



**NOTICE OF
2015 ANNUAL MEETING OF SHAREHOLDERS
AND MANAGEMENT PROXY CIRCULAR**

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LETTER FROM THE CHAIRMAN AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

March 30, 2015

Dear Chorus Shareholders:

We are pleased to provide for your review the materials for Chorus Aviation Inc.'s annual meeting of shareholders. You are cordially invited to the annual meeting of shareholders which will be held on Thursday, May 14, 2015 at 9:00 a.m. (Atlantic time), at The Halifax Club, 1682 Hollis Street, Halifax, Nova Scotia.

As a shareholder of Chorus Aviation Inc., you have the right to vote your shares on all items that come before the meeting. You can vote your shares either by proxy or in person at the meeting. This proxy circular will provide you with information about the business of the meeting and how to exercise your right to vote. It will also describe the nominee directors, the proposed auditors, the compensation of directors and certain officers and our corporate governance practices.

We are pleased with our operational and financial performance in 2014. Chorus continued to build upon its strengths and focused upon the provision of a long term, sustainable future for our company. We were successful in amending and extending our Capacity Purchase Agreement ('CPA') with Air Canada. The unprecedented 11-year term of the amended CPA to the year 2025 is anticipated to support the current dividend as well as diversification opportunities going forward.

In 2014 we increased our revenue stream from aircraft leasing, strengthened our financial position and provided greater flexibility in our capital structure. We experienced a \$13.6 million improvement in operating income over 2013 as a result of our strong operational performance, cost saving initiatives and aircraft leasing operations under our CPA with Air Canada. Significant cost reduction measures initiated in 2013 and carried through 2014, such as the consolidation of our heavy maintenance operation in Halifax, the outsourcing of non-core airport services, and ongoing general overhead reductions also helped to strengthen the bottom line. In addition, we maintained a leading position amongst North American airlines for on-time performance. Our on-time performance also contributed to a \$1.8 million increase in performance incentives paid pursuant to the CPA compared to 2013.

Year-over-year we experienced increases in our key financial performance indicators of adjusted EBITDA¹ of 9.1% and adjusted net income¹ of 12.4%. Chorus shareholders benefited from adjusted net income per share¹ of 78 cents, an increase of 13.0% compared to 2013.

Our strong cash flows throughout the year supported the payment of \$80.2 million for the early redemption of the convertible debentures, the payment of \$9.4 million for the repurchase and cancellation of approximately 2.3 million shares, dividend payments of just under \$64.0 million, and the investment of approximately \$11.9 million in employee separation programs.

The balance of 2015 will be a period of transition as we implement and operationalize our amended CPA. We have secured a solid foundation for Chorus and will look to leverage our strengths and expertise in the regional aviation sector as evidenced by our recently announced intention to acquire Voyageur Airways. This proposed acquisition is a natural extension of our current contract flying business model and is expected to be immediately and significantly accretive to Chorus' earnings and cash flow from operating activities. We anticipate closing this transaction in the second quarter of this year.

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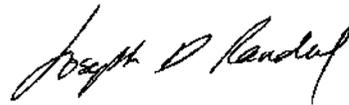
During the meeting, we will also present the highlights of our 2014 achievements and highlight the opportunities that 2015 will bring. We will continue to build on our successes to strengthen our competitive position as we progress through our strategic plans. Our team delivered terrific performance, and we are confident their efforts will continue to contribute to the increased value we strive to create for our shareholders.

We welcome the opportunity to meet you at our annual meeting of shareholders. If you are unable to attend the meeting in person, please complete and return a proxy by the date indicated on your form.

Sincerely,



Richard H. McCoy
Chairman



Joseph D. Randell
President and Chief Executive Officer

¹ Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per Share are non-GAAP terms. We refer you to the full Management's Discussion and Analysis for 2014 found on www.sedar.com and available on request (see How to Request More Information) for a complete explanation of these terms and their reconciliation to GAAP terms.

NOTICE OF 2015 ANNUAL SHAREHOLDER MEETING

When

Thursday, May 14, 2015 at 9:00 a.m. (Atlantic time)

Where

The Halifax Club
1682 Hollis Street
Halifax, Nova Scotia
B3J 2R7

Webcast

A webcast replay of management's presentation at the meeting will be made available at a later date on our website at www.chorusaviation.ca.

Business of the 2015 Annual Shareholder Meeting

Four items will be covered at the meeting:

1. placement before the shareholders of the consolidated financial statements of Chorus Aviation Inc. ("**Chorus**") for the year ended December 31, 2014, including the auditors' report thereon;
2. election of the directors of Chorus who will serve until the end of the next annual shareholder meeting unless a director leaves the board prior to such time;
3. appointment of auditors of Chorus; and
4. consideration of such other business, if any, that may properly come before the meeting or any adjournment or postponement thereof.

You are entitled to receive notice of, and vote at, our annual shareholder meeting or any adjournment or postponement thereof if you are a shareholder on April 2, 2015.

Your vote is important.

As a shareholder of Chorus, it is very important that you read this material carefully and vote your shares, either by proxy or in person at the meeting.

The following pages tell you more about how to exercise your right to vote your shares and provide additional information relating to the matters to be dealt with at the meeting.

By Order of the Board of Directors of Chorus.



Barbara Snowdon
General Counsel and Corporate Secretary
Dartmouth, Nova Scotia
March 30, 2015

PROXY CIRCULAR

In this proxy circular (“**circular**”), *you* and *your* refer to a shareholder of Chorus. *We, us, our* and *Chorus* refers to, as the context may require, Chorus and its current and former subsidiaries (including, but not limited to, Jazz Aviation LP (“**Jazz**”), Aviation General Partner Inc., Jazz Aviation Holdings Inc., Jazz Aircraft Financing Inc. and Jazz Leasing Inc.) collectively, Chorus and one or more of its subsidiaries, one or more of Chorus’ subsidiaries or Chorus itself. Unless otherwise stated, all dollar amounts contained in this circular are expressed in Canadian dollars.

This circular is for our annual shareholder meeting to be held on May 14, 2015 (such meeting, and any adjournment or postponement thereof, the “**meeting**”). As a shareholder of Chorus, you have the right to vote your shares in respect of the election of the directors, the appointment of the auditors and on any other items that may properly come before the meeting.

To help you make an informed decision, please read this circular. This circular describes the meeting, the nominee directors, the proposed auditors, our corporate governance practices, the compensation of our directors and certain officers, and other matters. Financial information regarding Chorus is provided in the consolidated financial statements of Chorus and the management’s discussion and analysis for the year ended December 31, 2014, both of which are available on our website at www.chorusaviation.ca and on SEDAR at www.sedar.com.

Your proxy is solicited by or on behalf of management of Chorus for use at the meeting. In addition to solicitation by mail, employees or agents may solicit proxies by other means. The cost of any such solicitation will be borne by Chorus. Chorus may also reimburse brokers and other persons holding shares in their names, or in the names of nominees, for their costs incurred in sending proxy materials to beneficial owners and obtaining their proxies or voting instructions.

If you have any questions about any of the information in this circular, please call Chorus Investor Relations at (902) 873-5094.

Approval of this Circular

The board of directors of Chorus (the “**Board of Directors**” or the “**Board**”) approved the contents of this circular and authorized it to be sent to each shareholder who is eligible to receive notice of, and vote his or her shares at, our annual shareholder meeting, as well as to each director of Chorus and to the auditors of Chorus.

Date of Circular

This circular is dated March 30, 2015, and all information was current as of that date, unless otherwise stated.



Barbara Snowdon
General Counsel and Corporate Secretary
Dartmouth, Nova Scotia
March 30, 2015

VOTING YOUR SHARES

Your vote is important

As a shareholder of Chorus, it is very important that you read the following information on how to vote your shares and then vote your shares, either by proxy or in person, at the meeting.

Voting

You can attend the meeting or you can appoint someone else to vote for you as your proxyholder. Voting by proxy means that you are giving the person named on your form of proxy or your voting instruction form (“**proxyholder**”) the authority to vote your shares for you at the meeting. A shareholder entitled to vote at the meeting may by means of a proxy appoint a proxyholder or one or more alternate proxyholders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

The persons who are named on the form of proxy or the voting instruction form are directors or officers of Chorus and will vote your shares for you. **You have the right to appoint someone else to be your proxyholder.** If you appoint someone else, he or she must attend the meeting to vote your shares.

How to vote - registered shareholders

You are a registered shareholder if your name appears on your share certificate.

If you are not sure whether you are a registered shareholder, please contact CST Trust Company, at 1-800-387-0825.

By proxy

By facsimile, mail or e-mail

Complete a form of proxy and return it by facsimile to 1-866-781-3111 or return it in the envelope we have provided or by delivering it to one of CST Trust Company’s principal offices in Halifax, Montreal, Toronto, Calgary or Vancouver or scan and e-mail it to proxy@canstockta.com for receipt before **9:00 a.m. (Atlantic time) on May 12, 2015**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays). A list of addresses for the principal offices of CST Trust Company is set forth on page 56 of this circular.

If you return your proxy by facsimile or by mail, you can appoint a person other than the directors or officers of Chorus named in the form of proxy as your proxyholder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions, date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

Please see the section titled “Completing the Proxy and Voting Instruction Form” for more information.

In person at the meeting

You do not need to complete or return your form of proxy.

You will receive an admission ticket at the meeting upon registration at the registration desk.

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How to vote - non-registered shareholders

You are a non-registered shareholder if your bank, trust company, securities broker or other financial institution (“**your nominee**”) holds your shares for you.

If you are not sure whether you are a non-registered shareholder, please contact CST Trust Company at 1-800-387-0825.

These securityholder materials are being sent to both registered and non-registered shareholders of Chorus. Chorus is paying for the delivery of these securityholder materials to all non-registered holders including objecting beneficial holders under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

By choosing to send these materials to you directly, Chorus (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

By proxy

Your nominee is required to ask for your voting instructions before the meeting. Please contact your nominee if you did not receive a voting instruction form in this package. Your nominee must receive your voting instructions in sufficient time for your nominee to act on them **prior to Chorus’ proxy deadline of 9:00 a.m. (Atlantic time) on May 11, 2015.**

On the Internet

Go to the website at www.proxyvote.com and follow the instructions on the screen. Your voting instructions are then submitted electronically over the Internet.

You will need the 12 digit Control Number found on your voting instruction form.

If you return your voting instruction form via the Internet, you can appoint a person other than the directors or officers of Chorus named on the voting instruction form as your proxyholder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the blank space provided on the voting instruction form. Complete your voting instructions, date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

The cut-off time for voting over the Internet is 9:00 a.m. (Atlantic time) on May 11, 2015, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

By facsimile or by mail

Alternatively, non-registered shareholders may vote their shares by completing the voting instruction form and returning it by facsimile to (905) 507-7793 or to (514) 281-8911 or in the enclosed business reply envelope **for receipt before 9:00 a.m. (Atlantic time) on May 11, 2015**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

In person at the meeting

You can vote your shares in person at the meeting if you have instructed your nominee to appoint you as proxyholder.

To do this, fill in your name in the blank space provided on the voting instruction form and otherwise follow the instructions of your nominee.

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How to vote - employees holding shares under Employee Share Ownership Plan of Chorus

Shares purchased by employees of Chorus under its Employee Share Ownership Plan (“**Employee Shares**”) are registered in the name of Computershare Trust Company of Canada (“**Computershare**”), as administrative agent, unless the employees have withdrawn their shares from the plan.

If you are not sure whether you are an employee holding your shares through Computershare, please contact Computershare at 1-866-982-0314.

If an employee holds any shares other than Employee Shares and wishes to vote those other shares, he or she must also complete a form of proxy (if a registered shareholder) or voting instruction form (if a non-registered shareholder) with respect to such other shares in the manner described above.

By proxy

A voting instruction form is enclosed with this circular which allows you to provide your voting instructions on the Internet or by mail.

On the Internet

Go to the website at www.investorvote.com and follow the instructions on the screen. Your voting instructions are then submitted electronically over the Internet.

You will need the 15 digit Control Number found on your voting instruction form.

You can appoint a person other than Computershare as your proxyholder. This person does not have to be a shareholder. Indicate the name of the person you are appointing in the space provided on the website. You can also appoint the person on the voting instruction form. Complete your voting instructions, date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

The cut-off time for voting over the Internet is 9:00 a.m. (Atlantic time) on May 11, 2015, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

By mail

Alternatively, you may vote your shares by completing the voting instruction form and returning it in the enclosed business reply envelope **for receipt before 9:00 a.m. (Atlantic time) on May 11, 2015**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

In person at the meeting

You can vote your shares in person at the meeting if you have instructed Computershare to appoint you as proxyholder.

To do this, enter your name in the appropriate box on the website or write your name in the space provided on the voting instruction form and follow the instructions otherwise provided in the voting instruction form.

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Completing the Proxy and Voting Instruction Form

Please follow the instructions included on the proxy or voting instruction form.

You can choose to vote “For” or “Withhold” with respect to the election of each director and the appointment of the auditors.

When you sign the proxy or voting instruction form without appointing an alternate proxyholder, you authorize Richard H. McCoy, Joseph D. Randell or Barbara Snowdon, who are directors and/or officers of Chorus, to vote your shares for you at the meeting in accordance with your instructions. **If you sign and return your proxy or voting instruction form without specifying how you want to vote your shares, your vote will be counted FOR the election of the nominee directors of Chorus who are named in this circular and FOR the appointment of PricewaterhouseCoopers LLP as auditors of Chorus.**

The directors of Chorus are not aware of any other matters which will be presented for action at the meeting. If, however, other matters properly come before the meeting, the persons designated in the enclosed proxy or voting instruction form will vote in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy or voting instruction form with respect to such matters.

You have the right to appoint someone other than the designated nominees to be your proxyholder. If you are appointing someone else to vote your shares for you at the meeting, fill in the name of the person voting for you in the blank space provided on the form of proxy or voting instruction form.

If you do not specify how you want your shares voted, your proxyholder will vote your shares in favour of each item scheduled to come before the meeting and as he or she sees fit on any other matter that may properly come before the meeting.

A proxyholder has the same rights as a shareholder to speak at the meeting in respect of any matter, to vote by way of ballot at the meeting and, except where the proxyholder has conflicting instructions from more than one shareholder, to vote at the meeting in respect of any matter by way of a show of hands.

If you are an individual shareholder, you or your authorized attorney must sign the form of proxy or voting instruction form. If you are a corporation or other legal entity, an authorized officer or attorney must sign the form of proxy or voting instruction form.

You must also complete the Declaration of Canadian Status contained in the form of proxy or voting instruction form for the Class A Variable Voting Shares or Class B Voting Shares, as applicable, to inform Chorus whether or not you are Canadian in order to enable Chorus to comply with the share ownership and voting restrictions imposed by the *Canada Transportation Act* (the “Act”). If you do not complete such declaration or if it is determined by Chorus or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the shares represented by proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian for purposes of voting at the meeting.

If you need assistance completing your form of proxy or voting instruction form, please contact Chorus Investor Relations at (902) 873-5094 for service in English or in French.

Changing Your Vote

A registered shareholder may revoke a previously submitted proxy by an instrument in writing executed by the shareholder or the shareholder’s attorney authorized in writing and deposited either at the Halifax office of Chorus’ transfer agent, CST Trust Company, 1660 Hollis Street, Suite 406, Halifax, Nova Scotia, B3J 1V7, or at Chorus’ registered office, 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto, Ontario, M5X 1B8, **at any time up to 9:00 a.m. (Atlantic time) on May 12, 2015** (or 5:00 p.m. (Atlantic time) on the last business day preceding the date set for any adjourned or postponed meeting), or with the chair of the meeting on the day of the meeting.

A non-registered shareholder may revoke previously submitted voting instructions given to a broker, securities dealer, trust company or other intermediary by providing written notice to them (or in the case of

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a desire to change your vote, by re-submitting voting instructions by Internet, telephone or mail). Your nominee must receive such notice in sufficient time for your nominee to act on it. A holder of Employee Shares may revoke previously submitted voting instructions given to Computershare by providing written notice to Computershare (or in the case of a desire to change your vote by re-submitting voting instructions by Internet or mail).

Voting Requirements

The appointment of the auditors of Chorus and the election of the directors of Chorus will be determined by a majority of votes cast at the meeting by proxy or in person. If there is a tie, the chair of the meeting is not entitled to a second or casting vote.

CST Trust Company counts and tabulates the votes.

Voting Shares and Quorum

As of March 26, 2015 there were 6,146,732 Class A Variable Voting Shares and 114,628,471 Class B Voting Shares of Chorus issued and outstanding. Shareholders of record on April 2, 2015 are entitled to receive notice of and vote at the meeting. The list of shareholders entitled to vote at the meeting will be available for inspection on and after April 10, 2015 during usual business hours at the Halifax office of Chorus' transfer agent, CST Trust Company, 1660 Hollis Street, Suite 406, Halifax, Nova Scotia, B3J 1V7, at Chorus' registered office, 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto Ontario M5X 1B8, and at the meeting.

A quorum is present at the meeting if the holders of not less than 25% of the shares entitled to vote at the meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the meeting. If a quorum is present at the opening of the meeting, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

If a body corporate or association is a shareholder of Chorus, Chorus shall recognize any individual authorized by a resolution of the directors or governing body of the body corporate or association to represent it at the meeting. An individual so authorized may exercise on behalf of the body corporate or association all the powers it could exercise if it were an individual shareholder.

If two or more persons hold shares jointly, one of those holders present at the meeting may in the absence of the others vote the shares, but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

Restrictions on Voting Securities

As of March 30, 2015, the applicable provisions of the Act require that holders of domestic, scheduled international and non-scheduled international licenses be "Canadian" as defined in the Act ("**Canadian**"). In the case of each licence holder, this requires that at no time may non-Canadians (i) control the corporation in fact or (ii) hold or beneficially own or control, directly or indirectly, such number of shares entitling them to more than 25% (or any higher percentage as the Governor in Council may by regulation specify) of the votes attached to all outstanding shares. The Articles of Chorus contains restrictions to ensure that Chorus remains Canadian under the Act. The definition of the term "Canadian" under section 55(1) of the Act may be summarized as follows:

- (a) Canadian citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada);
- (b) a government in Canada or an agent of such a government; or

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- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75% (or such lesser percentage as the Governor in Council may by regulation specify) of the voting interests are owned and controlled by Canadians.

