

**Chorus Aviation Inc.**

**Annual and Special Meeting of Shareholders**

Event Date/Time: May 8, 2019 — 1:30 p.m. E.T.

Length: 54 minutes

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## **CORPORATE PARTICIPANTS**

**Richard McCoy**

*Chorus Aviation Inc. — Chairman*

**Dennis Lopes**

*Chorus Aviation Inc. — Senior Vice President, General Counsel and Corporate Secretary*

**Joe Randell**

*Chorus Aviation Inc. — President and Chief Executive Officer*

## **CONFERENCE CALL PARTICIPANTS**

**Conor Sheridan**

*Chorus Aviation Inc. — Shareholder*

**Hélène Manzoni**

*Chorus Aviation Inc. — Shareholder*

**Pamela Craig**

*Chorus Aviation Inc. — Shareholder*

**Daniel McMillan**

*Chorus Aviation Inc. — Shareholder*

**Jill McKim**

*Chorus Aviation Inc. — Shareholder*

**Doug Clarke**

*Chorus Aviation Inc. — Shareholder*

**Olga Young**

*Chorus Aviation Inc. — Shareholder*

**Rumbi Muvingi**

*Chorus Aviation Inc. — Shareholder*

**Bill Ritchie**

*Shareholder*

## PRESENTATION

**Richard McCoy** — Chairman, Chorus Aviation Inc.

Anyway, the meeting has come to order. Thank you and good afternoon, ladies and gentlemen. My name is Richard McCoy. It's 2:30. I started. My name is Richard McCoy, and I'm the Chairman, of course, and it's my pleasure to welcome you to this Annual and Special Meeting of Shareholders of Chorus Aviation Inc. And I will act as chairman of the meeting.

If you have not already done so, I would appreciate if everyone would silence their mobile devices for the duration of this meeting.

I'd also like to welcome our webcast listeners. And for their benefit, I would ask that, if there are any questions, that they be—that you—be posed during the meeting, be done at the microphones in the centre aisle so that all comments can be heard by those on the webcast. Thank you.

At the outset, I would like to introduce the people with me on the podium. Seated on my immediately left is Joe Randell, our President and Chief Executive Officer; next to him is Gary Osborne, our Chief Financial Officer; and next to him is Dennis Lopes, our Senior Vice President and Chief Legal Office and Corporate Secretary, who will act as secretary of the meeting.

This is a meeting of shareholders of Chorus Aviation Inc., and although we are pleased to welcome others, only shareholders or their proxies are entitled to participate in the business of the meeting. I am requesting that anyone who is entitled to speak and wishes to do so wait until the question period, and then approach the microphone, give your name, and advise the meeting whether you are a shareholder or a proxy for a shareholder. This will help expedite the business of the meeting.

In terms of process today, I propose that we first deal with the formal business of the meeting and then have a presentation from Joe Randell, after which we will be pleased to take any questions you may have.

There are six items to be dealt with. First, the tabling of the consolidated financial statements of Chorus for the year ended December 31, 2018, including the auditor's report thereon; second, the election of directors; third, the appointment of auditors; fourth, consideration of a special resolution approving a plan of arrangement relating to the voting rights of the Corporation's Class A variable voting shares; and fifthly, the approval of an advisory non-binding capacity resolution regarding Chorus's approach to executive compensation; and last, the consideration of any other business that might properly come before this meeting.

Significant progress was made in 2018 towards our vision of delivering regional aviation to the world, and the momentum achieved in 2018 certainly continued into 2019. In a few minutes, Joe Randell will share with us the highlights from 2018 and our accomplishments to date. It is an exciting time at Chorus, and I thank the team for their hard work and congratulate them on significant recent successes, as each milestone builds a brighter future for Chorus and its shareholders.

I'd also like to thank my fellow directors for their valuable counsel and guidance through this transformational year. And I'd like to recognize our newest member, Michael Rousseau. Mike, it's great to have you. Your insights will be very valuable and you're more than welcome.

Let us now proceed with the business of the meeting. I have received from an official of AST Trust Company, our transfer agent, proof of mailing of the Notification of Availability of Meeting Materials and the Form of Proxy or Voting Instruction Form. I direct that a copy of the notice, together with proof

of mailing, be kept with the minutes of this meeting. With us today from AST Trust Company are Cindy Harrett and Bruno Di Genova, and I appoint them to act as our scrutineers.

The bylaws of Chorus provide that a quorum is present for a shareholder meeting if shareholders holding not less than 25 percent of the shares entitled to vote are present or represented by proxy. The scrutineers have advised me that a quorum is present. As notice of this meeting has been duly given and a quorum of shareholders is present, I declare that the meeting is properly convened and constituted for the transaction of business.

