none"> * Chorus-owned Q400 aircraft leased into Jazz's Air Canada Express operation * Earns leasing revenue on 21 Q400 aircraft and 4 Q400 engines - \$48.9 million in first nine months of 2015 * Generates cash margin of 20% (after debt servicing charges) |

Chorus is compensated under the CPA in three ways:

- Fixed fees;
- Performance Incentives; and
- Aircraft leasing

Fixed fees

Chorus is compensated using the industry standard approach of fixed fees for its contracted services. There are two fixed fees which establish the minimum level of compensation for the term of the CPA:

1. Fixed Margin per Covered Aircraft; and
2. Infrastructure Fee per Covered Aircraft.

The fixed Margin per Covered Aircraft, does not vary regardless of network size, complexity or hours flown.

The fixed Infrastructure Fee per Covered Aircraft compensates for the additional services Chorus provides in support of the regional flying network such as airport operations. For example, combined, these fixed fees are set at approximately \$109.7 million for the year 2015, or \$27.4 million quarterly.

Performance Incentives

Chorus is compensated for achieving established performance targets, being: controllable on-time performance, controllable flight completion, passengers arriving with luggage and customer service. The maximum annual available incentive for the years 2015 to 2020 is \$23.4 million.

Aircraft Leasing

Chorus' owned Q400 aircraft and engines are leased into Jazz's Air Canada Express operation under the CPA. As such, Chorus earns aircraft leasing revenue on 21 owned Q400 aircraft and four Q400 engines. For the nine months ended September 30, 2015, Chorus earned \$48.9 million in aircraft leasing revenue. Annually these aircraft and engines generate a cash margin, after debt servicing charges, of approximately 20%.

By the year 2020 Chorus will lease a minimum of 53 aircraft (34 Q400s and 17 Dash 8-300s) into the CPA operation.

Controllable costs

| | |
|---------------|---|
| Type of costs | <ul style="list-style-type: none"> • General overhead • Depreciation and amortization on aircraft and parts • Aircraft maintenance • Materials and supplies |
| Rate setting | <ul style="list-style-type: none"> • Set annually, based on projected annual block hours, flying hours, cycles, passengers carried • Associated cost determined by Chorus and resulting rates mutually agreed upon with Air Canada • Annual rate setting decreases Chorus risk profile and increases accuracy of rates |
| Crew rates | <ul style="list-style-type: none"> • Set for the term of the CPA and reflect projected crew unit costs • Embedded in collective agreements • Can be adjusted based on certain criteria |

Chorus incurs two types of costs under the CPA:

- Controllable costs, and
- Pass through costs

Controllable Costs

With the exception of flight crew costs and aircraft rent, the rates for controllable costs are set annually. Controllable costs include items such as general overhead, depreciation and amortization on aircraft and parts, aircraft maintenance, materials and supplies.

The process under the CPA is such that Chorus is provided with the projected annual block hours, flying hours, cycles and passengers carried in advance of each year. The associated controllable costs are determined by Chorus. The resulting rates to be paid by Air Canada to Chorus for the controllable costs are mutually agreed upon. The rate-setting process is staggered throughout the year and conducted on a rolling basis. The majority of these controllable costs are embedded in contracts with suppliers.

The annual rate setting on controllable costs decreases Chorus' risk profile as the annual rate re-set ensures costs are reviewed in a timely manner and reflect the realities of the current environment. With such visibility the accuracy of the rates is better assured in the event there are significant changes in the operation and/or operating environment.

Crew rates are set for the term of the CPA and reflect projected crew units costs for this period; they are embedded in the collective agreements of Jazz pilots and flight attendants, and support the projected crew unit costs agreed to with Air Canada. Crew rates are adjusted if the number of actual block hours flown, the flow of Jazz pilots to Air Canada, and/or the efficiency of the crew schedules delivered by Air Canada are outside certain agreed thresholds. They may also be adjusted for regulatory changes.