Chorus has two classes of shares: (i) Class B Voting Shares and (ii) Class A Variable Voting Shares.

The Class B Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by persons who are Canadians. Unless the foreign ownership restrictions of the Act are repealed and not replaced with other similar restrictions, an issued and outstanding Class B Voting Share shall be converted into one Class A Variable Voting Share, automatically and without any further act of Chorus or the holder, if such Class B Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian. Each Class B Voting Share confers the right to one vote.

The Class A Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians. An issued and outstanding Class A Variable Voting Share shall be converted into one Class B Voting Share, automatically and without any further act of Chorus or the holder, if (i) such Class A Variable Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is a Canadian; or (ii) the provisions contained in the Act relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

The holders of Class A Variable Voting Shares are entitled to one vote per Class A Variable Voting Share unless: (i) the number of Class A Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any higher percentage that the Governor in Council may by regulation specify); or (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting exceeds 25% (or any higher percentage that the Governor in Council may by regulation specify) of the total number of votes that may be cast at such meeting. If either of the above-noted thresholds would otherwise be surpassed at any time, the vote attached to each Class A Variable Voting Share will decrease proportionately, automatically and without further act or formality such that (i) the Class A Variable Voting Shares as a class do not carry more than 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate votes attached to all issued and outstanding voting shares of the corporation, and (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting do not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the total number of votes that may be cast at such meeting.

In 2009, the Government of Canada introduced Bill C-10, the *Budget Implementation Act*, which proposed amendments to the Act relating to foreign ownership restrictions on domestic air carriers. Bill C-10 received Royal Assent on March 12, 2009. The Governor in Council now has the authority on the recommendation of the Minister of Transport to fix by order, a day on which the Governor in Council may by regulation, set new foreign ownership limits up to a maximum of 49% foreign ownership. The regulations may specify that the new limits apply generally to all non-Canadian investors or, alternatively may specify increased foreign ownership limits available to specific classes of non-Canadians to be identified in the regulations. As of March 30, 2015 no such regulations have been proposed by the Governor in Council.

The holders of Class A Variable Voting Shares and Class B Voting Shares will vote together at the meeting and no separate meeting is being held for any such class of shares.

Shareholders who wish to vote at the meeting either by completing and delivering a proxy or a voting instruction form or by attending and voting at the meeting will be required to complete a Declaration of Canadian Status in order to enable Chorus to comply with the restrictions imposed by the Act regarding the ownership and voting of its voting securities. If you do not complete such declaration or if it is determined by Chorus or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the shares of Chorus represented by the proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian for purposes of voting at the meeting. Such declaration is

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contained in the accompanying form of proxy or in the voting instruction form provided to you if you are a non-registered shareholder or an employee voting shares of Chorus under the Employee Share Ownership Plan and in the Internet voting instructions.

Principal Shareholders

As of March 30, 2015, to the knowledge of the directors of Chorus and based on publicly available early warning reports and insider reports, no person or entity beneficially owned, or exercised control or direction over, directly or indirectly, shares carrying 10% or more of the votes attached to all outstanding shares entitled to vote in connection with any matters being proposed for consideration at the meeting.

BUSINESS OF THE MEETING

Four items will be covered at the meeting:

1. placement before the shareholders of the consolidated financial statements of Chorus for the year ended December 31, 2014, including the auditors' report thereon;
2. election of the directors of Chorus who will serve until the end of the next annual shareholder meeting unless a director leaves the Board prior to such time;
3. appointment of auditors of Chorus; and
4. consideration of such other business, if any, that may properly come before the meeting or at any adjournment or postponement thereof.

As of the date of this circular, management are not aware of any changes to these items, and do not expect any other items to be brought forward at the meeting. If there are changes or new items, your proxyholder can vote your shares on these items as he or she sees fit.

1. Placement of financial statements of Chorus

The consolidated financial statements of Chorus for the year ended December 31, 2014, including the auditors' report thereon, are available on our website at www.chorusaviation.ca and on SEDAR at www.sedar.com. Copies of such statements will also be available at the meeting.

2. Election of the directors of Chorus

Seven directors are to be elected to the Board of Directors. Please see "The Nominated Directors" section of this circular for more information. Each director elected at the meeting will serve until the end of the next annual shareholder meeting unless he or she leaves the Board prior to such time.

All of the individuals to be nominated as directors are currently members of the Board of Directors. All seven of these individuals, Gary M. Collins, Karen Cramm, Richard D. Falconer, Sydney John Isaacs, G. Ross MacCormack, Richard H. McCoy, and Joseph D. Randell, were elected at the annual meeting of shareholders of Chorus held on May 14, 2014. Benjamin C. Duster, IV was elected at the annual meeting of shareholders of Chorus held on May 14, 2014 and resigned from the Board effective August 14, 2014. Please see "The Nominated Directors" section in this circular for additional information relating to each such director standing for nomination.

The Board has adopted a majority voting policy which stipulates that if a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be expected to forthwith submit his or her resignation, to be effective on acceptance by the Board. The Board will refer the resignation to the Governance and Nominating Committee for consideration. The Board will make its decision within 90 days of the meeting. The Board will accept the resignation unless the Governance and Nominating

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Committee determines that there are extraordinary circumstances that should delay acceptance of the resignation or justify rejecting it.

The majority voting policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more director nominees who are not part of the director nominees supported by the Board).

If you do not specify how you want your shares voted, the persons named as proxyholders will cast the votes represented by proxy at the meeting FOR the election as directors of the nominee directors who are named in this circular.

3. Appointment of auditors

The Board, on the advice of the Audit, Finance and Risk Committee, recommends that PricewaterhouseCoopers LLP, Chartered Accountants, be re-appointed as auditors of Chorus. PricewaterhouseCoopers LLP has served as auditors of Chorus' predecessors since February 19, 2001, and of Chorus since its creation on September 27, 2010. The auditors appointed at the meeting will serve until the end of the next annual shareholder meeting or until their successors are appointed.

Fees payable for the years ended December 31, 2014 and December 31, 2013 to PricewaterhouseCoopers LLP and its affiliates are \$579,089 and \$588,831 respectively, as detailed below:

| | Year ended December 31, 2014 \$ | Year ended December 31, 2013 \$ |
|--------------------|--|--|
| Audit fees | 321,097 | 313,016 |
| Audit-related fees | 84,268 | 69,400 |
| Tax fees | 173,724 | 198,675 |
| All other fees | - | 7,740 |
| Total | \$579,089 | \$588,831 |

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of Chorus and its affiliates' annual financial statements, for the reviews of quarterly reporting by Chorus and for services normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. Audit-related fees were paid for professional services related to pension plan audits and accounting consultation.

Tax fees. Fees were paid for professional services rendered with respect to income taxes, including tax advice, tax planning and payroll tax consultation.

All other fees. Other fees paid in 2013 were for pension filing software and a review of the security of Chorus' information technology infrastructure.

If you do not specify how you want your shares voted, the persons named as proxyholders will cast the votes represented by proxy at the meeting FOR the appointment of PricewaterhouseCoopers LLP as auditors.

CHORUS AVIATION INC.

4. Consideration of other business

We will:

- report on other items that are significant to our business; and
- invite questions and comments from shareholders.

CHORUS AVIATION INC.

THE NOMINATED DIRECTORS

Seven directors are to be elected at the meeting, each of whom is to hold office until the end of the next annual meeting of shareholders unless he or she leaves the Board prior to such time.

All nominees have established their eligibility and willingness to serve as directors. If, prior to the meeting, any of the listed nominees becomes unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder. The table below sets out, among other things, the names of the proposed nominees, together with their municipality of residence, the date they became directors (if applicable), their principal occupation and other principal directorships and committee memberships. Also indicated is the number of securities of Chorus beneficially owned, or over which control was exercised, directly or indirectly, as of March 26, 2015 and the value of those securities as of March 26, 2015 based on a market value of \$5.95 per Class A Variable Voting Share and \$5.96 per Class B Voting Share.

Biographies

GARY M. COLLINS

Director of Chorus and its predecessors or subsidiaries since May 8, 2008

*Chair of the Governance and Nominating Committee
Member of the Audit, Finance and Risk Committee*



Gary M. Collins is a corporate director. Most recently, Mr. Collins was the President of Coastal Contacts Inc., the world's leading online direct-to-customer retailer of replacement contact lenses, eye glasses and optical products. In May 2014 Coastal Contacts was purchased by Essilor International. From April 2007 to June 2012 Mr. Collins was Senior Vice President of Belcorp Industries Inc. Prior to that, Mr. Collins was the President and Chief Executive Officer of Harmony Airways from December 2004 until December 2006. From October 1991 to December 2004 he was a member of the British Columbia Legislative Assembly and held the portfolio of Minister of Finance from June 2001 to December 2004. Mr. Collins is also a director of Liquor Stores North America Inc. and D-Box Technologies Inc.

Vancouver, British Columbia

Age: 51

Independent

Chorus Securities Held or Controlled:

Class B Voting Shares: 5,000
Deferred Share Units: 101,542

Total Class B Voting Shares and Deferred Share Units: 106,542
Total Market Value of Class B Shares and Deferred Share Units: \$634,990⁽¹⁾
Mr. Collins' holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: Liquor Stores North America Inc. and D-Box Technologies Inc.

Other Board Membership During the Last Five Years: Catalyst Paper Corporation, Lantic Inc. (Rogers Sugar)

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share.

CHORUS AVIATION INC.

KAREN CRAMM

Director of Chorus and its predecessors or subsidiaries since December 6, 2010

Chair of the Audit, Finance and Risk Committee

Member of the Governance and Nominating Committee



Halifax, Nova Scotia

Age: 64

Independent

Karen Cramm is a corporate director. A Chartered Accountant, Mrs. Cramm holds master's degrees in business administration (MBA) and in public administration (MPA). In the Uniform Final Examination for the chartered accountancy designation, Mrs. Cramm placed on the honour roll of the Canadian Institute of Chartered Accountants, being one of the top twenty candidates in Canada. Mrs. Cramm was a Partner of Deloitte & Touche ("Deloitte") for twenty-seven years before retiring on August 31, 2009. While an active Partner of Deloitte, she practiced in the Financial Services Group with a focus on Reorganization Services and Forensic & Dispute Services and held two specialist designations: one in insolvency and restructuring (CA•CIRP) and the other in investigative and forensic accounting (CA•IFA). She was also licensed as a Trustee in Bankruptcy. Mrs. Cramm has served as President of the Institute of Chartered Accountants of Nova Scotia and was elected as a Fellow of that Institute (FCA) on December 6, 1991 in recognition of distinguished service to the profession. During that time, she chaired and served on various board committees. From September 1, 1993 to August 31, 1999, Mrs. Cramm served as the Managing Partner of the Deloitte Halifax Office. She was elected to the Canadian Deloitte Board of Directors for fourteen years and during that time she chaired and served on various committees of the Deloitte Board. Also, Mrs. Cramm chaired the Deloitte Foundation, a registered charity focusing on corporate responsibility and giving back to communities across Canada. Mrs. Cramm has also served on the boards of Izaak Walton Killam Hospital, Art Gallery of Nova Scotia, Dalhousie University and Mount Saint Vincent University.

Chorus Securities Held or Controlled:

Class B Voting Shares: 0
Deferred Share Units: 51,200

Total Class B Voting Shares and Deferred Share Units: 51,200
Total Market Value of Class B Shares and Deferred Share Units: \$305,152 ⁽¹⁾
Mrs. Cramm's holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: None.

Other Board Membership During the Last Five Years: The Deloitte Foundation

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share.

CHORUS AVIATION INC.

RICHARD D. FALCONER

Director of Chorus since March 1, 2012



Mississauga, Ontario

Age: 70

Independent

*Chair of the Human Resources and Compensation Committee
Member of the Audit, Finance and Risk Committee*

Richard D. Falconer is a Senior Partner with Verus Partners & Co. Inc., a strategic financial advisory firm. Mr. Falconer retired from CIBC in 2011 after 40 years with the bank. At the time of retirement, Mr. Falconer was Vice Chairman and Managing Director, CIBC World Markets Inc. Mr. Falconer has extensive corporate finance and M&A experience in numerous industries including agriculture; energy; financial; forest products; media and telecom; mining; retail; technology; and transportation. Mr. Falconer holds a Master of Business Administration from York University, a Bachelor of Arts (Honours) from the University of Toronto, and is a Chartered Financial Analyst. Mr. Falconer is currently Chairman of the Board of Jaguar Mining Inc., a member of the Board of Directors of Resolute Forest Products Inc., a Director of LOFT Community Services and Dorothy Ley Hospice and a Member of the Board of Governors of the Shaw Festival Theatre Endowment Foundation.

Chorus Securities Held or Controlled:

Class B Voting Shares: 35,000
Deferred Share Units: 40,973

Total Class B Voting Shares and Deferred Share Units: 75,973
Total Market Value of Class B Shares and Deferred Share Units: \$452,799 ⁽¹⁾
Mr. Falconer's holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: Resolute Forest Products (formerly AbitibiBowater Inc.), Jaguar Mining Inc., LOFT Community Services, Dorothy Ley Hospice, Shaw Festival Theatre Endowment Foundation

Other Board Membership During the Last Five Years: None.

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share.

CHORUS AVIATION INC.

SYDNEY JOHN ISAACS

Director of Chorus and its predecessors or subsidiaries since January 1, 2008

Member of the Governance and Nominating Committee

Member of the Human Resources and Compensation Committee



Sydney John Isaacs is a corporate director. He was the Senior Vice President, Corporate Development and Chief Legal Officer, for ACE Aviation Holdings Inc., from November 2004 until June 2012. From September 2000 to October 2004, Mr. Isaacs held a number of senior management positions at Air Canada in restructuring, mergers and acquisitions and business development. Prior to that, Mr. Isaacs was a partner at Stikeman Elliott LLP, where his practice was focused on mergers and acquisitions, corporate finance and corporate and securities law.

Westmount, Québec

Age: 58

Independent

Chorus Securities Held or Controlled:

Class B Voting Shares: 5,000
Deferred Share Units: 57,609

Total Class B Voting Shares and Deferred Share Units: 62,609
Total Market Value of Class B Shares and Deferred Share Units: \$373,150 ⁽¹⁾
Mr. Isaacs' holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Legal and Strategic Planning

Current Board Memberships other than Chorus and including Non-Profit Boards: None.

Other Board Membership During the Last Five Years: None.

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share.

CHORUS AVIATION INC.

G. ROSS MACCORMACK

Director of Chorus and its predecessors or subsidiaries since January 24, 2006

Member of the Human Resources and Compensation Committee

Member of the Governance and Nominating Committee



Newport, Vermont, United States

Age: 73

Independent

G. Ross MacCormack is a consultant providing marketing and strategic services to the aviation industry. Mr. MacCormack previously held various positions at Air Canada including Senior Vice President, International and Alliances, Vice President, Market Development and Vice President, Corporate Strategy. Mr. MacCormack is a past member of the Board of Directors of Air Canada Regional Airlines, Air Nova, Air Ontario, AirBC, and Continental Micronesia, and served as a member of the Industry Affairs Committee of the International Air Transport Association.

Mr. MacCormack also served as Chairman of the Star Alliance Management Board and is currently Chairman, Advisory Board, of the Premier Aviation Overhaul Center group of companies, and a Board Member of the Newport City Renaissance Corporation.

Chorus Securities Held or Controlled:

Class A Variable Voting Shares: 2,000
Deferred Share Units: 84,276

Total Class A Variable Voting Shares and Deferred Share Units: 86,276
Total Market Value of Class A Shares and Deferred Share Units: \$513,342⁽¹⁾
Mr. MacCormack's holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Accounting, Aviation/Transportation Industry Knowledge, Human Resources/Compensation and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: Newport City Renaissance Corporation, Premier Aviation Overhaul Centre Group (Chair and Advisory Board)

Other Board Membership During the Last Five Years: Aeroplan Finance LLC

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class A Variable Voting Shares of Chorus at March 26, 2015 of \$5.95 per share.

CHORUS AVIATION INC.

RICHARD H. MCCOY

Director of Chorus and its predecessors or subsidiaries since January 24, 2006

Chairman of the Board of Directors



Richard H. McCoy is a corporate director. Mr. McCoy has over 35 years' experience in the investment industry. From May 1997 to October 31, 2003, Mr. McCoy was Vice-Chairman, Investment Banking at TD Securities. Prior to joining TD Securities in 1997, Mr. McCoy was Deputy Chairman of CIBC Wood Gundy Securities. Mr. McCoy is a Director of Aberdeen Asia-Pacific Income Investment Company Limited, Uranium Participation Corporation and Pizza Pizza Royalty Corp.

Toronto, Ontario

Age: 72

Independent

Chorus Securities Held or Controlled:

Class B Voting Shares: 41,294

Deferred Share Units: 140,196

Total Class B Voting Shares and Deferred Share Units: 181,490

Total Market Value of Class B Shares and Deferred Share Units: \$1,081,680⁽¹⁾

Mr. McCoy's holdings exceed the director share ownership requirement.

Experience: Executive Leadership, Board Experience, Finance, Aviation/Transportation Industry Knowledge, Human Resources/ Compensation and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: Aberdeen Asia-Pacific Income Investment Company Limited, Uranium Participation Corporation and Pizza Pizza Royalty Corp.

Other Board Membership During the Last Five Years: MSD Inc., Gerdau Ameristeel Inc. and ACE Aviation Holdings Inc.

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on the market value of Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share.

CHORUS AVIATION INC.

JOSEPH D. RANDELL

Director of Chorus and its predecessors or subsidiaries since January 24, 2006



Joseph (Joe) D. Randell has been President and Chief Executive Officer of Jazz since January 1, 2001. Mr. Randell was a founder of Air Nova in 1985 and served as its President. In 1999, Mr. Randell led the consolidation of Air Nova and Air Alliance, the eastern based Air Canada regional carriers. Under Mr. Randell's direction, further consolidation of Air Ontario, Air BC and Canadian Regional led to the creation of Jazz. Mr. Randell is a Director of the National Airlines Council of Canada (NACC), the Regional Airline Association and the MS Scientific Research Foundation. Mr. Randell is the former Chairman of the Board of Directors of the Air Transportation Association of Canada. Mr. Randell holds a Bachelor of Industrial Engineering with distinction from the Technical University of Nova Scotia and a Masters Degree in Business Administration from the Memorial University, Newfoundland.