As Chorus owns two airlines, certain Canadian regulatory requirements affect voting procedures at this meeting. I will now ask Dennis Lopes to explain these procedures.

**Dennis Lopes** — Senior Vice President, General Counsel and Corporate Secretary, Chorus Aviation Inc.

Thank you, Mr. Chairman. The Canada Transportation Act requires Chorus to comply with the Canadian ownership requirement applicable to holders of domestic air service licences. Although the definition of Canadian in the Act was amended on June 27, 2018, to increase the applicable foreign ownership limits, and a motion will be considered later in this meeting to authorize amendments to align Chorus's articles and bylaws with the new higher limits, Chorus's articles currently reflect the foreign ownership limits as they were set out in the Act prior to last year's amendments.

Under Chorus's articles currently, there are two requirements. The first requirement is that at least 75 percent of Chorus's voting interests must be owned and controlled by Canadians, as defined in the Act. The second requirement is that Chorus at all times be controlled in fact by Canadian citizens or Permanent Residents of Canada. As the proposed amendments to Chorus's articles and bylaws are not yet effective, voting will proceed in accordance with the requirements of Chorus's existing articles and bylaws.

As indicated in the Management Proxy Circular, shareholders voting in person or by proxy must make a declaration confirming whether or not they are qualified Canadians. If a shareholder fails to make that declaration, the votes of that shareholder are treated as non-Canadian. This declaration must be made before a ballot can be provided to any registered shareholder or to any proxyholder in attendance.

On any motion, if the votes cast by non-Canadians account for more than 25 percent of the total votes cast, those non-Canadian votes are decreased automatically and proportionately, so that they can equal 25 percent of the total votes cast. If that becomes necessary, each share voted by a non-Canadian will be entitled to a fraction of one vote. This procedure ensures the votes cast by qualified Canadians will never be less than 75 percent of the total votes cast.

Thank you, Mr. Chairman.

**Richard McCoy**

Thank you, Dennis. Based on the preliminary tabulation of proxies received to date, and of shareholders who will be voting in person, the scrutineers have advised that we have approximately 59,977,000 shares, representing 38.2 percent of Chorus's outstanding shares.

Proxy holders and registered shareholders who have not previously provided proxies were provided with a ballot upon their arrival this afternoon. If you have not received a ballot and would like to receive one, please raise your hand, and please print your name, sign it for identification purposes, and retain it until the business of the meeting is completed.

You should know that ballots—know that proxies lodged with Chorus's transfer agent before the start of this meeting allow Joe Randell, Jolene Mahody, and me, as proxy holders, to cast enough votes to carry each of the motions. If I determine, as chairman of this meeting, that the ballots collected contain enough votes that they can carry motion, I intend to declare the motion carried, even though all of the

votes may not have been counted, or a final report may not yet be available. I will do this to keep the pace of the meeting. There will be a formal scrutineer's report tabled later in the meeting when I will report on the results.

In addition, in order to expedite the flow of the meeting, certain shareholders or proxy holders have agreed in advance to introduce the motions on the agenda.

I am now tabling the minutes of Chorus's Annual Meeting of Shareholders held on May the 4th, 2018, which will be kept with the minutes of the meeting. Copies of these minutes are available at the scrutineer's desk.

Now let's move to our 2018 annual financial statements. The consolidated financial statements of Chorus Aviation Inc. for the period ended December 31, 2018, including the auditor's report thereon, have been sent to all shareholders that have requested them, in accordance with securities legislation, and have been made available on Chorus's website and on SEDAR.

I now place before the shareholders these financial statements together with the auditor's report, and direct the secretary to keep them with the records of this meeting.

The next item on our agenda is the election of directors. Directors elected today will serve from today until the next annual meeting of shareholders, or until such time as their successors are elected or appointed. As noted in our Circular, our board has adopted a majority voting policy for the election of directors. Our Circular sets out a list of 10 nominees for election as directors.

I would now like to introduce the nominees for election to the Board of Directors, in addition to myself, that were identified in the Management Proxy Circular for this meeting. I would ask each one to stand when I call their name. Margaret Clandillon. Thank you. Gary Collins, Karen Cramm, Richard

Falconer, Stephen Hannahs, Sydney John Isaacs, Marie-Lucie Morin, Joseph Randell, and Michael Rousseau.

Conor Sheridan, a shareholder, is prepared to nominate these persons for election as directors of Chorus Aviation.