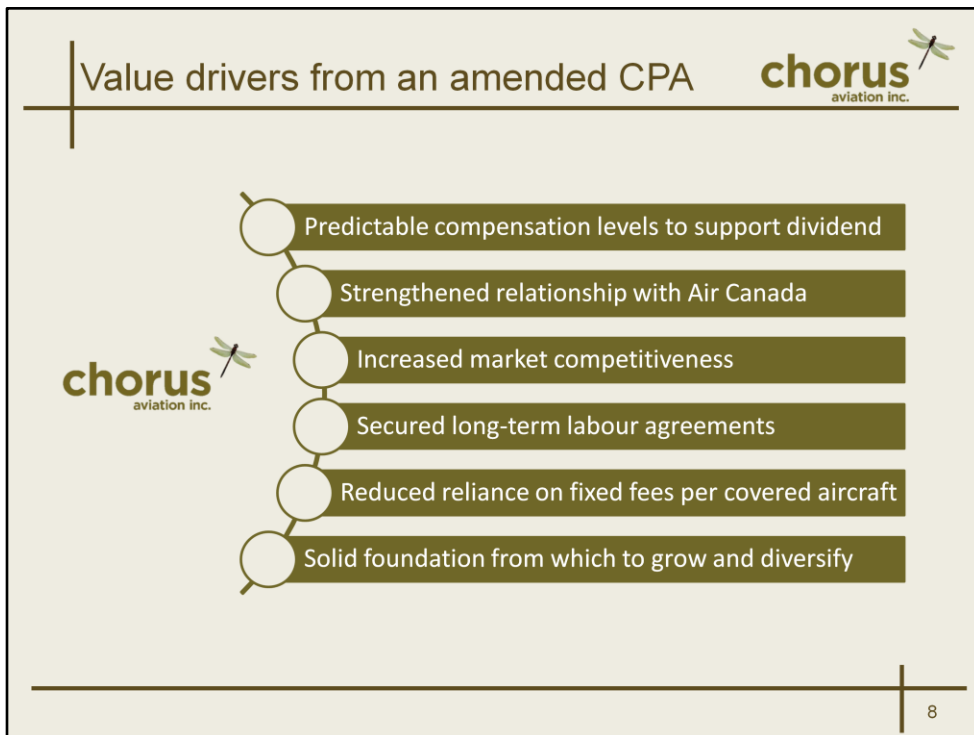
Pass-through costs

| | |
|--------------------|--|
| Pass-through costs | <ul style="list-style-type: none"> • Incurred by Chorus under the CPA • Passed through to Air Canada and fully reimbursed |
| Type of costs | <ul style="list-style-type: none"> • Airport fees • Navigation fees • Terminal handling fees |
| Exclusion | <p>Services provided by Air Canada at no cost to Chorus include:</p> <ul style="list-style-type: none"> • Aircraft fuel • Air Canada ground handling |

Pass-Through Costs

Pass-through costs are costs incurred by Chorus under the CPA that are passed through to Air Canada and fully reimbursed. These include costs such as airport and navigation fees, and terminal handling fees.

Services provided by Air Canada are done at no cost Chorus. These include aircraft fuel and Air Canada ground handling.



In addition to the lowering Chorus' risk profile, Chorus believes the amended and extended CPA delivers additional shareholder value will be by:

- Providing a long-term horizon of predictable compensation levels that are anticipated to support the dividend;
- Aligning the interests of Chorus and Air Canada and strengthening the relationship;
- Promoting Chorus' market competitiveness through cost reduction initiatives such as the modernization of the Jazz fleet and the ability to flow senior pilots to Air Canada;
- Securing long-term market competitive labour agreements with Jazz pilots, flight attendants and dispatcher;
- Reducing reliance on the Fixed Margin and Infrastructure Fees per Covered Aircraft by replacing it with growth in the cash margin from aircraft leasing under the CPA; and
- Securing a solid foundation from which to grow and diversify Chorus' group of companies.