Wellington, Nova Scotia

Age: 61

Not Independent

Chorus Securities Held or Controlled:

Class B Voting Shares: 845,790
Restricted Share Units: 583,379

Total Class B Voting Shares and Deferred Share Units: 1,429,169
Total Market Value of Class B Shares and Deferred Share Units: \$6,199,888⁽¹⁾
Mr. Randell's holdings exceed the executive share ownership requirement.

Experience: Executive Leadership, Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation and Strategic Planning

Current Board Memberships other than Chorus Aviation Inc. and including Non-Profit Boards: National Airlines Council of Canada (NACC), Regional Airline Association (RAA), MS Scientific Research Foundation

Other Board Membership During the Last Five Years: Discovery Air Inc.

Public Board Overlap: No interlocking outside public company directorships.

- (1) Based on market value of the Class B Voting Shares of Chorus at March 26, 2015 of \$5.96 per share. The amounts for the Restricted Share Units are shown as the minimum payouts reflecting the 1/3 of restricted shares granted that will vest on a time basis.

REMUNERATION OF DIRECTORS

The compensation structure of the Board is designed to attract and retain highly talented and experienced directors focussed on the long-term success of Chorus. This requires that directors of Chorus be adequately and competitively compensated.

The Board has determined that directors should be compensated in a form and amount which is appropriate and customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation. In 2010, the Governance and Nominating Committee, assisted by Mercer Consulting, conducted a review of director compensation by referencing the benchmark group used for executive compensation reviews. As a result, and to maintain a competitive compensation structure, annual retainers were adjusted effective October 1, 2010, and a deferred share unit program (“**DSU Plan**”) was approved effective January 1, 2011. There has been no change to director compensation since 2010.

Directors (other than the Chairman and the executive director, Mr. Randell) receive an annual retainer of \$65,000. The Chairman receives an annual retainer of \$110,000. The Directors are not paid meeting fees for attending Board or committee meetings.

Directors (other than the Chairman and the executive director) also receive an additional annual retainer of \$15,000, \$7,500, and \$7,500, respectively, if they chair the Audit, Finance and Risk Committee, the Governance and Nominating Committee, or the Human Resources and Compensation Committee. Members of the Audit, Finance and Risk Committee, the Governance and Nominating Committee, and the Human Resources and Compensation Committee, receive, respectively, an additional annual retainer of \$5,000, \$2,500, and \$2,500.

Non-executive directors receive a portion of their remuneration in deferred share units (“**DSUs**”) pursuant to a DSU Plan designed to promote the alignment of interests between individual non-executive directors and the shareholders of Chorus. DSUs will have a value equivalent to the value of the shares at any time. DSUs may only be redeemed for cash and will be paid out only subsequent to the time the director ceases to be a director, or in the case of a U.S. taxpayer, subsequent to the date such person incurs a “separation from service” under applicable U.S. law. Participating directors will receive, in respect of their DSUs, an amount equivalent to the amount of any dividends paid on the shares in the form of additional DSUs. Under the DSU Plan, the Chairman receives an annual grant of DSUs with a value of \$40,000 while other non-executive directors receive an annual grant of DSUs with a value of \$30,000, paid in quarterly instalments. In addition, a participating director may elect to have his or her annual retainer and/or any additional retainer payable in the form of DSUs or a combination of DSUs and cash.

The executive director, Mr. Randell, is not paid retainer fees or committee fees and does not receive DSUs.

Directors are reimbursed for travel and out-of-pocket expenses incurred in attending meetings of the Board or the committees, as applicable. Non-executive directors also receive an annual grant of travel reward miles. As these travel reward miles are a taxable benefit, they receive a payment to address the related income tax.

Director Compensation

| Name | Director annual retainer ⁽¹⁾ (\$) | Committee annual retainer(s) ⁽²⁾ (\$) | Chair-person's retainer(s) ⁽³⁾ (\$) | Share based awards ⁽⁴⁾ (\$) | Other ⁽⁵⁾ (\$) | Total ⁽⁶⁾ (\$) |
|---------------------------------------|--|--|--|--|---------------------------|---------------------------|
| Gary M. Collins | 65,000 | 5,000 | 7,500 | 30,000 | 5,600 | 113,100 |
| Karen Cramm | 65,000 | 2,500 | 15,000 | 30,000 | 5,600 | 118,100 |
| Benjamin C. Duster, IV ⁽⁷⁾ | 48,750 | 3,750 | 5,625 | 22,500 | 5,600 | 86,225 |
| Sydney John Isaacs | 65,000 | 5,000 | - | 30,000 | 5,600 | 105,600 |
| G. Ross MacCormack | 65,000 | 5,000 | - | 30,000 | 5,600 | 105,600 |
| Richard H. McCoy | 110,000 | - | - | 40,000 | 5,600 | 155,600 |
| John T. McLennan ⁽⁸⁾ | 24,286 | 2,802 | - | 11,209 | 5,600 | 43,897 |
| Richard Falconer | 65,000 | 6,875 | 1,875 | 30,000 | 5,600 | 109,350 |

- (1) The annual retainer for non-executive board members is \$65,000 and for the Chairman is \$110,000. Mr. Randell is not paid an annual retainer for his role as a director or for his participation in any committee business. Directors are reimbursed for travel and out-of-pocket expenses incurred in attending meetings of the Board of Directors or committees, as applicable. Board retainers are paid quarterly. Board members are not paid meeting fees for attending Board or committee meetings.
- (2) Members of the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee received, respectively, an additional committee annual retainer of \$5,000, \$2,500 and \$2,500, respectively. Committee retainers are paid quarterly.
- (3) The chair of each of the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee receives, respectively, an additional committee chair annual retainer of \$15,000, \$7,500 and \$7,500, instead of the annual committee member retainer referred to in Note 2 above. Chair retainer fees are paid quarterly.
- (4) Effective January 2011, non-executive directors receive a portion of their remuneration in deferred share units ("DSUs"). All directors receive \$30,000 value in DSUs annually with the exception of the Chairman who receives \$40,000 value in DSUs annually.

Directors have the option to elect to have all or a portion of their annual retainer and/or committee retainer(s) paid in DSUs. For the period January 1, 2014 to December 31, 2014, Mr. Collins elected to receive 50% of his total fees paid in DSUs. Mr. Isaacs elected to receive 20% of his annual director retainer paid in DSUs for the first quarter and for the remaining quarters he elected not to take any DSUs in lieu of his retainer. Mr. Falconer elected to receive 100% of his annual committee retainers paid in DSUs. Mr. McCoy elected to receive 50% of his total fees paid in DSUs. Mr. MacCormack elected to receive 50% of his annual director retainer paid in DSUs for the first quarter and for the remaining quarters he elected not to take any DSUs in lieu of his retainer. The value of these DSUs in lieu of cash is reflected in the values shown in the columns headed "Director Annual retainer" and "Committee Annual retainer". Mr. Duster, Mr. McLennan and Mrs. Cramm did not take any DSUs in lieu of retainers.
- (5) Directors receive an annual grant of travel reward miles. As these travel reward miles are a taxable benefit, they receive a payment to address the related income tax. Mr. Randell does not receive this grant of travel reward miles. The value of the travel reward miles is included as other income.
- (6) The value of the aggregate number of DSUs credited to each board member during 2014 (including DSU grants and DSUs taken in lieu of cash fees), the values of which are included in this table, are for Mr. Collins \$68,750, Mrs. Cramm \$30,000, Mr. Duster \$22,500, Mr. Isaacs \$33,250, Mr. Falconer \$38,750, Mr. MacCormack \$38,125, Mr. McCoy \$95,000 and Mr. McLennan \$11,209.
- (7) Mr. Duster resigned from the Board on August 14, 2014; Mr. Falconer was appointed Chair of the HRCC effective November 11, 2014.
- (8) Mr. McLennan resigned from the Board on May 15, 2014; he did not stand for re-election.

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2014 Outstanding share-based awards at fiscal year end

| Name | Market Value of DSUs vested but not paid out (\$) ⁽¹⁾ |
|--------------------|--|
| Gary Collins | 434,625 |
| Karen Cramm | 220,320 |
| Sydney John Isaacs | 248,844 |
| G. Ross MacCormack | 367,526 |
| Richard H. McCoy | 600,054 |
| Richard Falconer | 171,662 |

- (1) Based on market value of shares of Chorus at December 31, 2014 of \$4.55 per share. Amounts represent balance of DSUs awarded and the additional DSUs that have been credited to the directors on account of dividends on shares of Chorus in accordance with the terms of the Chorus DSU Plan.

Share-Based Plan - value vested during 2014

| Name | Share based awards – Value vested during the year (\$) ⁽¹⁾ |
|------------------------|---|
| Gary Collins | 111,044 |
| Karen Cramm | 51,757 |
| Sydney John Isaacs | 57,987 |
| G. Ross MacCormack | 75,503 |
| Richard H. McCoy | 153,387 |
| Richard Falconer | 54,653 |
| Benjamin C. Duster, IV | 35,417 |
| John T. McLennan | 18,507 |

- (1) The grant value of DSUs awarded in 2014 and the value of additional DSUs credited to the directors on account of dividends on shares of Chorus in accordance with the terms of the Chorus DSU Plan.

SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS

Effective January 1, 2011, the Board adopted share ownership guidelines according to which non-executive directors are required to own securities of Chorus with a value equal to three times their base annual retainer through shares and/or DSUs which would mean a requirement to hold securities with a minimum value of \$195,000 for non-executive directors and \$330,000 for the Chairman. The value of securities for this purpose is the greater of the market value of the securities and the aggregate purchase price of the securities. Such ownership must be achieved by the later of five years from January 1, 2011 or the date of the director's appointment. As of March 30, 2015, all directors had met the guidelines. For share ownership requirements for the executive director, please refer to the details in the "Executive Compensation" section of this circular.

CERTAIN PROCEEDINGS

To the knowledge of Chorus, none of the proposed nominees for election as directors (a) are, as at the date hereof, or have been, within ten years before the date of this circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “Order”) that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as the date of this circular, or have been within ten years before the date of this circular, a director or executive officer of any company that, while person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) have, within the ten years before the date of this circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee, except that Richard D. Falconer was a member of the board of Jaguar Mining Inc. when it filed for a voluntary proceeding under the CCAA on December 23, 2013.

STATEMENT OF GOVERNANCE PRACTICES

After reviewing its governance practices, the Board has concluded that Chorus complies with the requirements of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*. Chorus regularly adjusts its governance practices as regulatory changes come into effect, and will continue to monitor these changes closely and make any required amendments to its governance practices.

Board of Directors

Director Independence

The Charter of the Board of Directors provides that the Board of Directors shall at all times be composed of a majority of individuals who must be determined to have no material relationship with Chorus and who, in the reasonable opinion of the Board of Directors, must be unrelated and independent under the laws, regulations and stock exchange listing requirements to which Chorus is subject. Based on the information received from each director, the Board of Directors concluded that each of the directors of Chorus standing for election to the Board, except the President and Chief Executive Officer, Joseph D. Randell, is independent in that he or she does not have a direct or indirect material relationship with Chorus and, in the reasonable opinion of the Board of Directors, is unrelated and independent under applicable laws, regulations and listing requirements. Mr. Randell is not independent because he is the President and Chief Executive Officer of Chorus.

Six of the seven directors of Chorus nominated for election to the Board have been determined, based on National Instrument 52-110 - *Audit Committees*, to be independent (as listed in the following table). All committee members are independent.

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| Director Name | Independence Status | | Reason for Non-Independence |
|---------------------|---------------------|-----------------|---|
| | Independent | Not Independent | |
| Gary M. Collins | ✓ | | |
| Karen Cramm | ✓ | | |
| Richard D. Falconer | ✓ | | |
| Sydney John Isaacs | ✓ | | |
| G. Ross MacCormack | ✓ | | |
| Richard H. McCoy | ✓ | | |
| Joseph D. Randell | | ✓ | Mr. Randell is the President and Chief Executive Officer of Chorus and Jazz |

Chairman of the Board

The nominated Chairman of the Board is independent. Chorus' maintenance of separate Chair and Chief Executive Officer positions enables more effective oversight of management.

A position description for the Chairman of the Board has been adopted under which the Chairman is responsible for, among other things: (i) ensuring that the responsibilities of the Board are well understood; (ii) ensuring that the directors work as a cohesive team and providing the requisite leadership to achieve this; (iii) ensuring that the resources available to the directors (in particular, timely and relevant information) are adequate to support their work; (iv) adopting procedures to ensure that the directors can conduct their work effectively and efficiently, including committee structure and composition, scheduling and management of meetings; (v) developing agenda for meetings and procedures, and monitoring the composition of the committees of the Board; (vi) ensuring proper flow of information to the Board; (vii) ensuring that a process is in place by which the contribution of individual directors and the effectiveness of the Board as a whole are assessed; and (viii) chairing every meeting of the Board and encouraging free and open discussion at such meetings.

Board Size

The Board was comprised of seven directors on December 31, 2014. Eight directors were elected at the annual meeting of shareholders held on May 15, 2014 and on August 14, 2014, one of those directors, Benjamin C. Duster, IV, resigned from the Board. Seven nominees are being proposed in this circular as directors. The Board is of the view that such size and composition is adequate and allows for the efficient functioning of the Board.

"In camera" Sessions of Board of Directors

At Board of Directors meetings, time is reserved for non-management directors to hold "in camera" sessions in the absence of the members of management and the non-independent management director. The Board of Directors meets without management and without the non-independent management director at each regularly scheduled meeting, and at all other meetings, the directors consider whether an "in camera" meeting would be appropriate in the circumstances. Questions and comments formulated during "in camera" sessions are then passed on to the members of management who were excluded from the "in camera" sessions. During the year ended December 31, 2014, six such in-camera sessions were held in the absence of management. In addition, the non-management directors held four sessions in the absence of the non-independent management director, Mr. Randell. In addition to the Board in-camera sessions, during 2014, the Human Resources & Compensation Committee held four in-camera sessions in the absence of management and three in-camera sessions in the absence of the non-independent management director, Mr. Randell. Also during 2014, the Audit, Finance & Risk Committee held four in-

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camera sessions in the absence of management and three in-camera sessions in the absence of Mr. Randell.

Board and Committee Composition

| Director | Year Appointed to the Board | 2014 Committees | | |
|---------------------------------------|-----------------------------|---------------------------------|--|-----------------------------------|
| | | Audit, Finance & Risk Committee | Human Resources & Compensation Committee | Governance & Nominating Committee |
| Gary M. Collins | 2008 | √ | - | Chair |
| Karen Cramm | 2010 | Chair | - | √ |
| Benjamin C. Duster, IV ⁽¹⁾ | 2010 | √ | Chair | - |
| Richard D. Falconer ⁽²⁾ | 2012 | √ | Chair | - |
| Sydney John Isaacs | 2008 | - | √ | √ |
| G. Ross MacCormack | 2006 | - | √ | √ |
| Richard H. McCoy ⁽³⁾ | 2006 | √ | √ | √ |
| John T. McLennan ⁽⁴⁾ | 2006 | √ | √ | - |
| Joseph D. Randell ⁽³⁾ | 2006 | √ | √ | √ |

(1) Benjamin C. Duster, IV was the Chair of the Human Resources & Compensation Committee until he resigned from the board effective August 14, 2014

(2) Richard D. Falconer was appointed as Chair of the Human Resources & Compensation Committee effective November 11, 2014

(3) The Chairman of the Board, Mr. McCoy, and the President and Chief Executive Officer, Mr. Randell attended all committee meetings as ex officio members.

(4) John T. McLennan retired from the board effective May 15, 2014

Attendance Record

The attendance records of the Board of Directors for each of the meetings of the Board of Directors and the standing committees is reflected in the following chart.

| Director | Board ⁽¹⁾ | Audit, Finance & Risk Committee | Human Resources & Compensation Committee | Governance & Nominating Committee | Totals |
|---------------------------------------|----------------------|---------------------------------|--|-----------------------------------|-----------------|
| Gary M. Collins | 11 of 11 | 4 of 4 | - | 4 of 4 | 19 of 19 (100%) |
| Karen Cramm | 11 of 11 | 4 of 4 | - | 4 of 4 | 19 of 19 (100%) |
| Benjamin C. Duster, IV ⁽³⁾ | 6 of 6 | 3 of 3 | 3 of 3 | - | 12 of 12 (100%) |
| Richard D. Falconer | 11 of 11 | 4 of 4 | 4 of 4 | - | 19 of 19 (100%) |
| Sydney John Isaacs | 11 of 11 | - | 4 of 4 | 4 of 4 | 19 of 19 (100%) |
| G. Ross MacCormack | 11 of 11 | - | 4 of 4 | 4 of 4 | 19 of 19 (100%) |
| Richard H. McCoy ⁽²⁾ | 11 of 11 | 4 of 4 | 4 of 4 | 4 of 4 | 23 of 23 (100%) |
| John T. McLennan ⁽⁴⁾ | 4 of 4 | 2 of 2 | 1 of 2 | - | 7 of 8 (87.5%) |
| Joseph D. Randell ⁽²⁾ | 11 of 11 | 4 of 4 | 4 of 4 | 4 of 4 | 23 of 23 (100%) |

(1) Includes all Board meetings and the annual shareholder meetings.

(2) The Chairman of the Board, Mr. McCoy, and the President and Chief Executive Officer, Mr. Randell attended all committee meetings as ex officio members.

(3) Benjamin C. Duster, IV resigned from the board effective August 14, 2014

(4) John T. McLennan retired from the board effective May 15, 2014

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Board Mandates

The Board has adopted a written charter which sets out, among other things, its roles and responsibilities. The Charter of the Board of Directors can be found at "Schedule A" to this circular.

Position Descriptions

President and Chief Executive Officer

The Board has adopted a position description for Joseph D. Randell, the President and Chief Executive Officer ("CEO") of Chorus. The CEO has full responsibility for the day-to-day operations of Chorus' business in accordance with its strategic plan, and its operating and capital budgets, in each case, as approved by the Board. The CEO is accountable to the shareholders of Chorus, through the Board, for the overall management of Chorus, and for conformity with policies agreed upon by the Board. The approval of the Board (or appropriate Committee) is required for all significant decisions outside of the ordinary course of Chorus' business.