**Conor Sheridan** — Shareholder, Chorus Aviation Inc.

My name is Conor Sheridan and I am a shareholder of Chorus. I hereby nominate Richard McCoy, Margaret Clandillon, Gary Collins, Karen Cramm, Richard Falconer, Stephen Hannahs, Sydney John Isaacs, Marie-Lucie Morin, Joseph Rendall, and Michael Rousseau for election as directors of Chorus Aviation Inc.

**Richard McCoy**

Thank you, Conor. Would H  l  ne Manzoni, also a shareholder, second this motion?

**H  l  ne Manzoni** — Shareholder, Chorus Aviation Inc.

My name is H  l  ne Manzoni. I am a shareholder of Chorus, and I second the motion.

**Richard McCoy**

Thank you, H  l  ne. Each of the persons nominated has confirmed that he or she is prepared to serve as a director, and each nominee qualifies to act as a director, in accordance with Chorus's bylaws and applicable legislation. Proxies have been solicited for the 10 qualified persons listed in the Management Proxy Circular.

Pursuant to a resolution previously adopted by the Board of Directors, the number of directors has been set at 10, and 10 eligible candidates have been nominated. In accordance with Chorus's bylaws, shareholders are required to provide advance notice of their intent to nominate candidates for election as directors, and no such notice was received. I hereby declare the nominations for directors closed.

As the nominations have been closed and the scrutineers have advised me that no votes in the election of these directors will be cast by ballot, I will not go through the instructions for completing the ballots. There being a requirement to elect 10 directors, and as we have only 10 nominees and considering the proxies that were lodged prior to the meeting, I hereby declare the 10 nominees to the Board of Directors of Chorus Aviation duly elected. The scrutineers will be collecting ballots, if any, and there aren't any so there we go.

Appointment of auditors. The next item of business is the appointment of the auditors. The Management Proxy Circular contained the recommendation of your Board of Directors that shareholders reappoint PricewaterhouseCoopers LLP as Chorus's auditors, and representatives of the firm are here at this meeting.

I will now call on Pamela Craig, one of our shareholders, to make the necessary motion.

**Pamela Craig** — Shareholder, Chorus Aviation Inc.

I am a shareholder of Chorus. I move that PricewaterhouseCoopers LLP be appointed auditors of Chorus Aviation Inc. until the next Annual Meeting of Shareholders.

**Richard McCoy**

Thank you, Pamela. Would Daniel McMillan, a shareholder, second the motion?

**Daniel McMillan** — Shareholder, Chorus Aviation Inc.

My name is Daniel McMillan. I am a shareholder of Chorus, and I second the motion.

**Richard McCoy**

Thank you, Daniel. Any discussion? As the scrutineers have advised me that no votes in the appointment of auditors will be cast by ballot, I will not go through the instructions as to completing ballots.

As there is only one nominee to act as Chorus's auditors, and considering the proxies that have been lodged prior to the meeting, I declare PricewaterhouseCoopers LLP appointed. The scrutineers will collect ballots. There isn't any.

We will now proceed with the next item of business, which is to adopt a special resolution approving a plan of arrangement to affect amendments to the Corporation's Restated Articles of Incorporation and the Corporation's Second Amended and Restated Bylaw Number 1, in each case, relating to the voting rights of the Corporation's Class A variable voting shares. As this is a special resolution, it must be approved by at least two-thirds of the votes cast at this meeting, in person or by proxy.

I note that, although the implementation of these changes and the way they are described in the Management Proxy Circular may seem complex, the intent is simply to align the foreign ownership limits of Chorus's articles and bylaws with the new higher limits which are now permitted under the Canada Transportation Act. I would also note that the approach Chorus is taking is consistent with the approach taken by other major Canadian air carriers, namely, Air Canada, WestJet, and Transat.

By way of background, the Canadian Transportation Act requires a holder of a domestic air licence to be controlled, in fact, by Canadians, and prior to recent legislative amendments, required that at least 75 percent of the licence holder's voting interest be owned and controlled by Canadians.

On June 27, 2018, the act was amended to increase the foreign ownership limit applicable to Canadian air carriers from 25 percent to 49 percent, provided that no single non-Canadian, either individually or in affiliation with any other person, owns more than 25 percent of the voting interest, and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25 percent of the voting interest in a Canadian carrier.

Chorus is proposing to amend its articles and bylaws, pursuant to a court-supervised and shareholder-approved plan of arrangement, in order to align the restrictions on the level of non-Canadian ownership and control set out in the articles and bylaws with the new foreign ownership limits set out in the amended Canada Transportation Act.

The proposed plan of arrangement is described in the Management Proxy Circular. Chorus's Board of Directors has unanimously concluded that the arrangement is in the best interests of Chorus and fair to all shareholders, and unanimously recommends that all shareholders vote in favour of the arrangement resolution, and thereby approve the implementation of the arrangement.

I will now call on Jill McKim, a shareholder, to make the necessary motion.

**Jill McKim** — Shareholder, Chorus Aviation Inc.

My name is Jill McKim and I am a shareholder of Chorus. I move that the following special resolution be adopted.

Be it resolved that the arrangement under the Canada Business Corporations Act of Chorus Aviation Inc., as more particularly described and set forth in the Management Proxy Circular dated March 22, 2019, of the Corporation, referenced in the notice of this meeting, and as the arrangement may be amended, modified, or supplemented, is hereby authorized, approved, and adopted. The plan of arrangement of the Corporation, the full text of which is set out in Appendix C of the Circular, as it has been or may be amended, modified, or supplemented in accordance with its terms, is hereby authorized, approved, and adopted. The amendment of the Corporation's Restated Articles of Incorporation, the Second Amended and Restated Bylaw Number 1, by way of the filing of articles of arrangement, the full text of which are set out as schedules to the plan of arrangement, as they have been or may be amended, modified, or supplemented in accordance with the plan of arrangement, and the interim order and

relation thereto are hereby ratified and approved. The Corporation is hereby authorized to apply for a final order from the Ontario Superior Court of Justice to approve the arrangement on the terms set forth in the plan of arrangement, as they may be amended, modified, or supplemented, and as described in the Circular.

Notwithstanding that this resolution has been passed and the arrangement adopted by shareholders of the Corporation, or that the arrangement has been approved by court, the directors of the Corporation are hereby authorized and empowered to, without notice to or without approval of the shareholders of the Corporation, to, one, amend, modify, or supplement the plan of arrangement or the articles of arrangement; and, two, not to proceed with the arrangement or the amendment to the articles.

Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver for filing with the director appointed under Section 260 of the CBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the arrangement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents. And any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments, and to perform or cause to be performed all such other acts and things that such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument, or the doing of any such act or thing.

**Richard McCoy**

Jill, thank you. That was a serious speaking part, but well done. Thank you. Would Doug Clarke, a shareholder, second the motion?

**Doug Clarke** — Shareholder, Chorus Aviation Inc.

My name is Doug Clarke. I'm a shareholder of Chorus Aviation, and I second the motion.

**Richard McCoy**

Thank you, Doug. As the scrutineers have advised me that no votes for this resolution will be cast by ballot, I will not go through the instructions for completing the ballot. Considering the proxies that were lodged prior to the meeting, I hereby declare the motion authorizing the plan of arrangement carried.

The next item we will now deal with is the advisory vote on Chorus's approach to executive compensation set out in the Management Proxy Circular. As this is an advisory vote, the results will not be binding upon the board or Chorus. However, the result of the vote will be taken into account in future when considering executive compensation philosophy, policies, programs, or arrangements.

I will now call on Olga Young, a shareholder, to make the necessary motion.

**Olga Young** — Shareholder, Chorus Aviation Inc.

My name is Olga Young and I am a shareholder of Chorus. I move that the following resolution be approved. Be it resolved that, on an advisory basis, and not to diminish the role and responsibilities of the Board of Directors of Chorus Aviation Inc., the shareholders accept the approach to executive compensation disclosed in Chorus's Management Proxy Circular dated March 22, 2019.

**Richard McCoy**

Thank you. Would Rumbi Mvingi second that?

**Rumbi Mvingi** — Shareholder, Chorus Aviation Inc.

My name is Rumbi Muvingi. I am a shareholder of Chorus, and I second the motion.

**Richard McCoy**

Thank you, Rumbi. Any discussion? As the scrutineers have advised me that no votes for this resolution will be cast by ballot, I will not go through the instructions for doing so. Considering the proxies that were lodged prior to this meeting, I hereby declare the advisory non-binding resolution with respect to Chorus's approach to executive compensation carried, and I will report on the actual tallies at the end of this meeting.

I would now like to ask Chorus's President and Chief Executive Officer to present management's report to the meeting.

**Joe Randell** — President and Chief Executive Officer, Chorus Aviation Inc.

Thank you, Mr. Chairman, and good afternoon, everyone. And welcome to Chorus's 13th Annual and Special Meeting of Shareholders.