More specifically, the primary responsibilities of the CEO include the following: (i) developing, for the Board's approval, a strategic direction and positioning to ensure Chorus' success; (ii) ensuring that the day-to-day business affairs of Chorus are appropriately managed by developing and implementing processes that will ensure the achievement of Chorus' financial and operating goals and objectives; (iii) fostering a corporate culture that promotes performance, customer focus and service; (iv) keeping the Board aware of Chorus' performance and events affecting its business, including opportunities in the marketplace and adverse or positive developments; and (v) ensuring, in cooperation with the Board, that there is an effective succession plan in place for the CEO position.

Chair of each Committee

The Chairs of the Audit, Finance and Risk Committee, the Governance and Nominating Committee, and the Human Resources and Compensation Committee, are respectively, Karen Cramm, Gary M. Collins and Richard D. Falconer. Mr. Duster was the Chair of the Human Resources and Compensation Committee until he resigned from the Board effective August 14, 2014.

Position descriptions have been adopted by the Board for the Chair of each of the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee. Under such position descriptions, the Chair of each Committee is required, among other things: (i) to ensure that the Committee fulfills the objectives and responsibilities set out in its charter; (ii) to ensure that enough time and attention is given to each aspect of the Committee's responsibilities; (iii) to ensure that members of the Committee maintain the level of independence required by applicable legislation; (iv) to review the annual assessment of the Committee and take the appropriate measures to correct the weaknesses identified in the assessment; (v) to ensure that the other members of the Committee understand the role and responsibilities of the Committee; (vi) to ensure that sufficient information is provided by management to enable the Committee to exercise its duties; and (vii) to carry out other duties as requested by the Board depending on need and circumstances.

Orientation and Continuing Education

Chorus has in place an orientation program for new directors. New directors are invited to attend orientation sessions with members of senior management of Chorus, including the CEO, to improve their understanding of Chorus' business. Each new director is also asked to review the Charter of the Board, the Charter of each Committee and the position descriptions of the Chairman of the Board, the President and Chief Executive Officer and the Chair of each Committee in order to fully understand the role he or she is expected to play as a director and Committee member.

As part of its mandate, the Governance and Nominating Committee is also responsible for providing a continuous education program for the directors. Chorus has in place a continuous education program. Chorus provides directors with regular reports on the operations and finances of the corporation.

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Management periodically provides directors with analyst studies, industry studies and benchmarking information. At each regular board meeting, the directors are provided with updates and summaries of relevant information. Documentation and selected articles and presentations are also provided to directors to keep current their knowledge and understanding of Chorus' business and issues facing Chorus. Furthermore, facility tours are periodically provided to directors so they can enhance their understanding of the operational aspects of Chorus' business.

Skills Matrix

Directors identify their skills and experience in March of each year. The information is used to assess the overall strength and diversity of the Board, as shown in the following chart:

| | Collins | Cramm | Falconer | Isaacs | MacCormack | McCoy | Randell |
|---|---------|-------|----------|--------|------------|-------|---------|
| Executive Leadership ⁽¹⁾ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Other Board Experience ⁽²⁾ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Accounting ⁽³⁾ | ✓ | ✓ | ✓ | | ✓ | | ✓ |
| Finance ⁽⁴⁾ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Aviation / Transportation Industry Knowledge ⁽⁵⁾ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Human Resources / Compensation ⁽⁶⁾ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Legal ⁽⁷⁾ | | | | ✓ | | | |
| Strategic Planning ⁽⁸⁾ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

(1) Experience as senior executive/officer of a publicly listed company or major organization.

(2) Served as a board member of a public, private or non-profit entity.

(3) Knowledge of and experience with financial accounting and reporting, and familiarity with internal financial/accounting controls, Canadian or US Generally Accepted Accounting Principles and/or IFRS.

(4) Experience with corporate finance and financing transactions.

(5) Knowledge of the aviation/transportation industry.

(6) Experience with benefit, pension and compensation programs (in particular, executive compensation programs).

(7) Experience as a lawyer either in private practice or in-house with a publicly listed company or major organization.

(8) Experience in the development and implementation of a strategic direction for a large organization.

BOARD AND EXECUTIVE OFFICER DIVERSITY

Chorus seeks to maintain a Board and executive leadership team comprised of talented and dedicated directors and officers whose skills and backgrounds reflect the diverse nature of the business environment in which Chorus operates. Chorus is committed to a merit based system for Board and executive composition, which includes a diverse and inclusive culture. Accordingly, the composition of the Board and of the executive leadership team is intended to reflect a diverse mix of skills, experience, knowledge and backgrounds, including an appropriate number of women directors and officers.

The Board has not, at this time, adopted a formal diversity policy. The Governance and Nominating Committee ("Governance Committee") periodically assesses the skills, experience, knowledge and backgrounds of Chorus' Board and the Human Resources and Compensation Committee ("HRCC") periodically assesses the skills, experience, knowledge and backgrounds of Chorus' executive officers in

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light of the needs of the Board and of Chorus. When identifying suitable candidates for election to the Board and appointment as executive officers, the Governance Committee and HRCC, as appropriate, will consider candidates on merit against an objective criteria having due regard to the benefits of diversity and the needs of the Board and of Chorus.

In addition, as a federally regulated company, Jazz Aviation LP (“Jazz”, Chorus’ subsidiary with greater than 99% of Chorus’ employees) complies with the *Employment Equity Act* which includes the requirement to implement an Employment Equity program. Jazz reports annually on steps taken to meet the obligations to identify and remove systemic barriers to the hiring and promotion of persons from the four designated groups who have traditionally been underrepresented in the Canadian workforce: women, visible minorities, Aboriginal persons and persons with disabilities.

Jazz’s five year plan outlines qualitative goals, hiring and promotion goals and representation goals for each designated group. Jazz has voluntarily chosen to set goals in the areas of hiring and promotion to ensure that progress is achieved and/or maintained where possible. These goals are considered when making recommendations to the HRCC and the Board for appointments at the executive level and in the succession planning process.

In light of the foregoing, the Board has determined, at this time, that it can manage Board and executive officer gender diversity without establishing a formal diversity policy or a specific target for the representation of women on the Board and as executive officers. The Board and the Governance Committee may, from time to time, continue to evaluate the adoption of such policies and targets.

In addition to Employment Equity, Jazz launched a Diversity and Inclusion Strategy which strengthens the commitment to the organization’s core value of respecting diversity. The Commitment and Belief Statements are posted on the Jazz web-site at www.flyjazz.ca and a three year Diversity Blueprint has been launched internally.

This culture of equal opportunity and inclusion has been recognized externally, as Jazz has been selected as one of Canada’s Best Diversity Employers for four consecutive years in an award program conducted by Mediacorp Canada Inc. partnered with, among others, The Globe and Mail.

The current proportion of women on the Board stands at 14% (1 of 7). Mrs. Cramm will stand for re-election at the Meeting. The current proportion of women executives of Chorus stands at 18% (2 of 11).

Board Term and Renewal

Chorus does not have a mandatory age for the retirement of directors and there are no term limits for the directors on the Board. Instead, the Governance and Nominating Committee reviews the composition of the Board on a regular basis in relation to approved director criteria and skill requirements and recommends changes as appropriate to renew and strengthen the Board. The Chair of the Governance and Nominating Committee leads the effort to identify and recruit candidates to join the Board in current and future years, with a focus on enhancing the Board’s diversity and skills. The Board of Chorus has determined that they can manage diversity, skills, renewal and succession planning adequately without imposing term limits and can also maintain an appropriate degree of continuity both on the Board and on its committees.

Strategic Planning

The Board works with management to develop Chorus’ strategic direction which includes Chorus’ long-range and annual objectives. Management prepares materials related to the strategic plan and presents them to the Board for discussion and, where required, approval. The Board is actively involved in the strategic planning process. Management and the Board discuss the main risks facing Chorus’ business, strategic issues, competitive developments and corporate opportunities at each regularly scheduled Board meeting. No less than annually, the Board also conducts a special meeting dedicated to the review and discussion of the strategic plan.

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Corporate Policy and Guidelines on Business Conduct

Chorus has adopted a Corporate Policy and Guidelines on Business Conduct (the “Code”) which was approved by the Chorus Board of Directors on November 7, 2011. The Code applies to all directors of Chorus and officers and employees of Chorus and its subsidiaries. A copy of the Code can be obtained on SEDAR at www.sedar.com or on Chorus’ website at www.chorusaviation.ca. The Code addresses, among other things, the following matters:

- (a) conflicts of interest;
- (b) use of company assets;
- (c) confidential information;
- (d) fair dealing with other people and organizations;
- (e) compliance with laws, rules and regulations;
- (f) employment policies;
- (g) computer, e-mail and Internet policies; and
- (h) reporting suspected non-compliance.

The Governance and Nominating Committee has the responsibility for monitoring compliance with and interpreting the Code. The Code has been communicated or brought to the attention of all employees of Chorus. In addition, all management, administration and technical employees are required to complete an acknowledgement annually under which they undertake to comply with the guidelines and principles of the Code. The Code also includes provisions whereby employees can report violations. The Board has concluded that such measures are appropriate and sufficient to ensure compliance with the Code. Since the adoption of the Code, Chorus has not filed any material change report pertaining to any conduct of a director or executive officer of Chorus.

In addition to the relevant provisions of the CBCA applicable to directors, the Charter of the Board of Directors provides that the directors shall disclose all actual or potential conflicts of interest, and refrain from voting, on matters in which the director has a conflict of interest. The Charter also provides that a director shall excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

Nomination of Directors

The Governance and Nominating Committee is composed entirely of independent directors. It is responsible for considering and making recommendations on the desired size of the Board, the need for recruitment and the expected skill-set of new candidates. In consultation with the Chairman of the Board and the CEO, the Governance and Nominating Committee determines the expected skill-set of new candidates by taking into account the existing strength of the Board and the needs of Chorus. The Governance and Nominating Committee then reviews and recommends the candidates for nomination as directors and approves the final choice of candidates for nomination and election as directors by the shareholders. Directors must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which Chorus operates. Directors selected should be able to commit the requisite time for all of the applicable Board business. Directors are expected to:

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interest of Chorus;

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- (c) devote sufficient time to the affairs of Chorus and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and challenge the key business plans and the strategic direction of Chorus;
- (f) raise questions and issues to facilitate active and effective participation in the deliberation of the Board and of each Committee;
- (g) make all reasonable efforts to attend all meetings of the Board and Committee meetings; and
- (h) review the materials provided by management in advance of the meetings of the Board.

Please see the “Committees” section of this circular for a description of the responsibilities, powers and operations of the Governance and Nominating Committee.

Compensation

Please see the “Remuneration of the Directors” section of this circular for the criteria used to determine the remuneration of the directors. Please see the “Executive Compensation” section of this circular for the process and criteria used to determine the compensation of the officers of Chorus.

Please see the “Committees” section of this circular for a description of the responsibilities, powers and operations of the Human Resources and Compensation Committee and the Governance and Nominating Committee as they relate to compensation issues.

Assessments

It is the role of the Chair of the Governance and Nominating Committee to assess, on an annual basis, the contribution of each individual director, the effectiveness of the Board and the effectiveness of the Committees. For this purpose, the Chair of the Governance and Nominating Committee and/or the Chairman of the Board conduct private meetings with each director. During those meetings, the Chair of the Governance and Nominating Committee or the Chairman review with each director his or her assessment of the effectiveness of the Board and its Committees and personal contributions. The results of these discussions are shared with the Board. Also, on a quarterly basis, the Chair of each committee reports to the Board on the activities of the Committee. If appropriate, the Board will then consider procedural or substantive changes to increase the effectiveness of the Board and its Committees.

Directorships of Other Reporting Issuers

The following directors of Chorus are presently directors of other public entities:

- Gary M. Collins is currently a director of Liquor Stores North America Inc. and D-Box Technologies Inc.
- Richard D. Falconer is currently a director of Resolute Forest Products (formerly AbitibiBowater Inc.) and Jaguar Mining Inc.
- Richard H. McCoy is currently a director of Aberdeen Asia-Pacific Income Investment Company Limited, Uranium Participation Corporation and Pizza Pizza Royalty Corp.

Please see “The Nominated Directors” section in this circular for additional information relating to each director standing for nomination, including other boards on which they serve.

COMMITTEES

The Board has three standing committees (collectively, the “Committees”):

- the Audit, Finance and Risk Committee;
- the Governance and Nominating Committee; and
- the Human Resources and Compensation Committee

All committees of the Board of Directors are composed of independent directors of Chorus. The roles and responsibilities of each committee are set out in formal written charters. These charters are reviewed annually to ensure that they reflect best practices and conform with applicable regulatory requirements.

This section includes reports from each Committee, which provide details regarding their respective members, responsibilities and activities.

Audit, Finance and Risk Committee

Chorus is required by law to have an audit committee. The Audit, Finance and Risk Committee shall be comprised of not less than three directors, all of whom shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations as determined by the Board. The members of the Audit, Finance and Risk Committee shall have no relationships with management and its related entities that in the opinion of the Board may interfere with their independence from management and from Chorus. In addition, a member of the Audit, Finance and Risk Committee shall not receive, other than for service on the Board or the Audit, Finance and Risk Committee or other Committees of the Board, any consulting, advisory, or other compensatory fee from Chorus or any of its related parties or subsidiaries. The members of the Audit, Finance and Risk Committee shall possess the mix of characteristics, experiences and skills to provide an appropriate balance for the performance of the duties of the Audit, Finance and Risk Committee and in particular each member of the Audit, Finance and Risk Committee shall be “financially literate” and at least one member of the Audit, Finance and Risk Committee shall be a “financial expert” as defined by relevant securities legislation or regulations.

The objectives of the Audit, Finance and Risk Committee include the following:

- To assist the Board in the discharge of its responsibility to monitor Chorus’ financial reporting and audit process.
- To maintain and enhance the quality, credibility and objectivity of Chorus’ financial reporting and to satisfy itself and oversee management’s responsibility as to the adequacy of the supporting systems of internal financial and accounting controls.
- To assist the Board in its oversight of the independence, qualifications and appointment of the external auditor.
- To monitor the performance of the internal financial and accounting controls and of the internal and external auditors.
- To provide independent communication between the Board and the internal auditor and the external auditor.
- To facilitate in-depth and candid discussions between the Audit, Finance and Risk Committee and management and the external auditor regarding significant issues involving judgment and impacting quality of controls and reporting.

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The Audit, Finance and Risk Committee's responsibilities include the following:

- Monitor and review the quality and integrity of Chorus' accounting and financial reporting process through discussions with management, the external auditor and the internal auditor.
- Determine, based on its review and discussion, whether to recommend the approval by the Board of audited and unaudited financial statements and the financial disclosure in any Management's Discussion and Analysis ("MD&A"), any annual information forms, earnings press releases, prospectuses and other similar documents.
- Review with management, the internal auditor and the external auditor and, if considered appropriate, approve the release of Chorus' quarterly financial statements and related MD&A.
- Review with management, the external auditor and legal counsel, Chorus' procedures to ensure compliance with applicable laws and regulations.
- Meet with the external auditor to review and approve their audit plan.
- Review and approve estimated audit and audit-related fees and expenses.
- Review and approve, prior to the commencement of such work, the nature of all non-audit services, as permitted by securities legislation and regulations, to be provided by the external auditor prior to the commencement of such work.
- Review a report from the external auditor, if deemed appropriate by the Audit, Finance and Risk Committee, of all relationships between the external auditor and its related entities and Chorus and its related entities.
- Evaluate the performance of the external auditor.
- Review the mandate of and the services provided by the internal audit department.
- Review significant emerging accounting and reporting issues.
- Review policies and procedures for the receipt, retention and treatment of complaints received by Chorus from employees, shareholders and other stakeholders regarding accounting issues and financial reporting.
- Review risk management systems and controls, especially in relation to derivatives, foreign currency exposure, hedging and insurance.
- Review and approve the Public Disclosure Policy.
- Identify and address material financial and other risks to the business and affairs of Chorus and its related entities and subsidiaries and make recommendations in that regard to the Board.
- Review and approve policies relating to the financial control, conduct, regulation and administration of subsidiary companies.
- Review, monitor and approve the Donations Policy, if applicable.
- Review actual financial performance compared to budget.
- Establish processes and procedures to identify and monitor compliance with applicable legislation with respect to the environment as well as occupational health and safety, and safety in general.

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- Review the management corporate policies, procedures, reports regarding environmental matters.
- Review with management and the environmental officer the results of environment audits and recommendation resulting therefrom.
- Review and approve the investment structure and policy for pension plans.
- Review matters pertaining to funding, funding policy, investment policy, investment return and other investment matters for pension plans.
- Approve the actuary and consultants for pension matters and approve the pension accounting for the plans.
- Make recommendations to the Board.

The Audit, Finance and Risk Committee met four times during the period from January 1, 2014 to December 31, 2014.

The Audit, Finance and Risk Committee is currently composed of the following independent directors:

Members: Karen Cramm, Chair
Gary M. Collins
Richard D. Falconer

Additional information respecting the Audit, Finance and Risk Committee is set out in our 2014 Annual Information Form under “Directors and Officers - Audit, Finance and Risk Committee”.

Risk Oversight

The Audit, Finance and Risk Committee, among other responsibilities, identifies and monitors risks faced by the business, and seeks to put in place systems to effectively identify, monitor and manage them.

In its risk oversight role, the Audit, Finance and Risk Committee has, among other things, overseen the development by management of Chorus’ Safety Management System (“**SMS**”), which has been implemented and is the framework for managing operational risks. SMS is a comprehensive, highly integrated set of policies, processes, systems and resources that address safety planning and goal-setting, management review, quality assurance (including safety and quality auditing), safety training, safety oversight, trending and analysis, risk assessment and mitigation, and emergency preparedness. SMS also integrates related frameworks, including occupational safety and health, security and environment, in order to maximize the likelihood of comprehensive, robust and efficient outcomes.

Governance and Nominating Committee

The Governance and Nominating Committee shall be comprised of not less than three directors of Chorus as determined by the Board of Directors, all of whom shall be independent (as defined under applicable securities laws) and shall comply with eligibility and qualification standards under applicable legislation in effect from time to time.

The primary objective of the Governance and Nominating Committee is to assist the Board in fulfilling its responsibilities by ensuring that corporate governance guidelines are adopted, disclosed and applied including director qualification standards, director responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession and annual performance evaluation of the Board of Directors, and to identify individuals qualified to become new board members and recommending to the Board of Directors the new director nominees for each annual meeting of shareholders of Chorus.

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The Governance and Nominating Committee's responsibilities include the following:

- Review and develop position descriptions for the Board of Directors, the Chairman of the Board of Directors and the President and Chief Executive Officer.
- Ensure that appropriate structures and procedures are in place so that the Board of Directors can function independently of management.
- Put in place an orientation program for new directors and a continuing education program for the Board.
- Review and monitor systems and processes established for compliance with applicable legislation.
- Review proposed amendments to Chorus' by-laws.
- Make recommendations to the Board of Directors with respect to monitoring, adoption and disclosure of corporate governance guidelines.
- Recommend the types, charters and composition of the Board committees.
- Recommend the nominees to the chairmanship of the Board committees.
- Monitor the governance structure and, as required, report to the Board of Directors on the necessity or advisability of modifications to such structure.
- Review such other corporate governance and strategic planning committee functions customarily carried out by such committees as well as such other matters which may be referred to it by the Board of Directors from time to time.
- Assist the Board of Directors in determining what competencies and skills the Board, as a whole, should possess and what competencies and skills each existing director possesses.
- Assist the Board of Directors in determining the appropriate size of the Board, with a view to facilitating effective decision-making.
- Develop and review criteria regarding personal qualification for Board membership, such as background, experience, technical skill, affiliations and personal characteristics, and develop a process for identifying and recommending candidates.
- Identify individuals qualified to become new Board members and recommend them to the Board of Directors.
- Consider whether or not each new nominee can devote sufficient time and resources to his duties as a Board member.
- Recommend the slate of director nominees for each annual meeting of shareholders of Chorus.
- Recommend candidates to fill vacancies on the Board of Directors occurring between annual meetings of shareholders of Chorus.
- Review and make recommendations relative to non-management nominees of the boards of subsidiaries of Chorus or of companies in which Chorus has an interest.

The Governance and Nominating Committee, in conjunction with the Chairman of the Board, annually conducts an assessment of the Board's effectiveness. The Chair of the Governance and Nominating

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Committee, with the input of directors, circulates a series of questions to prompt discussion on the effectiveness of the Board, the committees of the Board and their respective chairs, and the directors. Those questions form the agenda of individual one on one discussion between the Chairman and each director. The comments and suggestions are reported back to the Board by the Chairman.

The Governance and Nominating Committee met five times during the period from January 1, 2014 to December 31, 2014.

The Governance and Nominating Committee is currently composed of the following independent directors:

Members: Gary M. Collins, Chair
Sydney John Isaacs
G. Ross MacCormack
Karen Cramm

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (“HRCC”) shall be comprised of not less than three directors of Chorus as determined by the Board of Directors, all of whom shall be independent (as defined under applicable securities laws).

The primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in the field of human resources and compensation as well as succession planning including appointing, training and monitoring of senior management, compensation of officers, organization plans and compensation philosophy.

The responsibilities of the HRCC include the following:

- Develop compensation philosophy and guidelines.
- Review and approve corporate goals, objectives and business performance measures relevant to the compensation of the President and Chief Executive Officer, evaluate the President and Chief Executive Officer’s performance in light of those goals, objectives and business performance measures, and make recommendations to the Board of Directors with respect to the President and Chief Executive Officer’s compensation level based on this evaluation.
- Make recommendations to the Board of Directors with respect to officers’ compensation, incentive compensation and equity-based plans.
- Review and make recommendations to the Board of Directors with respect to incentive compensation plans and equity based plans and any amendments thereto.
- Review and approve, on behalf of the Board of Directors, salary ranges for all positions including executive management.
- Administer the equity-based plans.
- Review executive compensation disclosure before public dissemination, including the review of the annual report of senior management compensation for inclusion in Chorus’ proxy circular, in accordance with applicable rules and regulations.
- Review on an ongoing basis management’s organization plans and essential elements of succession plans for executive management of Chorus and its subsidiaries so as to ensure that successors have been identified and that their career development is appropriate in the context of the challenges facing the organization.

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- Review and approve the training, monitoring and development of senior officers.
- Review and approve the senior management organizations and reporting structure.
- Review and approve the contingency plans in the event of the disability of key executives.
- Approve the design of, and amendments to, pension plans and, on recommendation of the Chief Executive Officer, approve the appointment of members of the pension committee and trustees of pension plans.
- Monitor the pension communication strategy for compliance with disclosure requirements.

The HRCC met four times during the period from January 1, 2014 to December 31, 2014.

The HRCC annually reviews the succession plan for the executive management including the President and Chief Executive Officer and for positions reporting to the executive. Management identifies immediate successors, both internal and external, as appropriate. Management also outlines plans to address gaps identified in the succession plan, if any. Development plans for key successors at the senior level and key talent at other levels are also reviewed by the HRCC. Retention risks, if any are identified by management to the HRCC.

The HRCC is currently composed of the following independent directors:

Members: Richard D. Falconer, Chair
 G. Ross MacCormack
 Sydney John Isaacs

The members of the HRCC bring many years of relevant experience to their role and duties on the HRCC. The Chair of the HRCC, Mr. Falconer has extensive experience in executive leadership roles with CIBC World Markets and as a board member of public issuers such as Resolute Forest Products (formerly, AbitibiBowater Inc.) and Jaguar Mining Inc. Mr. Falconer is a member of the Compensation Committee and the Corporate Governance Committee of Jaguar Mining Inc. Mr. MacCormack has extensive executive aviation experience and has been a director of Chorus or its predecessors since the initial public offering of Jazz Air Income Fund in 2006 and was Chair of the HRCC from February 2006 to May 2012. Mr. Isaacs has many years of experience as a senior executive of a public issuer, ACE Aviation Holdings Inc. and as a partner in a national law firm where he practiced in the areas of mergers and acquisitions, corporate finance and corporate and securities law.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

To achieve its vision, Chorus needs a strong executive team capable of achieving profitability and growth. Chorus' Executive Compensation Program is designed to attract, retain and motivate the key people Chorus needs to meet its strategic plans. In addition, by closely linking executives' and shareholders' interests through incentive compensation, the Executive Compensation Program contributes to the achievement of profitable growth for shareholders. This is achieved through:

- compensation which is market competitive with companies of similar complexity and revenues;
- incentives which reward achievement of corporate objectives and long-term value creation; and
- share ownership guidelines which ensure a personal stake in the company and alignment with shareholder interest.

Chorus' Executive Compensation Program reflects high standards of corporate governance in its compensation policies and practices, including oversight and mitigation of risk. These include:

- share ownership guidelines for executives;
- a balanced mix of fixed to variable and short to long-term compensation;
- payout limits in the Annual Incentive Plan ("AIP") and the Long Term Incentive Plan ("LTIP");
- a balance of financial and individual measures in the incentive plans; and
- an element of discretion to be exercised having regard to individual performance in the AIP and the determination of corporate performance under the LTIP.

The HRCC has direct access to consultants specializing in compensation and benefits. Chorus' management has received advice, and shared with the HRCC when applicable, from Mercer (Canada) Limited (" **Mercer** ") since 2006 with respect to compensation and benefits matters. The decisions made by the HRCC are its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by Mercer. Since January 1, 2014 neither the Board nor the HRCC has retained independent consultants.

The President and Chief Executive Officer and members of management provide informational presentations to the HRCC related to various human resources and compensation initiatives.

The executive officers of Chorus named in the "Summary Compensation Table" below are referred to herein as the "named executive officers".

Share Ownership Guidelines

Share Ownership Guidelines were approved effective January 1, 2011 to promote share ownership by executives and to better align executives' interests with those of Chorus' shareholders. Following a market review, and further to a recommendation of the HRCC, the following guidelines were approved by the Board to be achieved within five years commencing on the later of January 1, 2011 or the participant's date of hire or promotion to a higher executive level: ownership of Chorus shares with a value equal to three times salary for the President and Chief Executive Officer ("**CEO**"), two times salary for the Chief Financial Officer ("**CFO**"), Chief Operating Officer ("**COO**") and Chief Administrative Officer ("**CAO**") and one times salary for Vice Presidents (including the position of General Counsel and Corporate Secretary).

Class B Voting Shares and restricted share units ("**RSUs**") granted under the Chorus Aviation Inc. long-term incentive plan (the "**LTIP**") are included when determining whether an executive satisfies the applicable minimum ownership requirement. One hundred per cent of any time-based RSUs, and 50% of

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any performance based RSUs, are included for such purposes. The value of such securities is calculated by reference to the greater of the market and grant share price. As of March 30, 2015 all executives had attained the required level of share ownership.

Named executive officers and directors are restricted under applicable corporate law from engaging in certain transactions to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the named executive officer or director. In particular, the named executive officers and directors may not engage in short sales or certain transactions involving calls or puts with respect to Chorus' securities. There are no other restrictions on the ability of named executive officers or directors to engage in such hedging or offset transactions. A named executive officer or director would be required to report any such hedging or offset transactions under applicable securities laws.

Benchmark Group

In determining compensation, the HRCC gives consideration to a benchmark group of Canadian businesses. This benchmark group, based on a review by Mercer in 2010, is reviewed annually by management and the HRCC and adjusted as appropriate in order to guide executive compensation decisions for the following year, including salary adjustments, if any.

Companies chosen for the benchmark group are headquartered in Canada, are in the industrial sector and have revenues approximately one-third to three times that of Chorus. In addition, companies selected were of similar business complexity. Based on these characteristics, the companies in the benchmark group were Transat A.T. Inc., WestJet Airlines Ltd., Superior Plus Corp., Transcontinental Inc., TransForce Inc., Toromont Industries Ltd., Aecon Group Inc., CAE Inc., Stantec Inc., Emera Inc., Wajax Ltd., Progressive Waste Solutions and Algoma Central Corp. The HRCC also monitors and considers executive compensation levels at certain US-based regional airlines.

Chorus considers the development of a direct comparable benchmark group to be challenging both because of Chorus' unique business model in the Canadian landscape and because there are relatively few industrial and utilities type publicly-traded businesses of similar size to Chorus (with many comparable businesses being much larger than Chorus). For these reasons, Chorus considers base pay positioning in the 25th to 50th percentile of the benchmark group to be competitive as it reflects Chorus' size relative to the other companies.

Aligning Risk and Compensation

Chorus' compensation oversight and risk management are closely aligned. The HRCC assesses, on a regular basis and periodically in consultation with its external consultants as it determines appropriate, the risks associated with Chorus' executive compensation program. In order to minimize emphasis on short-term results, Chorus' compensation programs have evolved to place greater emphasis on longer-term share-based compensation.

The HRCC is satisfied that:

- Chorus' compensation policies and practices do not encourage any named executive officer or employee who works in a principal business unit or division to take inappropriate or excessive risks; and
- there were not any identified risks arising from Chorus' compensation policies and practices that would be reasonably likely to have a material adverse effect on Chorus.

Executive Compensation Program

Chorus' Executive Compensation Program emphasizes incentive compensation linked to Chorus' annual and long-term financial performance to align executives' interests to those of Chorus' shareholders.

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Five principal elements of fixed, variable and indirect compensation are evaluated together to determine the appropriate compensation level for Chorus executives. Consideration is given to the balance between fixed and variable (at risk), short and long-term and cash and equity components. Each element and the specific objectives it is designed to meet are shown, and described further, below.

| Compensation Element | Objectives |
|----------------------|--|
| Base Salary | <ul style="list-style-type: none"> Attract and retain key leaders Compensate for responsibilities, contribution and experience |
| Annual Incentive | <ul style="list-style-type: none"> Motivate and reward achievement of corporate and personal performance over the completed year |
| Long-Term Incentive | RSUs <ul style="list-style-type: none"> Motivate and reward long-term profitable growth Encourage retention |
| | Options <ul style="list-style-type: none"> Motivate leadership through extraordinary events or initiatives |
| Pension and Benefits | <ul style="list-style-type: none"> Attract and retain Support health and well being Provide post-employment financial support (pension) |
| Perquisites | <ul style="list-style-type: none"> Attract and retain |

1) Base Salary

Competitive base salaries for Chorus' executives, including the named executive officers, are established by the HRCC based on the responsibilities, contribution, experience and skill set of each executive. When reviewing base salaries, the HRCC also considers equitable factors (such as the desire to maintain a similar level of compensation for a particular officer group, irrespective of function, as well as length of service) and salaries offered by other companies in Chorus' benchmark group for similar positions. Base salary forms a portion of total compensation and compensates individuals for fulfilling their responsibilities.

2) Variable Cash Compensation

In 2014, Chorus had two cash-based variable compensation plans: an AIP and an operational bonus plan called Ensemble Plus.

Annual Incentive Plan

The level of participation in the AIP is formula-based, such that individuals are eligible to be paid a target bonus amount, which for 2014 was equal to 35% of base earnings at the Vice President level, with the exception of 40% of base earnings for the Vice President, Business Development, 60% of base earnings for the CFO, COO and CAO, and 100% of base earnings for the CEO. AIP payouts are based on: (i) corporate performance against financial targets in Chorus' business plan for the relevant year, which, for 2014, consisted of Operating Income ("OI") and Free Cash Flow ("FCF") subject to the Board of Directors' authority to adjust performance results for compensation purposes to take into account matters not reflective of Chorus' business plan or executive performance or other variances when warranted; and (ii) individual performance based on performance assessments. The two financial measures encourage a focus on profitability and align with shareholders' interests in regards to strong cash management.

OI is a GAAP measure defined as operating revenue less operating expenses. FCF is a non-GAAP financial measure defined as adjusted EBITDA (net income before net interest expense, income taxes, depreciation and amortization and other items such as asset impairment and foreign exchange gains or losses), less non-operating expenses and maintenance capital expenditures required to sustain the operation, and adjusted for any unrealized foreign exchange gain or loss on long-term debt and finance

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leases. Other capital expenditures incurred to facilitate growth of the business are excluded from the calculation.

All members of management participate in the AIP at target bonus percentages commensurate with their management level. With regards to performance against financial targets, participants in the AIP were eligible to receive payouts of between 0% and 200% of their target bonus amount, based on the achievement of between 80% and 120% of OI and FCF. These financial targets were given equal weighting. Participants were eligible to be paid 100% of their target bonus amount under the AIP if 100% of the financial targets were met. Participants were eligible to be paid a lesser amount than 100% of their target bonus if less than 100% of the financial targets were met. The relationship is linear such that if 90% of OI and FCF targets were met, participants were eligible to be paid 50% of their target bonus amount. Participants were eligible to be paid more than 100% of their target bonus if more than 100% of the financial targets were met, up to 200% of their target bonus amount for achieving 120% or more of OI and FCF targets. Participants would receive no payments under the plan if less than 80% of these financial targets were met.

A personal performance factor ranging from 0.75 to 1.5 times was also applied to cash payments under the AIP, although total payouts under the plan were capped in all cases at 200% of an individual's target bonus amount after taking into account both achievement of financial targets and the personal performance factor.

Ensemble Plus

Ensemble Plus is designed to provide quarterly payments to eligible employees if Chorus achieves pre-determined monthly operational and customer service goals. The categories include controllable on-time performance, flights actually flown, incidences of mishandled luggage at airports where Chorus is responsible for luggage handling and other customer service measures related to inflight and check-in satisfaction. The Ensemble Plus plan is offered to all eligible employees (including the named executive officers) on the same basis to allow them to share in Chorus' success and to ensure they work together to achieve corporate goals. The maximum annual payout pursuant to Ensemble Plus for 2014 was \$2,550 per eligible employee. In 2014, the total payment under the Ensemble Plus was \$1,400 per eligible employee.

3) Equity Plans

In 2014, Chorus had two equity-based compensation plans: the LTIP and the Employee Share Ownership Plan ("ESOP"). The LTIP and the ESOP are designed to align the interests of executives and employees more closely with the interests of Chorus' shareholders. As Chorus' equity compensation plans are largely formula-based, previous grants do not impact the allocation of new grants.

LTIP

The LTIP is Chorus' share-based long-term incentive plan. The President and Chief Executive Officer of Chorus, all senior vice presidents, vice presidents and other officers of Chorus or named individuals, employees or officers of Chorus, Aviation General Partner Inc. or any other entity designated by the Board of Chorus (the "**Eligible Participants**") are eligible to participate in the LTIP and may be awarded RSUs or options. The LTIP became effective as of January 5, 2011.

Recent Amendments

To further incentivize management to drive operating and strategic improvements aimed at value creation for shareholders, the Board approved amendments (the "**2014 LTIP Amendments**") to the LTIP to provide for the granting of options exercisable for common voting shares effective as of May 16, 2014. The 2014 LTIP Amendments also permitted cash settlements for RSUs at the election of the Eligible Participants. No shareholder approval was required for the 2014 LTIP Amendments under the terms of the shareholder amendment provision of the LTIP.

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Purpose

The purpose of the LTIP is to provide Eligible Participants with incentive compensation that enhances Chorus' ability to attract, retain and motivate key personnel and to reward executives and other key employees (as approved by the Board from time to time) for performance that results in Chorus meeting specified performance targets.

The LTIP aligns the interests of its participants more closely with the interests of Chorus' shareholders, as the value of the RSUs is tied to Chorus' financial and share trading performance. The value of the options is tied to Chorus' share trading performance and, if the Board prescribes performance vesting conditions when awarding such options, Chorus' financial performance. Annual RSUs granted under the LTIP focus executives on long-term value creation, and also support the retention of executives as such RSU grants vest over three-year cycles. Options granted under the LTIP are intended to reward executive performance and focus executives on long-term value creation.

Level of Participation

The level of participation in the LTIP with respect to RSU grants is formula-based, such that individuals are eligible to be granted an annual award of RSUs equal to 50% of base salary at the Vice President level, with the exception of 55% for the Vice President Business Development, 65% of base salary for the CFO and CAO, 75% of base salary for the COO, and 120% of base salary for the CEO. Base salaries are determined as of January 1 of the relevant year. Grants of RSUs under the LTIP vest over a three-year cycle.

The level of participation in the LTIP with respect to option grants is determined by the Board.

The Board or the HRCC has the power to, among other things, determine: (i) those individuals who are eligible to participate in the LTIP; (ii) the level of participation of each participant; and (iii) the time or times when LTIP awards will vest or be paid to each participant.