I'd like to start by welcoming those in attendance today, our board members, employees, members of our executive, and a particular welcome to shareholders. Also in attendance today, and a number of them have made resolutions, is Chorus's cohort of employees participating in our first leadership program called Tailwinds. These are our leaders of tomorrow and I'm very pleased to have them with us today.

As I look back over the past few years, I'm very proud of the progress we've made in our growth and diversification strategy. We've grown our operations significantly to become an international player in regional aviation and expanded our reach to six continents. Our 5,200 employees work hard to ensure safe, efficient, and customer-focused services in all of the aspects of our organization, and are an integral part of our success and accomplishments.

It's now my pleasure to review the major accomplishments of 2018, and to update you on recent developments. You will note, we use the normal cautionary notice here highlighting that my comments may include forward-looking information and references to non-GAAP measures.

In 2018, our focus continued to be on delivering regional aviation to the world, and in utilizing the strengths inherent in the Chorus family to support that vision. We generated 343 million in adjusted EBITDA, an increase of 11.7 percent over fiscal 2017. Inclusive of a unrealized foreign exchange loss of just under 50 million, Chorus generated net income of 67 million or \$0.49 per basic share. On an adjusted basis, net income for fiscal 2018 was just under 122 million or \$0.89 per basic share. We've been consistently profitable since 2006 when we became a publicly traded company, and we remain focused on building long-term shareholder value.

Regional aviation is a resilient sector of the industry, and we are well-positioned to bring our organization to the next level. Aside from operating in the regional airlines segment, which often benefits from economic downturns, over 90 percent of our revenues are embedded in long-term contracts, providing quantifiable and predictable revenue streams. Excluding the aircraft we lease through our capacity purchase agreement, or CPA, with Air Canada, our current portfolio of 45 aircraft leased to third parties has an average lease term of eight years. Regional aircraft, especially turboprops, are mature and efficient and hold strong residual value, compared to the narrow- and wide-body segments.

What sets Chorus apart is our unique ability and our expertise to manage and create value at every stage of an aircraft's life. From origin to end of life, we look for opportunities to capitalize on the synergies within Jazz, Voyageur, and Chorus Aviation Capital.

Due to the low-risk nature of our business model, the quality of our customers, and associated revenues, and a resilient position in the event of a market downturn, we are well-positioned to seize new opportunities to profitably grow and diversify.

Our largest revenue stream continues to be generated through contracted flying services. The scheduled services we fly for the CPA with Air Canada continues to provide a great degree of transparency and predictability in terms of our responsibilities, costs, and revenues. In 2018, we operated approximately 236,000 flights and carried over 11 million passengers under the Air Canada Express brand.

In addition to this flying, we conduct specialized contract flying for customers in various parts of the world. These consist of logistical, medical, and humanitarian missions. Last year, we won new contracted flying operations with CRJ-200 aircraft in Sudan and the Democratic Republic of Congo, and enjoyed multiple contract extensions.

Once again, last year, we operated daily charter flights during the summer months between Vancouver and Masset in BC to three luxury fishing lodges in British Columbia's Haida Gwaii. A fourth lodge will be added this summer, growing this program even further. Additionally, we operated various charters last year for corporate clients, governments, and individuals.

We also have significant expertise in regional aircraft maintenance, both in Halifax and in North Bay. Maintenance, repair, and overhaul, or MRO, design, engineering, and technical support, and parts supply are all the broad range of services that we conduct on our own fleet and for many third parties. Last year, we were awarded the heavy maintenance contract with airBaltic of Latvia, the latest third-party maintenance contract for Halifax, and the first international customer for Jazz Technical Services.

We completed three more Dash 8 long-range fuel installations for third-party customers. This brings the sales of this popular Voyageur modification to over 20.

We also received certification in September to perform airframe heavy maintenance on Embraer 135 and 145 regional aircraft, and this is in addition to being an authorized service facility for Bombardier.

We continue to execute on the Dash 8–300 extended service program. Last year, three of these aircraft underwent this program, and we now have eight Dash 8–300s generating leasing revenue under the CPA. Eleven additional aircraft are scheduled to undergo this program by 2022, and they will also earn leasing revenue.

Our parts provisioning business continues to grow, and last year we added queue for 100 spare parts to the inventory. This was the first part-out of an in-production aircraft, an aircraft that is in high usage around the world. We also acquired two Dash 8–300 aircraft for parts inventory. These accomplishments help build on our vision as we continue to work on expanding our capabilities and services.

Since we launched Chorus Aviation Capital just over two years ago, we've experienced steady growth, and to date, we have grown our portfolio to what is currently 45 aircraft at approximately US\$960 million value, with approximately US\$745 million in future contract lease revenue on these assets. This includes seven pending acquisitions and lease commitments for future aircraft deliveries.