Total Number of Shares Issued and Issuable

The total number of shares issued and issuable is described on page 53.

Vesting of Awards

The LTIP has a restricted share unit component under which Eligible Participants may be granted RSUs that vest for common shares of Chorus. The vesting of RSUs may be time-based or based on meeting individual or corporate performance targets. The performance conditions for grants of RSUs will be contained in an award agreement relating to the particular grant. RSUs entitle the participant to receive common shares of Chorus on a one-for-one basis. Additional RSUs representing the value of dividends paid on corresponding common shares of Chorus accrue for the benefit of participants. The number of additional RSUs credited is calculated by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid by Chorus per share by the number of RSUs recorded in the participant's account on the record date for the payment of such dividend, by (b) the five day volume weighted average price ("VWAP") of the shares for the period including and ending on the third trading day prior to the record date for the payment of such dividend. On vesting, the additional RSUs in respect of dividends will vest in the same manner as the RSUs originally granted.

The vesting of options is time based and, at the discretion of the Board, may be based on meeting individual or corporate performance targets. The performance conditions, if any, for grants of options will be contained in an award agreement relating to the particular grant. Unless otherwise specified by the Board, each vested option may be exercised at any time or from time to time, in whole or in part, for up to the total number of common shares with respect to which it is then exercisable and it remains exercisable until expiration or termination of the option. For options subject to a performance vesting condition if, as a result of a failure to meet the performance vesting condition, some or all of the options granted to the Eligible Participant have not vested and are not exercisable by the date of such determination, the unvested options expire and are cancelled.

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Performance Measures

Performance measures of FCF, adjusted Earnings Per Share (“**EPS**”) and Return on Capital Employed (“**ROCE**”), weighted at 50%, 25% and 25% respectively, have been selected by the Board to reflect a balance of shareholder alignment, profitability and return; amongst these measures heavier weighting has been placed on FCF to align with Chorus’ dividend policy. (FCF is described on page 40). This measure ensures shareholder alignment, focusing on strong cash management.

Adjusted EPS is a non-GAAP measure which measures overall profitability and is defined as earnings (net income) adjusted for any unrealized foreign exchange gain or loss on long term debt and finance leases, divided by weighted average number of shares outstanding,

In February 2014, the Board reviewed the performance measures used for vesting of RSUs and approved that the formerly used measure of ROCE be replaced by Return on Invested Capital (“**ROIC**”) effective with the 2014 LTIP grants. The ROCE measure will still be used for purposes of determining vesting of performance shares for the outstanding 2013 LTIP grants.

ROCE is a non-GAAP measure defined as EBIT (net income before interest and taxes) divided by total assets less current liabilities.

ROIC is a non-GAAP measure frequently used in the airline industry and is a metric reported in Chorus’ 2014 management’s discussion and analysis. It is commonly used to assess the efficiency with which a company allocates its capital to generate returns. Return is calculated based on Chorus’ earnings before tax, excluding special items, finance costs and implied interest on off-balance sheet aircraft leases for aircraft for which Chorus holds the head lease. Invested capital includes average long-term debt, average finance lease obligations, average shareholder’ equity and off-balance sheet aircraft operating leases for aircraft for which Chorus holds the head lease.

Exercise Price and Term of Options

The exercise price of options granted under the LTIP is determined by the Board but may not be less than the fair market value of shares on the grant date.

Options will expire on the tenth anniversary of the grant date unless otherwise specified by the Board at the time of the grant. Options may terminate earlier, such as upon a participant’s termination of employment, as set out below.

Treatment upon Termination for Cause and Resignation

Upon a participant’s termination for cause and resignation from employment, participation in the LTIP will be terminated immediately. All RSUs credited to the participant’s account will be forfeited and cancelled. All options, whether vested or not, held by a participant terminated for cause will be forfeited and cancelled. In the case of resignation, any options that are not vested will be forfeited and cancelled and any vested options will continue to be exercisable until the earlier of 90 days and the date on which the exercise period of the particular options expire.

Treatment upon Retirement, Long-term Disability, Death or Termination without Cause

In the event of a retirement, long-term disability, death or termination by Chorus without cause, participation in the LTIP will be terminated immediately. Any unvested RSUs would be pro-rated based on the completed months of service during the three year performance cycle. RSUs subject to time vesting will vest within 45 days. The participant would be entitled to performance-based RSUs at the end of each applicable cycle, if targets are achieved (vesting is variable based on whether target performance is between 80% and 100% of target). With respect to options held upon a retirement, long-term disability, death or termination by Chorus without cause, unless otherwise set out in the award agreement, options that are exercisable will continue to be exercisable by the participant until the earlier of 12 months and the date on which the exercise period of the particular options expire.

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Treatment upon a Change of Control

In the event of a change of control, all unvested RSUs will vest on the date of the change of control, whether or not the RSUs have met the vesting conditions. However, in the event that the change of control occurs in the circumstances of an internal reorganization involving Chorus or its subsidiaries, the Board may, in its sole discretion, determine that such RSUs will not vest as at the date of such change of control. In the event that, at any time, an offer to purchase is made to all holders of shares of Chorus, notice of such offer shall be given by the trustee under the LTIP to enable each participant to tender his/her shares of Chorus should he/she so desire, provided such notice shall only be sent in respect of shares of Chorus that have been obtained through secondary market purchases and are being held by the trustee in accordance with the provisions of the LTIP.

Unless otherwise set out in the award agreement, all unvested options will be fully vested and exercisable upon a change of control until the earlier of 90 days after the date of the change of control and the date on which the exercise period of the particular options expire. In the event that the change of control occurs in the circumstances of an internal reorganization involving Chorus or its subsidiaries, the Board may, in its sole discretion, determine that options won't become vested and exercisable upon the occurrence of the change of control, shorten the exercise period or provide for the conversion of any unvested options outstanding into other securities in any entity participating in or resulting from the change of control.

Assignability of Awards

Except as provided in the LTIP, the rights of participants under the LTIP cannot be assigned, charged, anticipated, given as security, transferred or surrendered, in whole or in part, either directly or by operation of law or otherwise in any manner.

Amending the LTIP

Under the amendment provision of the LTIP, shareholder approval is required for any amendment to the LTIP that results in (i) an increase in the number of common shares reserved for issuance by Chorus from treasury pursuant to the LTIP; (ii) permission for RSUs or options to be transferred other than for normal estate settlement purposes; or (iii) any changes to the section of the LTIP entitled "Amendment, Suspension or Discontinuance" other than to add items for which shareholder approval is required. Beyond these amendments, the Board may make changes to, or suspend or discontinue, the LTIP in such manner as the Board, in its sole discretion, determines appropriate, including without limitation, making amendments to the LTIP for administrative matters, for clarification, to address regulatory or other developments, to add additional types of awards (which would not result in an increase to the number of common shares reserved for issuance under the LTIP), to change the vesting provisions of RSUs, options or the LTIP or to change the termination provisions of RSUs, options or the LTIP, provided that no such amendment: (a) results in the LTIP becoming a "salary deferral arrangement" under the *Income Tax Act* (Canada) (the "**Tax Act**") or any applicable provincial legislation; (b) reduces the number of RSUs or options granted prior to such amendment or adversely modifies the vesting condition(s) of such RSUs or option, as applicable; and (c) modifies the amendment provision of the LTIP without the consent of all participants with respect to RSUs or options granted prior to the amendment. In setting and amending the terms of the LTIP the HRCC reviews and recommends the terms and conditions of any change in the terms and conditions of the existing LTIP to the Board for approval.

Employee Share Ownership Program

The ESOP enables employees to buy common shares of Chorus through payroll deductions. Through the ESOP, eligible employees may invest up to 6% of their salary for the purchase of common shares of Chorus on the secondary market. The ESOP aligns the interests of participating employees more closely with the interests of Chorus' shareholders.

The Board may use its discretion to set the employer match at or above 33.33% of the investments made by the employees under the plan. The funds from the employer match are used to purchase common shares of Chorus on the secondary market on behalf of such participants. The percentage of matching contributions and the base threshold amounts are established and are subject to adjustment by the Board

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or the HRCC. In years 2011 to 2014 inclusive, the Board approved a 60% match for employee contributions made to the ESOP for the following year.

Each quarter, employees who have reached one year of service in the preceding quarter receive a ten share gift. Chorus purchases such shares on the secondary market.

4) Benefits

Group benefits and Chorus' executive pension plan are intended to be at the median level for Chorus' benchmark group. Benefits include life insurance, accidental death and dismemberment (AD&D) insurance, extended health, dental and short and long-term disability insurance.

5) Perquisites

Perquisites offered to executive officers include a car allowance, a medical top-up plan and optional health assessment and financial advisory services. Perquisites are intended to be at the median level for Chorus' benchmark group.

Compensation of Named Executive Officers

All named executive officers, other than the CEO, receive performance reviews based on a common set of evaluation criteria. These criteria are grouped into the following categories: job responsibilities, leadership, and progress on department plans. The results of these performance reviews form the basis for determining the personal performance factor for AIP purposes. For 2014, a personal performance factor of 1.25 or 1.5 (out of a maximum of 1.5 and a minimum of 0.75) was applied in respect of the named executive officers based on the results of their performance review.

The HRCC and the Board assess the performance of the CEO annually based on financial measurements of FCF and OI and non-financial measurements to determine an appropriate level of compensation. However, the formulas used and program parameters for variable compensation and the LTIP are those approved by the Board for all executives. The annual performance review of the CEO takes into account a number of factors. Overall leadership performance is evaluated with consideration given to the achievement of the annual business plan, which includes short-term initiatives to meet annual targets and long-term strategic initiatives aimed at growing shareholder value. In 2014, factors considered by the HRCC included: (i) success in amending and extending the capacity purchase agreement with Air Canada (ii) strong financial results, including significant progress in reducing costs and increasing efficiencies in critical areas such as crew utilization and heavy maintenance (iii) exceptional operational performance maintaining a leading position amongst North American airlines for on-time performance (iv) industry leading safety programs and practices; (v) managing the dividend levels; (vi) a focus on diversification initiatives following the favourable benchmarking arbitration award; (vii) achievement of planned strategic initiatives; (viii) performance in special reviews and audits (ix) charity and community involvement; and (x) industry and business community involvement. Based on the review of Mr. Randell's performance and corporate performance for 2014, the Board approved the maximum incentive payment.

The following recommendations on compensation for the named executive officers were made by the HRCC and were approved by the Board in relation to the 2014 financial year: (i) a payout under the AIP of 196% of target bonus amount for each named executive officer; (ii) the vesting of all time-based and performance-based RSUs granted in 2012 under the LTIP plus their associated additional RSUs in relation to dividends on shares of Chorus; (iii) a grant of RSUs in respect of 2014 under the LTIP at the regular formula amount applicable to the particular named executive officer; and (iv) base salary market adjustment increases effective January 1, 2014 based on a review of the comparator group and updates to the market executive compensation review referred to previously.

Corporate Performance achievement of 196% was based on achievement of OI and FCF performance in excess of the combined targets. For the purposes of this calculation the AIP expense was excluded from the actual and target results. As a result, adjusted actual OI performance was \$147.7 million against a target of \$125.0 million, while adjusted actual FCF performance was \$172.9 million against a target of \$143.6 million.

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The vesting of 100% of performance based RSUs represented the attainment of the combined, aggregate three year targets for FCF, adjusted EPS and ROCE, applying the formula described under the LTIP. Actual aggregate FCF was \$430.0 million against a target of \$398.6 million, actual aggregate adjusted EPS was \$2.24 against a target of \$2.03 and actual aggregate ROCE was 64.3% compared to a target of 70.6%.

On May 20, 2014 The Board granted 1.3 million stock options to Mr. Randell, 750,000 stock options to each of Ms. Mahody, Mr. Copp and Mr. Flynn, and 300,000 options to each of Mr. Tapson and the following five executives: the Vice Presidents of Finance, Maintenance and Engineering, Flight Operations, Airports and SOC and the General Counsel and Corporate Secretary. The options were intended to further incentivize management to drive operating and strategic improvements which result in value creation for shareholders and to recognize the extraordinary efforts required to achieve the long term strategy. The options vest 100% after three years and have a five year option term. The options have an exercise price of \$4.50. Consistent with the purpose of the option grant, the exercise price was set at a hurdle that was significantly above the \$3.84 (closing) market price of the shares on the date of grant.

The Board approved base salary market adjustment increases effective January 1, 2015. Target annual incentive amounts and LTIP grants were considered to be in line with market practices for all executives and no adjustments were made.

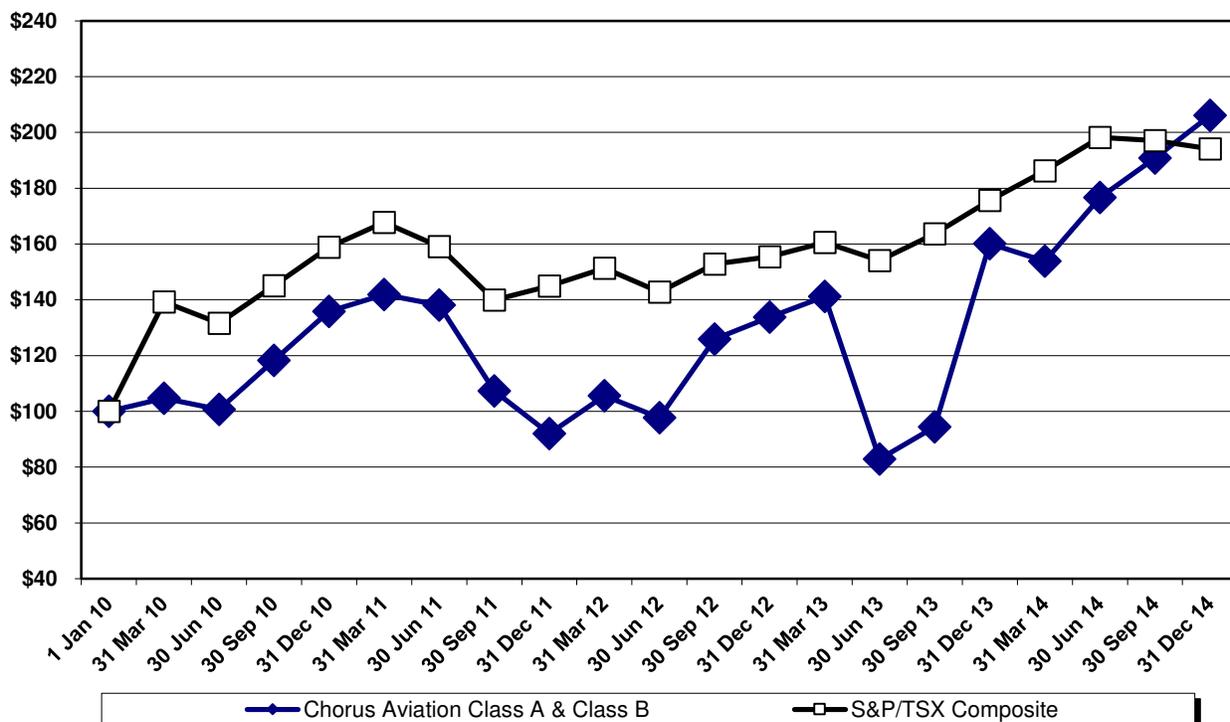
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Performance Graph

The following graph compares the total cumulative return of a \$100 investment in the units of Jazz Air Income Fund (now shares of Chorus) made on January 1, 2010, with the cumulative return of the S&P/TSX Composite Index for the period beginning on January 1, 2010 and ended December 31, 2014.

The trend shown in the graph generally corresponds to the trend in the compensation of the named executive officers, excluding the impact of individual performance factors and increases in compensation due to promotion. The dollar value of variable compensation in the form of payouts under Chorus' cash-based variable compensation plan has varied as the financial performance of Chorus has varied over the period.

**Comparison of Total Return of Chorus Aviation Inc. Shares
with S&P/TSX Composite Index January 1, 2010 to December 31,
2014**



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Summary Compensation Table

| Name and principal position | Year | Salary (\$) | Share-based awards (\$) | | Non-equity incentive plan compensation ⁽¹⁾ (\$) | | Pension value ⁽²⁾ (\$) | All other compensation (\$) | Total compensation (\$) |
|---|------|-------------|---|------------------------------------|--|--|-----------------------------------|-----------------------------|-------------------------|
| | | | Value of Restricted Shares Granted ⁽³⁾ | Option Based Awards ⁽⁴⁾ | Annual Incentive Plan | Other employee programs ⁽⁵⁾ | | | |
| Joseph Randell President and Chief Executive Officer | 2014 | 600,000 | 720,000 | 429,000 | 1,200,000 | 1,400 | 224,691 | 11,348 ⁽⁶⁾ | 3,186,439 |
| | 2013 | 599,513 | 720,000 | - | 1,199,000 | 1,727 | 185,765 | 11,756 | 2,717,761 |
| | 2012 | 578,881 | 694,800 | - | 950,000 | 1,470 | 132,505 | 30,725 | 2,388,381 |
| Richard Flynn Chief Financial Officer | 2014 | 319,698 | 208,000 | 247,500 | 383,637 | 1,400 | 266,026 | 11,117 ⁽⁷⁾ | 1,437,378 |
| | 2013 | 308,792 | 200,851 | - | 370,550 | 1,727 | 87,054 | 10,800 | 979,774 |
| | 2012 | 299,038 | 195,000 | - | 333,727 | 1,470 | 67,506 | 12,609 | 909,350 |
| Jolene Mahody Chief Operating Officer | 2014 | 334,725 | 251,250 | 247,500 | 401,670 | 1,400 | 126,997 | 884 ⁽⁸⁾ | 1,364,426 |
| | 2013 | 324,562 | 243,750 | - | 389,474 | 1,727 | 109,745 | 11,016 | 1,080,274 |
| | 2012 | 305,885 | 198,900 | - | 341,367 | 1,470 | 102,672 | 15,230 | 965,524 |
| Colin Copp Chief Administrative Officer | 2014 | 314,725 | 204,750 | 247,500 | 377,670 | 1,400 | 114,188 | 10,973 ⁽⁹⁾ | 1,271,206 |
| | 2013 | 304,792 | 198,249 | - | 340,605 | 1,727 | 101,424 | 10,656 | 957,453 |
| | 2012 | 295,885 | 192,400 | - | 275,173 | 1,470 | 51,908 | 15,392 | 832,228 |
| Scott Tapson Vice President Business Development | 2014 | 221,808 | 122,100 | 99,000 | 177,446 | 1,400 | 56,566 | 2,576 ⁽¹⁰⁾ | 680,896 |
| | 2013 | 214,654 | 118,250 | - | 159,917 | 1,727 | 67,969 | 3,508 | 566,025 |
| | 2012 | 199,739 | 90,000 | - | 92,879 | 1,470 | 79,494 | 8,462 | 472,044 |

- (1) Payments under the AIP for a particular financial year are actually made in the following financial year when corporate and personal performance factors are available. Amounts shown represent payments for performance relating to the particular financial year.
- (2) This column includes the compensatory changes reflected in both the pension plan and SERP tables.
- (3) Represents value of RSUs granted in the financial year shown. Value of RSUs granted as shown in the table is based on fair market value per share as of the date of grant of \$3.79 for 2014, \$3.93 for 2013 and \$3.80 for 2012. The value of the RSUs for accounting purposes at the date of grant is also based on the fair market value per share as of the date of grant.
Subsequent to grant date, for accounting purposes, the RSU obligation is recognized in the appropriate short and long-term liability accounts in the statement of financial position. The RSU liability is adjusted quarterly to reflect the number of RSUs expected to vest and the fair market value of the RSUs at the end of the reporting period. Changes to the outstanding RSU liability are accounted for in salaries, wages and benefits expense in the statement of income.
- (4) Represents value of the options granted in the financial year shown. The fair value for the options granted on May 20, 2014 by Chorus as reported in this table, and for accounting purposes, is determined at the time of grant using a Black-Scholes option pricing model. The estimated fair value on the date of grant of the options was \$0.33.
The fair value of the options is recognized as expense over the vesting period, based on the number of options expected to vest, with a corresponding entry to equity. The number of options expected to vest is reviewed at least once annually with any impact on previously recognized expense being adjusted immediately.
- (5) Represents payments for Ensemble Plus.
- (6) Amount for 2014 represents 60% employer matching of employee contributions made in 2013 through the ESOP, paid to Mr. Randell in April 2014. Perquisites for Mr. Randell did not exceed the lesser of 10% of base salary and \$50,000.
- (7) Amount for 2014 represents 60% employer matching of employee contributions made in 2013 through the ESOP paid to Mr. Flynn in April 2014. Perquisites for Mr. Flynn did not exceed the lesser of 10% of base salary and \$50,000.
- (8) Amount for 2014 represents 60% employer matching of employee contributions made in 2013 through the ESOP paid to Ms. Mahody in April 2014. Perquisites for Ms. Mahody did not exceed the lesser of 10% of base salary and \$50,000.
- (9) Amount for 2014 represents 60% employer matching of employee contributions made in 2013 through the ESOP paid to Mr. Copp in April 2014. Perquisites for Mr. Copp did not exceed the lesser of 10% of base salary and \$50,000.
- (10) Amount for 2014 represents 60% employer matching of employee contributions made in 2013 through the ESOP paid to Mr. Tapson in April 2014. Perquisites for Mr. Tapson did not exceed the lesser of 10% of base salary and \$50,000.

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Incentive Plan Awards

2014 Outstanding option-based awards and share-based awards at fiscal year end

The table below shows the awards of options granted in 2014 and the market value of those options on December 31, 2014. The table also shows the RSUs granted to the named executive officers and the market value of those RSUs on December 31, 2014. Pursuant to the LTIP, participants could have between 80% and 100% of their performance RSUs vest or none at all. Performance vesting conditions apply to two thirds of the RSUs. In February 2015, the HRCC approved the vesting of 100% of the time-based and performance-based RSUs granted in 2012 under the LTIP. See “Compensation of Named Executive Officers” above. Those RSUs vested in 2015, and therefore are not treated as having vested in 2014 for the purposes of the table below.

| Name | Option-based Awards | | | | Share-based Awards (LTIP) | | |
|----------------|---|----------------------------|------------------------|---|--|---------|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) ⁽¹⁾ | Number of shares that have not vested (#) ⁽²⁾ | | Market Value of share based awards that have not vested (\$) ⁽³⁾ |
| Joseph Randell | 1,300,000 | 4.50 | May 20, 2017 | 65,000 | 2014 Grant | 209,119 | 317,164 |
| | | | | | 2013 Grant | 228,663 | 346,806 |
| | | | | | 2012 Grant | 267,512 | 1,217,180 |
| | | | | | Aggregate | 705,294 | 1,881,150 |
| Richard Flynn | 750,000 | 4.50 | May 20, 2017 | 37,500 | 2014 Grant | 60,412 | 91,625 |
| | | | | | 2013 Grant | 63,788 | 96,745 |
| | | | | | 2012 Grant | 75,079 | 341,609 |
| | | | | | Aggregate | 199,279 | 529,979 |
| Jolene Mahody | 750,000 | 4.50 | May 20, 2017 | 37,500 | 2014 Grant | 72,974 | 110,677 |
| | | | | | 2013 Grant | 77,412 | 117,408 |
| | | | | | 2012 Grant | 76,580 | 348,439 |
| | | | | | Aggregate | 226,966 | 576,524 |
| Colin Copp | 750,000 | 4.50 | May 20, 2017 | 37,500 | 2014 Grant | 59,468 | 90,193 |
| | | | | | 2013 Grant | 62,961 | 95,491 |
| | | | | | 2012 Grant | 74,078 | 337,055 |
| | | | | | Aggregate | 196,507 | 522,739 |
| Scott Tapson | 300,000 | 4.50 | May 20, 2017 | 15,000 | 2014 Grant | 35,463 | 53,786 |
| | | | | | 2013 Grant | 37,555 | 56,958 |
| | | | | | 2012 Grant | 34,671 | 157,753 |
| | | | | | Aggregate | 107,689 | 268,497 |

(1) The value of unexercised option-based awards was calculated based on market value of shares of Chorus at December 31, 2014 of \$4.55 per share.

(2) Amounts represent number of RSUs awarded under the LTIP, in each case on the date of grant and the additional RSUs that have been credited to the named executive officers on account of dividends on shares of Chorus in accordance with the terms of the LTIP.

(3) Based on market value of shares of Chorus at December 31, 2014 of \$4.55 per share. The amounts for the 2014 and 2013 LTIPs are shown as the minimum payouts reflecting the 1/3 of RSUs granted that will vest on a time basis and do not include a value for RSUs which are subject to performance measures. The market value for the 2012 LTIP grant reflects the fact that vesting was determined in February 2015 to be 100% for the performance-based RSUs.

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Incentive plan awards - value vested or earned during 2014

| Name | Option-based awards - Value vested during the year (\$) | Share based awards – Value vested during the year (\$) ⁽¹⁾ | Non-equity incentive plan compensation – Value earned during the year (\$) |
|----------------|---|---|--|
| Joseph Randell | - | 794,651 | 1,201,400 |
| Richard Flynn | - | 185,853 | 385,037 |
| Jolene Mahody | - | 223,024 | 403,070 |
| Colin Copp | - | 215,590 | 379,070 |
| Scott Tapson | - | 96,008 | 178,846 |

- (1) Represents value of all restricted shares vested in 2014 determined on the date of delivery of shares or cash in lieu of shares. The HRCC typically approves the vesting of time-based RSUs and performance-based RSUs in February of each year, in respect of performance cycles ending at the end of the previous calendar year. For example, on February 19, 2014, the Board approved the vesting of 97.5% of all performance RSUs granted in 2011 under the LTIP reflecting actual performance achieved against performance targets over the three year performance cycle ending December 31, 2013. The vesting of these restricted share units is reflected in this table.

On February 18, 2015, the HRCC approved the vesting of 100% of all performance RSUs granted in 2012 under the LTIP. Since these RSUs did not vest in 2014, they are not reflected in this table.

Pension Benefits

Named executive officers of Chorus currently participate in a registered defined contribution pension plan (the “**Pension Plan**”) under which Chorus contributes the maximum allowable amount under the Tax Act.

In recognition of the key roles of the CEO, CFO, COO and CAO in the achievement of the future long-term strategy and to encourage long-term retention, in 2013 the Board approved service credits for additional years of pensionable service under the supplemental executive retirement plan (“**SERP**”) for these four named executive officers.

In aggregate, for each year of credited service as an executive, the Pension Plan and the SERP are intended to provide a target pension benefit of 1.5% of final average earnings up to, and 2.0% of final average earnings in excess of, the final average Year’s Maximum Pensionable Earnings (the “**YMPE**”). For this purpose, final average earnings is defined as the average salary in the best three consecutive years and the final average YMPE is the average of the YMPE (as defined under the Canada Pension Plan) in the year of termination and the preceding two years. The SERP benefit is reduced by a deemed benefit from the Pension Plan.

The normal retirement date under the SERP is the first day of the month coincident with or next following attainment of age 65. Members who attain age 55 can retire prior to their normal retirement date provided that, if they retire prior to age 57, their pension is reduced by the ratio of the executive’s service at the date of pension commencement to what the executive’s service would have been at age 57 if the executive had continued in employment.

If a member’s employment is terminated prior to age 55, the member is entitled to receive a pension commencing at age 55. Such pension is calculated in the same manner as the normal retirement date pension, but with their pension reduced by the ratio of what the executive’s service would have been at age 55 if the executive had continued in employment to what the executive’s service would have been at age 57 if the executive had continued in employment.

The normal form of pension for members with a spouse at the date of pension commencement is payable for the lifetime of the member with 60% of the member’s pension continuing to a surviving spouse. The

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normal form of pension for members without a spouse at the date of pension commencement is payable for the lifetime of the member, with a guarantee that a minimum of 120 monthly payments would be made.

Effective February 19, 2014, the Board approved an amendment to close the SERP to new participants. Prior to this the Board had applied its discretion under the SERP to approve new participants. There have been no new participants added since March 2011.

Pension Plan

The table below summarizes the accumulated balances in each named executive officer's defined contribution account at December 31, 2013 and December 31, 2014 as well as the factors that have caused the balance to change during 2014. The SERP benefit is reduced by a deemed benefit from the Pension Plan.

| Name | Accumulated value at start of year (\$) | Compensatory change (\$) | Accumulated value at end of year (\$)¹ |
|----------------|---|--------------------------|--|
| Joseph Randell | 302,820 | 24,930 | 370,819 |
| Richard Flynn | 268,889 | 24,930 | 333,775 |
| Jolene Mahody | 262,038 | 24,930 | 326,262 |
| Colin Copp | 454,301 | 24,930 | 548,122 |
| Scott Tapson | 505,391 | 24,930 | 606,341 |

(1) The accumulated balances in Mr. Copp's and Mr. Tapson's defined contribution account in the table above reflect their participation over a number of years in the defined contribution pension plan that was the predecessor to the Chorus Executive Defined Contribution Pension Plan.

Supplemental Executive Retirement Plan

The table below shows the following information for each named executive officer participating in the SERP:

- years of credited service as at December 31, 2014;
- estimated annual benefit accrued, or earned, for service up to December 31, 2014 and up to the age of 65; and
- a reconciliation of the accrued obligation from December 31, 2013 to December 31, 2014.

In accordance with GAAP, the amounts below make no allowance for the different tax treatment of the portion of pension not paid from the registered or qualified pension plans. All amounts shown below are estimated based on assumptions and represent contractual entitlements that may change over time. The method and assumptions used to determine estimated amounts will not be identical to the method and assumptions used by other issuers and, as a result, the figures may not be directly comparable across issuers.

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| Name | Number of years credited service | Annual benefits payable (\$) | | Accrued obligation at start of year ⁽¹⁾ (\$) | Compensatory change ⁽²⁾ (\$) | Non-compensatory change ⁽³⁾ (\$) | Accrued obligation at year end ⁽⁴⁾ (\$) |
|----------------|----------------------------------|------------------------------|--------------------------|---|---|---|--|
| | | At year end ⁽⁵⁾ | At age 65 ⁽⁶⁾ | | | | |
| Joseph Randell | 29.00 | 311,067 | 378,299 | 4,730,823 | 199,761 | 992,748 | 5,923,332 |
| Richard Flynn | 28.67 | 137,293 | 166,629 | 1,780,135 | 241,096 | 418,666 | 2,439,897 |
| Jolene Mahody | 22.25 | 108,234 | 227,424 | 1,677,284 | 102,067 | 583,478 | 2,362,829 |
| Colin Copp | 22.67 | 103,932 | 213,385 | 1,544,601 | 89,258 | 527,078 | 2,160,937 |
| Scott Tapson | 19.58 | 53,202 | 74,508 | 765,104 | 31,636 | 198,858 | 995,598 |

- (1) The accrued obligation is the value of the projected pension earned for service to December 31, 2013. The values have been determined, based on the 2013 actual earnings adjusted to reflect expected increases in pensionable earnings, using the same actuarial assumptions used for determining the pension plan obligations at December 31, 2013 as disclosed in the notes to the 2013 consolidated financial statements as presented by Chorus.
- (2) The values shown under the column headed "Compensatory change" include the value of the projected pension earned for service in the year plus the differences between actual and assumed compensation for the year.
- (3) The values shown under the column headed "Non-Compensatory Change" include the impact of amounts attributable to interest accruing on the beginning of year obligation, changes in the actuarial assumptions, and any other experience gains and losses, including the impact of exchange rate changes and demographic changes.
- (4) The accrued obligation is the value of the projected pension earned for service to December 31, 2014. The values have been determined, based on the 2014 actual earnings adjusted to reflect expected increases in pensionable earnings, using the same actuarial assumptions used for determining the pension plan obligations at December 31, 2014 as disclosed in the notes to the 2014 consolidated financial statements.
- (5) The annual lifetime pension payable at age 65 based on the named executive officer's earnings and credited service as at December 31, 2014.
- (6) The annual lifetime pension payable at 65 based on the named executive officer's earnings as at December 31, 2014 but with credited service projected to age 65. For Mr. Randell, Mr. Flynn, Ms. Mahody and Mr. Copp the amount reflects the additional credited service granted by the Board and assumes 100% vesting.

Four of the named executive officers will be credited for additional years of pensionable service under the SERP in the following manner:

- A) Mr. Randell and Mr. Flynn will each receive an additional two years of pensionable service for the period from January 1, 2014 to December 31, 2015, vesting on December 31, 2015.
- B) Ms. Mahody and Mr. Copp will each receive an additional 2.5 years of pensionable service for the period from January 1, 2014 to December 31, 2018, vesting on December 31, 2018 and an additional 2.5 years of pensionable service for the period from January 1, 2019 to the date when each of them reaches age 55, vesting upon reaching age 55 (occurs for both in 2022).

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Equity Compensation Plan Information

The table below sets out information about the equity plans as at December 31, 2014.

| Plan Category | (a) Number of securities to be issued upon the exercise of outstanding options and vesting of restricted share units ⁽¹⁾ | | (b) Weighted-average exercise price of outstanding options, warrants and rights | (c) Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a)) | |
|--|--|-----------|--|---|---------|
| | % of common shares outstanding | Number | \$ | % of common shares outstanding | Number |
| Equity compensation plans approved by security holders | 5.21% | 6,264,099 | 4.50 | 0.59% | 708,546 |
| Equity compensation plans not approved by security holders | Nil | Nil | 4.50 | Nil | Nil |
| Total | 5.21% | 6,264,099 | 4.50 | 0.59% | 708,546 |

Note: The restricted share units awarded pursuant to the LTIP are not subject to an exercise price.

- (1) Includes options and RSUs underlying the 2012 LTIP, but does not include shares underlying the total of 1,668,069 restricted share units granted on, Feb 26, 2013 and Feb 24, 2014 as these RSUs will either be redeemed for shares purchased on the secondary market (and not issued from treasury) and or equivalent cash at the option of the participant. Although the chart reflects the total balance of RSU grants made in 2012 under the LTIP, outstanding on December 31, 2014, the actual number of shares issued from Treasury on February 24, 2015 to participants electing settlement in shares, was 522,264.

The approved maximum number of shares of Chorus which may be issued from treasury under the LTIP is 7,371,000 shares (the “**Reserved LTIP Shares**”), representing approximately 6.1% of Chorus’ issued and outstanding shares as at March 26, 2015.

Since the amount of Reserved LTIP Shares was approved: (i) Chorus issued 398,355 Class B Voting Shares on February 25, 2013 to satisfy the vesting of RSU grants made in 2010 under a predecessor long-term incentive plan; (ii) Chorus issued 522,264 Class B Voting Shares on February 24, 2015 to satisfy the vesting of RSUs granted in 2012 for participants who elected settlement in shares; and (iii) Chorus granted 5,350,000 options on May 20, 2014 that are exercisable for shares issued from treasury. The Board approved a resolution on February 18, 2015 requiring the RSU grants made in each of 2013, 2014 and 2015, together with the additional RSUs credited on account of dividends paid on shares, to be settled solely in market purchase shares or cash (at the election of the participant in accordance with the LTIP).

As of March 26, 2015, (i) the number of shares remaining available for future issuances from the Reserved LTIP Shares under the LTIP is 1,100,381 (representing approximately 0.9% of Chorus’ issued and outstanding shares as at March 26, 2015), and (ii) the number of outstanding RSUs under the LTIP, which are to be settled solely in cash or through secondary market purchases (and not issued from treasury) is 2,207,531.

The total number of shares of Chorus issued from treasury to insiders within any one year period pursuant to the LTIP, together with the shares of Chorus issued from treasury to insiders during such one year period under all of Chorus’ other treasury share based compensation arrangements, will not exceed 10% of Chorus’ total issued and outstanding shares of Chorus. In addition, the total number of shares of Chorus issuable from treasury to insiders under the LTIP, at any time, together with the shares of Chorus issuable from treasury to insiders under all of Chorus’ other treasury share based compensation arrangements, will not exceed 10% of Chorus’ total issued and outstanding shares.