The leased aircraft portfolio is well diversified, consisting of highly desirable turboprops and regional jets manufactured by Bombardier, ATR, and Embraer. The 45 aircraft consist of 33 turboprops and 12 regional jets.

So we currently have contracts with 13 customers in 13 countries on 6 continents. Last year, we were pleased to enter into lease agreements with CityJet of Dublin, Ireland; Philippine Airlines; Lion Air of Indonesia; and Jambojet of Kenya. Lion Air was our first transaction in Southeast Asia, a market we believe

has good potential for future aircraft placements. We also expanded on existing contracts with Ethiopian Airlines and Azul Airlines in Brazil.

In the first quarter of 2018, we successfully completed an equity raise that yielded approximately 107 million in net proceeds. And to date, we have raised net proceeds of 401 million Canadian for equity investment in aircraft, which if levered at a ratio of 3:1, yields approximately 1.6 billion in investment capital.

We also established a dividend reinvestment plan to help support the growth in our aircraft leasing division. The plan currently offers a 4 percent discount from the average market price.

The pipeline of opportunity is strong, and we have a very experienced team who are continually assessing new opportunities. As it has been from the outset, our approach remains methodical and deliberate as we assess the right balance of risk and reward. And this approach has been quite successful to date, and we will continue to ensure that we select a good mix of assets, clients, and locations.

I'm very pleased with how this year is progressing. The positive momentum of last year continues, as we announced the successful negotiation of an amended and extended CPA with Air Canada, and the implementation of the CPA is going well. With an unprecedented agreement that now extends out to 2035, we have strengthened our strategic partnership with Air Canada and secured and expanded Jazz's place in Air Canada's regional network. The new CPA ensures that Chorus and Air Canada are well positioned to respond as allies in an ever-changing industry.

With that in mind, I'd also like to take the opportunity to welcome Mike Rousseau, Air Canada's Deputy Chief Executive Officer and CFO, to our board, and I know we will benefit from his insights.

In total, the 17-year contract will provide 2.5 billion in minimum contracted revenue with potential for more, 1.6 billion of which will be generated from aircraft leasing. This is the longest-term

strategic partnership between Jazz and Air Canada to date, and incidentally, it's one of the longest CPAs in the industry. This amended CPA provides long-term certainty and stability for our employees, our investors, and other stakeholders.

Additionally, Air Canada has made an over \$97 million investment in Chorus. This is a strong endorsement of our strategy. The majority of the proceeds from this investment will be used to acquire larger aircraft for the CPA fleet, with the balance used to acquire and lease aircraft outside of the CPA.

The modernization of our fleet contemplates up to 60 aircraft transitions over the next two years. We'll be bringing in new, larger aircraft, 14 76-seat CRJ900 aircraft, of which five will be delivered this year and the balance in 2020. The first five have been sourced by Air Canada and will be inducted into the Jazz fleet over the next few months. We will also acquire nine new CRJ900s that will generate additional leasing revenue under the CPA in 2020. The fleet plan will repatriate CRJ200 aircraft and accelerate the removal of the Dash 8–100s. Once the fleet transition is completed, we anticipate operating approximately 80 percent of the Air Canada Express network at an increase from what is approximately 74 percent today.

The finalization of the CPA was contingent upon the Jazz pilots ratifying the long-term labour agreement that extended out to 2035. We were pleased that the Jazz pilots embraced this opportunity to secure their future for an unprecedented 17 years. I commend our pilots for supporting our vision and for their leadership.

The CPA also provides for an enhanced pilot mobility agreement, providing Jazz pilots with greater access to careers at Air Canada. Under this agreement, 60 percent of Air Canada new pilot position offers will be made to Jazz pilots on an annual basis. The pilot flow agreement with Air Canada is going

smoothly, and we are not having difficulty backfilling pilot positions, as we've become one of the most attractive employers in the Canadian industry, offering candidates appealing lifestyle and career options.

We've also become an employer of choice for pilots, given the direct pathway program we have to one of the world's best airlines. Since January 2015, 636 pilots have transferred to Air Canada. We currently have great working relationships with 13 aviation schools and with the Canadian Armed Forces Cadet Program, both of which are good sources for pilots.

Earlier this year, we secured a 300 million US warehouse facility to help finance future aircraft acquisitions and provide the flexibility required to move through transactions more efficiently. More recently, we announced two significant leasing transactions that added 11 aircraft to the Chorus Aviation Capital lease fleet.

In February, we announced the transaction with Elix Aviation for the acquisition of six aircraft: two ATR 72-600s to Azul Airlines, two Q400s to Ethiopian, and two Q400s to Jambojet. And last month, we announced a transaction with a new customer, SpiceJet of India, to whom we will lease a total of five new Q400s. Upon delivering two remaining aircraft to SpiceJet and five other aircraft pending delivery, these new transactions will equal the 45 aircraft total previously mentioned.

So we're building, we're maturing, and building scale as a worldwide lessor. Our core business with Air Canada is established for the next 17 years, and we're now focused more deeply on leveraging our vast expertise in regional operations to secure more growth and diversification.

The recent realignment of our chief executives will accomplish this. Jolene Mahody, who most of you know, has removed her CFO hat, and in her new role as Executive Vice President and Chief Strategy Officer, is responsible for strategic and corporate planning, mergers and acquisitions, in addition to

investor relations and corporate affairs activities. Gary Osborne, with over 25 years of experience in the industry, is the new incoming CFO of Chorus.

Further, Colin Copp, our newly appointed Chief Operating Officer and President of Chorus Aviation Services, will lead the development of new commercial opportunities to grow the contract flying, parts provisioning, and maintenance functions at Jazz and Voyageur. He will leverage the technical expertise within these organizations to bolster our business and create new opportunities and support Chorus Aviation Capital.

Not to age us, our C-suite represents approximately 165 years of cumulative experience in our industry. And I'm pleased with the strength, though, of our succession planning and the continuity and commitment of our core senior executive team. This new structure prepares us well for the future, and I'm confident that the changes will strengthen our company and deliver additional value and benefits to employees, shareholders, and other stakeholders.

At this time, I'd like to take a moment to recognize Rick Flynn, our Executive Vice President and Chief Corporate Development Officer. Tomorrow, Rick will perhaps be out enjoying his passion for long-distance cycling, as this is the last ... his last day with Chorus before retirement. Rick has been instrumental in building our company and has made tremendous contributions in his—not 23—33-year career at the Company. Well known and respected in the industry, I've been fortunate to work with Rick over the last three decades, and I wish Rick and his wife Nancy well. He'll certainly be missed. On behalf of the Chorus team, congratulations and thank you, Rick, and I wish you many miles ahead of great cycling. You should stand up, Rick. There you go. There.

So earlier this morning, we issued our first quarter 2019 earnings, and our group of companies had strong performance. Our financial results came in as we anticipated, given that this is our first

quarterly report out with the implementation of the CPA amendments that includes reduced fixed-margin and operational performance incentives. Despite those changes, we are showing good performance relative to last year.

In this quarter, we generated just under 75 million in adjusted EBITDA, a decrease of just under 3 million, inclusive of changes under the amended CPA, and a 7.7 million quarter-over-quarter increase in stock-based compensation, due to the strengthening of the stock price.

We reported net income of 33.4 million, inclusive of an unrealized foreign exchange gain of just under 17 million, or \$0.22 per basic share, and adjusted net income of 19 million, or \$0.13 per basic share. As I said earlier, we remain focused on building long-term shareholder value, and we will continue to build on the momentum achieved in our growth and diversification strategy.

Can't do a presentation without talking about safety. Safety is our top priority. We say it often and we demonstrate it daily. It was, therefore, gratifying to have tangible recognition of our focus on safety at Canada's Safest Employers Awards in October, where we received two silver awards: one in the Transportation category and one for Psychological Safety.

And last year, we were once again honoured with Bombardier's top Reliability Awards in two categories for superior reliability and performance. We attribute this to the exceptional expertise of our maintenance personnel and their unrivaled experience with Bombardier regional aircraft. We were the North American recipient of Bombardier's Airline Reliability Performance Awards for the CRJ-100/200 aircraft programs for North America, the CRJ700/900/1000 aircraft programs for North America, and Jazz has received awards at this annual event since 2013.

In addition, we were the proud recipient of awards related to employment within the Chorus organization, some of which we have won now for several consecutive years. Given our focus on attracting

exceptional employees and celebrating diversity, we were especially pleased to receive several awards in 2018, and already have received four awards this year. These recognitions are a testament to our commitment to create a safe, diverse, and professional workplace for our employees.

What guides us through growth and change is our vision and values. Our team at Chorus stands for the core values of listening, collaborating, and improving. We listen to the needs of our employees, customers, and partners; we respect their diversity and experience; and use their feedback to chart our future. We collaborate across all our teams to find innovative and creative solutions. Working together, we think differently, and do more than our individual companies can do alone, and this allows us to constantly improve.