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Termination and Change of Control Benefits

In 2012, Chorus entered into termination and change of control agreements with each of the named executive officers. Pursuant to these agreements, these executives become entitled to certain benefits in the event of (i) a termination without cause, or (ii) a change of control followed by termination for “good reason” (as defined in the agreement) within twenty-four months. Upon the occurrence of a triggering event:

- The President and CEO would be entitled to: 24 months of annual compensation (salary, short-term incentive, and select benefits) plus one additional month of compensation per year of service to a maximum combined severance of 36 months. As of December 31, 2014, Mr. Randell would be entitled to a cash severance payment of \$1,800,000 and a short-term incentive plan payment of \$3,223,500. The short-term incentive plan payment represents the number that is the product of (A) the number of months of the severance period divided by 12 and (B) the greater of the average bonus payment for the previous two calendar years and 75% of the target bonus under the AIP.
- The CFO, COO and CAO would each be entitled to: 12 months of annual compensation (salary, short-term incentive, and select benefits) plus one additional month of compensation per year of service to a maximum combined severance of 24 months. As of December 31, 2014, the cash severance payments to which the CFO, COO and CAO would be entitled to are as follows: Mr. Flynn (\$640,000), Ms. Mahody (\$670,000) and Mr. Copp (\$630,000). As of December 31, 2014, the short-term incentive plan payments to which the CFO, COO and CAO would be entitled to are as follows: Mr. Flynn (\$704,277), Ms. Mahody (\$730,841) and Mr. Copp (\$615,778). The short-term incentive plan payments represents the number that is the product of (A) the number of months of the severance period divided by 12 and (B) the greater of the average bonus payment for the previous two calendar years and 75% of the target bonus under the AIP.
- The Vice President Business Development would be entitled to: 12 months of annual compensation (salary, short-term incentive, and select benefits) plus one additional month of compensation per year of service to a maximum of 18 months. The short-term incentive plan payment would be equal to the product of (A) the number of months of the severance period divided by 12 and (B) the average bonus payment for the previous two calendar years. As of December 31, 2014, the executive would be entitled to a cash severance payment of \$333,000 and short-term incentive plan payment of \$189,597. Certain benefits would continue to the earlier of the end of the severance period or entitlement to similar coverage in connection with any new employment.

A change of control for the purposes of the termination and change of control agreements is defined to mean a transaction or series of transactions whereby any individual or corporation, or group or individuals or corporations acting jointly or in concert, obtains a sufficient number of securities of the Corporation to affect materially the control of the Corporation. For the purposes of the termination and change of control agreements, an individual or corporation, or group of individuals or corporations acting jointly or in concert, holding shares or other securities in excess of the number which, directly or following conversion thereof, would entitle such individual(s) and/or corporation(s) to cast 50% or more of the votes attaching to all shares of the Corporation which may be cast to elect directors of Chorus, shall be deemed to be in a position to affect materially the control of Chorus.

In addition, upon the occurrence of a triggering event, the named executive officers would no longer be eligible for RSU grants under the LTIP. The vesting of RSUs held by the named executive officers in the event of termination without cause or a change of control will be in accordance with the LTIP described on pages 43 to 44 and the treatment of the named executive officers in such circumstances will be the same as all other LTIP participants. As of December 31, 2014, the range of values for each of the named executive officers of the total number of incremental RSUs awarded under the LTIP on a termination without cause (based on the closing market price of Chorus' shares on December 31, 2014) is as follows: Mr. Randell (\$742,652 - \$2,227,955), Mr. Flynn (\$208,908 - \$626,725), Ms. Mahody (\$231,310 - \$693,931), Mr. Copp (\$206,077 - \$618,230) and Mr. Tapson (\$108,485 - \$325,455). As of December 31, 2014, the value for each of the named executive officers of the total number of incremental RSUs

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awarded under the LTIP in the event of a change of control (based on the closing market price of Chorus' shares on December 31, 2014) is as follows: Mr. Randell (\$3,209,088), Mr. Flynn (\$906,719), Ms. Mahody (\$1,032,691), Mr. Copp (\$894,107) and Mr. Tapson (\$489,985).

The vesting of options, granted on May 20, 2014 and held by the named executive officers, in the event of termination without cause will be in accordance with the award agreement. A pro-rated number of the outstanding, unvested options will become fully vested and exercisable and will remain exercisable until the earlier of the date which is the later of (i) ninety (90) days after the vesting date and (ii) 12 months after the applicable event, and the expiry date. Pro-ration would be based on the completed months of service during the three year vesting period. As of December 31, 2014 the value for each of the named executive officers of the total number of options available to be exercised in the event of a termination without cause (based on the margin of the closing market price of Chorus' shares on December 31, 2014 over the strike price and the percentage of the vesting period completed) is as follows: Mr. Randell (\$21,667), Mr. Flynn (\$12,500), Ms. Mahody (\$12,500), Mr. Copp (\$12,500) and Mr. Tapson (\$5,000).

As of December 31, 2014, the value for each of the named executive officers of the total number of options available to be exercised in the event of a change of control (based on the margin of the closing market price of Chorus' shares on December 31, 2014 over the strike price) is as follows: Mr. Randell (\$65,000), Mr. Flynn (\$37,500), Ms. Mahody (\$37,500), Mr. Copp (\$37,500) and Mr. Tapson (\$15,000).

An executive will be deemed to remain in continuous service, for purposes of determining their benefits under the SERP, for a period of 36 months in the case of the CEO, 24 months for the CFO, COO and CAO, and 18 months for the Vice President Business Development. An executive would also be entitled to retiree travel privileges in accordance with the retiree travel privilege plan then in effect.

As of December 31, 2014, the value of the incremental annual pension benefit payable to the named executive officers under their agreements, determined by assuming that each executive would receive 36 months in the case of Mr. Randell, 24 months for Mr. Flynn, Ms. Mahody and Mr. Copp, and 18 months for Mr. Tapson, of additional pension service credits under the SERP as at the date of termination, is as follows: Mr. Randell (\$38,680), Mr. Flynn (\$17,819), Ms. Mahody (\$17,217), Mr. Copp (\$15,248) and Mr. Tapson (\$9,791). The incremental annual pension benefit represents the additional SERP pension payable immediately for those executives currently eligible for retirement, and at age 55 for those executives not currently eligible for retirement.

In addition, the executives are subject to certain confidentiality, non-solicitation and non-disparagement obligations under these agreements. Breach by the executive of such provisions may result in the executive becoming liable to pay to Chorus all amounts received pursuant to their respective agreement.

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INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, senior officer or other insider, as applicable, of Chorus, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of Chorus' last financial year or in any proposed transaction that has materially affected or will materially affect Chorus or any of their subsidiaries.

OTHER IMPORTANT INFORMATION

Directors' and Officers' Liability Insurance

Chorus maintains directors' and officers' liability insurance for the benefit of the directors and officers of Chorus and its subsidiaries. The coverage limit of such insurance is \$70,000,000 per claim and \$70,000,000 in the annual aggregate. The current policy is effective from October 1, 2014 to October 1, 2015 and protects the directors and officers for allegations of alleged "wrongful acts" in the conduct of their activities as directors and officers.

Indebtedness of directors and officers

Chorus does not have outstanding any loans made to any of its officers, directors, employees or former officers, directors or employees.

Mail service interruption

If there is a mail service interruption prior to a shareholder meeting, in order to return a completed proxy to CST Trust Company, it is recommended that the shareholder deposits the completed form of proxy, in the envelope provided, at any of the following offices of CST Trust Company:

Halifax, Nova Scotia

1660 Hollis Street
Suite 406
Halifax, Nova Scotia

Montreal, Québec

2001 Boul. Robert Bourassa
Suite 1600
Montreal, Québec

Toronto, Ontario

3rd Floor
320 Bay Street
Banking Hall
Toronto, Ontario

Calgary, Alberta

600 The Dome Tower
333 - 7th Avenue S.W.
Calgary, Alberta

Vancouver, British Columbia

1066 West Hastings St.
The Oceanic Plaza
Suite 1600
Vancouver, B.C.

RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Any shareholder who intends to present a proposal at our 2016 Annual Meeting of Shareholders must send the proposal to Chorus, Attention: Corporate Secretary at 3 Spectacle Lake Drive, Dartmouth, Nova Scotia, B3B 1W8. In order for the proposal to be included in the proxy materials sent to shareholders for that meeting, the proposal must be received by Chorus no later than December 31, 2015, and must comply with the requirements of Section 137 of the CBCA.

HOW TO REQUEST MORE INFORMATION

Documents you can request

You can ask us for a copy of the following documents at no charge:

- the consolidated financial statements of Chorus for the year ended December 31, 2014, together with the accompanying auditors' report and the management discussion and analysis related to such consolidated financial statements;
- any interim financial statements of Chorus that were filed after its financial statements for the year ended December 31, 2014, together with the management discussion and analysis related to such interim financial statements; and
- the Annual Information Form of Chorus for the year ended December 31, 2014.

Please write to Chorus Investor Relations, 3 Spectacle Lake Drive, Dartmouth, Nova Scotia B3B 1W8.

These documents are also available on our website at www.chorusaviation.ca and on SEDAR at www.sedar.com. All of our news releases are also available on our website.

Receiving information electronically

You can choose to receive copies of our corporate documents, such as this circular, electronically. We will send you an email informing you when they are available on our website. If you do not sign up for this service, we will continue to send you these documents by mail.

How to sign up - registered shareholders

You are a registered shareholder if your name appears on your share certificate.

If you are not sure whether you are a registered shareholder, please contact CST Trust Company at 1-800-387-0825.

To sign up for electronic delivery of corporate documents, go to the website www.canstockta.com/electronicdelivery and follow the instructions.

How to sign up - non-registered shareholders

You are a non-registered shareholder if your shares are held in the name of a nominee or intermediary, such as a bank, trust company, securities broker or other financial institution.

If you are not sure whether you are a non-registered shareholder, please contact CST Trust Company at 1-800-387-0825.

To sign up for electronic delivery of corporate documents, go to the website www.investordelivery.com and follow the instructions.

How to sign up - employees holding shares under the Employee Share Ownership Plan of Chorus

If you are not sure whether you are an employee holding your shares under the Employee Share Ownership Plan, please contact Computershare at 1-866-982-0314.

To sign up for electronic delivery of corporate documents, go to the website www.computershare.com/employee/ca and follow the instructions.

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DIRECTORS' APPROVAL

The directors of Chorus have approved the contents of this Management Proxy Circular and the circulation thereof.

A handwritten signature in cursive script, appearing to read "Barbara Snowdon".

Barbara Snowdon
General Counsel and Corporate Secretary
Dartmouth, Nova Scotia
March 30, 2015

SCHEDULE A - CHARTER OF THE BOARD OF DIRECTORS

CHORUS AVIATION INC.

CHARTER OF THE BOARD OF DIRECTORS

1. PURPOSE

This charter describes the role of the Board of Directors (the “**Board**”) of Chorus Aviation Inc. (the “**Corporation**”). The Corporation is a public corporation with two (2) class of shares listed as the Toronto Stock Exchange, Class A Variable Voting Shares and Class B Voting Shares. This charter is subject to the provisions of the Corporation’s articles of incorporation and by-laws and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such articles, by-laws and applicable laws. Directors are elected annually and together with those appointed to fill vacancies or appointed as additional directors throughout the year, collectively constitute the Board.

2. ROLE

The Board is responsible for the stewardship of the Corporation and its business and is accountable to its shareholders for the performance of the Corporation.

The Board establishes the overall policies for the Corporation, monitors and evaluates the Corporation’s strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by applicable laws, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation’s resources are being managed in a manner consistent with ethical considerations and stakeholder’s interests and in order to enhance shareholder value. In discharging their duties, directors must act honestly and in good faith, with a view to the best interests of the Corporation. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board may, at the Board’s option, delegate to Board committees matters it is responsible for to the extent permitted by law, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

3. COMPOSITION

Selection

The Board is elected by the Shareholders and shall be comprised of that number of directors as shall be determined from time to time by the Board upon recommendation of the Governance and Nominating Committee of the Board and approved by the shareholders.

The Governance and Nominating Committee of the Board maintains an overview of the desired size of the Board, the need for recruitment and the expected skill-set of new candidates. The Governance and Nominating Committee reviews and recommends to the Board, candidates for nomination as directors. The Board approves the final choice of the candidates that are to be recommended to shareholders for election.

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which the Corporation operates. Directors selected should be able to commit the requisite time for all of the Board’s business. The Board will ensure,

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through the Governance and Nominating Committee, that an appropriate orientation and education program for new directors is in place.

Chairman

A Chairman of the Board shall be appointed by the Board. If the President and Chief Executive Officer of the Corporation is also the Chairman of the Board, a Lead Director shall be appointed among the Board's independent directors.

Independence

A majority of the Board shall be composed of directors who must be determined to have no material relationship with the Corporation and who, in the reasonable opinion of the Board, must be unrelated and independent under the laws, regulations and stock exchange listing requirements to which the Corporation is subject.

Criteria for Board Membership

Board members are expected to possess the following characteristics and traits:

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interest of the Corporation;
- (c) devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as a Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and challenge the key business plans and the strategic direction of the Corporation;
- (f) raise questions and issues to facilitate active and effective participation in the deliberation of the Board and of each Committee;
- (g) make all reasonable efforts to attend all Board and Committee meetings; and
- (h) review the materials provided by management in advance of the Board and Committee meetings.

4. COMPENSATION

The Board has determined that the directors should be compensated in a form and amount which is appropriate and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

5. RESPONSIBILITIES

Without limiting the Board's governance obligations, general Board responsibilities shall include the following:

- (a) discussing and developing the Corporation's approach to corporate governance, with the involvement of the Governance and Nominating Committee;

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- (b) declaring and approving dividends paid by the Corporation;
- (c) reviewing and approving management's strategic and business plans on an annual basis, including developing an in-depth knowledge of the business being served, understanding and questioning the plans' assumptions, and reaching an independent judgment as to the probability that the plans can be realized;
- (d) monitoring corporate performance against the strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed and meeting its strategic and operational goals;
- (e) providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops;
- (f) reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures;
- (g) appointing the Corporation's Chief Executive Officer, ensuring a succession plan is in place and developing his or her position description with the recommendation of the Governance and Nominating Committee;
- (h) delegating to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board;
- (i) reviewing, through the Human Resources and Compensation Committee, the compensation of the Chief Executive Officer;
- (j) considering the principal risks of the Corporation's businesses and ensuring the implementation of appropriate systems to manage these risks;
- (k) ensuring that appropriate structures and procedures are in place so that the Board and its committees can function independently of management;
- (l) ensuring the proper and efficient functioning of its committees;
- (m) providing a source of advice and counsel to management;
- (n) reviewing and approving key policies developed by management;
- (o) reviewing, approving and as required, overseeing compliance with the Corporation's disclosure policy by directors, officers and other management personnel and employees;
- (p) overseeing the Corporation's disclosure controls and procedures;
- (q) approving and, as required, monitoring compliance with all other significant policies and procedures by which the Corporation is operated and approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and in accordance with ethical and moral standards;
- (r) monitoring, through the Audit, Finance and Risk Committee, the Corporation's internal controls and information systems and the accurate reporting of the financial performance

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of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;

- (s) ensuring that members of management possess the ability required for their roles, are adequately trained and monitored and that planning for their succession is ongoing;
- (t) ensuring that the Chief Executive Officer and the other members of management have the integrity required for their roles and the capability to promote a culture of integrity and accountability within the Corporation;
- (u) conducting, through the Governance and Nominating Committee, an annual assessment of the Board, the committees of the Board and of individual members of the Board;
- (v) reviewing, through the Human Resources and Compensation Committee, management's succession plans;
- (w) selecting, upon the recommendation of the Governance and Nominating Committee, the nominees that are to be recommended to shareholders for election as directors or appointed as interim directors, as applicable;
- (x) selecting a Chairman of the Board and a Lead Director, as the case may be; and
- (y) reviewing with the Governance and Nominating Committee that the Board as a whole, the Committees of the Board and the directors are capable of carrying out and do carry out their roles effectively.

6. MEETINGS

The Board will meet at least quarterly, with additional meetings scheduled as required. Such additional meetings may be held at the request of any director with notice given to all directors of the Board. Each director has a responsibility to attend and participate in meetings of the Board. The Chairman will prepare and distribute the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics will be distributed in advance of a meeting. The Corporation will deliver information on the business, operations and finances of the Corporation, to the Board on an as-required basis. Each member of the Board is expected to have reviewed all materials provided in connection with a meeting in advance of such meeting and be prepared to discuss such materials at the meeting.

On the occasion of each Board meeting, non-management directors will consider if an "in-camera" meeting, under the chairmanship of an independent director, would be appropriate. The director chairing such "in-camera" meetings will forward to the Chairman (if the Chair did not participate in such "in-camera" session) and to the President and Chief Executive Officer any questions, comments or suggestions of the directors.

7. DECISIONS REQUIRING PRIOR BOARD APPROVAL

In addition to those specific matters requiring prior Board approval pursuant to the Corporation's by-laws or applicable laws, the Board will be responsible for approving the following:

- (a) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- (b) strategic plans, business plans and capital expenditure budgets;

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- (c) raising of debt or equity capital and other major financial activities;
- (d) hiring, compensation and succession for the Chief Executive Officer and other senior executives which may be at the recommendation of the Human Resources and Compensation Committee;
- (e) major organizational restructurings, including spin-offs;
- (f) material acquisitions and divestitures; and
- (g) major corporate policies.

8. BOARD COMMITTEES

There are three committees of the Board: the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee. The roles and responsibilities of each committee is described in the respective committee charters.

Members of the Audit, Finance and Risk Committee, the Human Resources and Compensation Committee and the Governance and Nominating Committee shall be independent as required under the charter of each Committee and the laws, regulations and listing requirements to which the Corporation is subject.

Board Committees shall be composed with such minimum number of Canadian Residents and Canadian director quorum requirements as required by applicable laws.

9. COMMUNICATION WITH THE BOARD

Shareholders and other constituencies may communicate with the Board and individual board members by contacting Investor Relations.

10. ADVISERS

The Board has determined that any director who wishes to engage a non-management advisor to assist on matters involving the director's responsibilities as a director at the expense of the Corporation should have its request reviewed by, and obtain the authorization of, the Governance and Nominating Committee.

11. OTHER MATTERS

The Board expects directors as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the policies comprising the Corporate Policy and Guidelines on Business Conduct (the "**Code**"). The Board, with the assistance of the Governance and Nominating Committee, is responsible for monitoring compliance with the Code.

Directors shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the director has a conflict of interest. In addition, a director shall excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

The Board shall review and reassess the adequacy of this charter for the Board of Directors periodically and otherwise as it deems appropriate and amend it accordingly.

Approved - April 19, 2011