We believe these values are the key to the continued strength, stability, and growth of the Company. Adhering to these values has shaped our company and brought us to where we are today.

At this time, I'd like to share with you—as long as the technology works—a short video we recently produced which explains what it means to be a Chorus employee, and how our vision and values guide us to ensure our success for the long term.

[Video Presentation]

### **Joe Randell**

There you go. So just to conclude, I'm certainly very optimistic about our future. And looking ahead to the balance of this year, our focus will be on operationalizing the amendments to the CPA, growing and expanding our regional aviation services, and on building our regional aircraft leasing segment.

We will continue to leverage the synergies and expertise across our business, and the fundamentals of our core business are firmly in place and our strategic direction is clear: profitable growth

while minimizing risk. We have a team at Chorus which is second to none in regional operations, which ensures our success for the future.

In closing, I'd like to extend a sincere thank you to our shareholders for their continued support of Chorus. I'd also thank our executive team and the 5,200 employees whose commitment to this organization is evident every day and in the results that we see throughout the year. And to the members of our board, the significant experience and knowledge that you bring and your contribution to our organization is very much appreciated. Thank you for your continued valued guidance. We look forward to executing and growing our company with a focus on our vision of delivering regional aviation to the world. Thank you.

**Richard McCoy**

Thank you, Joe. I have now received—oh, good, I can actually see—the scrutineers have now had a chance to tabulate the votes and have provided me with the following data. With respect to the attendance at this meeting today, 1,738 people all here in person or by proxy, representing, as I said earlier, 59,977,000 shares and 38.2 percent of the outstanding shares.

On the various motions, with respect to the election of directors, no director received less than 86.8 percent, and in fact, most were much higher than that. On the ballot with respect to the election of—or appointment of PricewaterhouseCoopers, 99.3 percent of the votes were in favour. On the ballot regarding the plan of arrangement for the Class A variable voting shares, 98.2 percent were in favour. And on the ballot with respect to the advisory approach to executive compensation, 96.4 percent were in favour.

All things were passed and the detailed results of these will be available on SEDAR tomorrow. And as well, as required by legislation, the exact results of the voting will also be published by press release.

**Richard McCoy**

So ladies and gentlemen, that concludes the formal part of the business of the meeting and I declare the meeting terminated. And we now have time and would welcome any questions people might have, and we'd be pleased to try to answer them. Not try to answer them; we will answer them. Are there any questions?

Sir, could you please come to the microphone?

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**Q&A**

**Bill Ritchie** — Shareholder,

Mr. Chairman, my name is Bill Ritchie. I'm a shareholder of Chorus, and try to follow things as carefully as I can. Really, I'm very, very pleased with the progress of the Company over the years. Now that's just a statement; that's not a question. My comment or my question really is on options and the Company's outlook on them. Companies get into problems by extending large option programs. Executive remuneration is becoming more and more of a factor these days. The figures for someone my age are astronomical. I also follow inside selling, and have noticed, not in any great quantities, but there has been some inside selling, of course. It's hard to be—I could ask the question, but it's hard for you to answer; why, because of course, everybody has their own reason for selling. But for the record, is there any reason that the Company knows of that there should have been increase in inside selling over the last few months?

**Richard McCoy**

Mm-hmm.

**Bill Ritchie**

So that's, if you want a question, that's my question. The warning is to watch your options and watch the executive remuneration. And my final comment, again, is to congratulate you and Joe and the team on the wonderful job they've been doing over the last few years.

**Richard McCoy**

Good. Well, just a couple of comments. I would say that, options, yes, they have been in our life. But that said, it's not a crucial or a fundamental component of our compensation program. And to my recollection, we've only used options on two occasions. About how many years ago did we do them?

**Male Speaker**

[off-mic]

**Richard McCoy**

So those were issued at a time when things at the Company weren't exactly as rosy as they are today, and it was done as much as a retention tool for senior executives, and that has not been done since. Then with the creation of the leasing business and starting that up, we gave those gentlemen some options. But they're used very judiciously and it's not part of a broad compensation plan. It's very specialized.

With respect to the selling of the inside selling, all I can speculate is that a number of these options that we talked about, the three-year-old ones, are maturing, and I think people exercised options and then sold shares to pay their tax, would be my view. And if you go through the holdings of our senior executives, pretty impressive, just the number of shares that they do own. So other than that, sir, I can't—

**Bill Ritchie**

Thank you very much.

**Richard McCoy**

Thanks, Mr. Ritchie. Appreciate it.

Anything else? If not, thank you all for being here. I look forward to seeing you next year. Be good.