First Quarter 2014
Management's Discussion
and Analysis of Results of Operations
and Financial Condition

May 14, 2014

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1. OVERVIEW

The financial and operating highlights for Chorus are as follows:

Key financial information

(unaudited)	Three months ended March 31, 2014	2013	Change
Operating revenue ($000)	414,581	416,280	(1,699)
Operating expenses ($000)	383,349	395,451	(12,102)
Operating income ($000)	31,232	20,829	10,403
Net income for the period ($000)	5,622	9,180	(3,558)
EBITDA[(1)] ($000)	47,319	34,220	13,099
Standardized Free Cash Flow[(1)] ($000)	25,265	(108,531)	133,796
Adjusted net income[(1)] ($000)	20,334	14,746	5,588
Net income per Share, basic ($)	0.05	0.07	(0.02)
Adjusted net income per Share, basic[(1)] ($)	0.17	0.12	0.05

(1) This is a non-GAAP measurement. Refer to Section 17 – Non-GAAP Financial Measures

For the three months ended March 31, 2014, Chorus' operating income increased by $10.4 million compared to the same quarter last year. The change was related to rate increases pursuant to the CPA (which included six more Q400s in the fleet for the full quarter), increased incentive revenue earned under the CPA, and a higher US dollar exchange rate. The improvement in operating income was further enhanced by lower salaries, wages and benefits and general overhead expenses.

Effective January 1, 2014, Air Canada entered into a new commercial agreement with the Greater Toronto Airport Authority ("GTAA") that encompasses Chorus' Air Canada Express operations. GTAA costs related to landing, terminal and certain other airport user fees which are pass-through costs under the CPA are now being paid directly by Air Canada pursuant to this new agreement. As a result of this agreement, these costs to Chorus were $nil in the first quarter of 2014 compared to $9.2 million for the same period last year.

Key statistical information

(unaudited)	Three months ended March 31, 2014	2013	Change
Departures	61,912	65,306	(3,394)
Block Hours	89,088	94,199	(5,111)
Billable Block Hours	92,643	97,202	(4,559)
ASM (000's)	1,316,726	1,391,576	(74,850)
CASM (¢)	29.11	28.42	0.69
CASM, excluding aircraft fuel (¢)	21.86	21.47	0.39
CASM, excluding aircraft fuel and severance (¢)	21.65	21.06	0.59
Average stage length (miles)	391	412	(21)
On-time performance (%)	77.9	78.2	(0.3)
Flight Completion (%)	95.7	96.4	(0.7)
FTE employees (end of period)	4,344	4,551	(207)
Number of Operating Aircraft (end of period)	125	130	(5)

Contributing to Chorus' positive quarterly financial results was its strong operational performance, especially as compared to the performance results of other carriers. For the first quarter of 2014, Jazz ranked first among Canadian carriers for on-time performance, as reported by FlightStats Inc., a leading global flight and airport information service. This marked Jazz's 10th consecutive quarter in the leading position among Canadian carriers as reported by FlightStats Inc.

2. INTRODUCTION

In this MD&A, references to Chorus or the Company refer to, as the context may require, Chorus Aviation Inc. and its current and former subsidiaries (including, but not limited to, the Partnership, Aviation GP, 7503695, the Initial LeaseCos, Chorus Leasing Amalco (2012) Inc., Chorus Aviation Holdings Inc., Chorus Airport Services Inc., Jazz Aviation Holdings Inc., Jazz Aircraft Financing Inc., Jazz Leasing Inc. and Chorus Leasing III Inc.) collectively, Chorus and one or more of its current and former subsidiaries, one or more of Chorus' current and former subsidiaries, or Chorus itself. Where this MD&A discusses the CPA, references to Chorus are exclusively intended to refer to Jazz.

This MD&A, which presents a discussion of the financial condition and results of operations for Chorus, should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements of Chorus and the notes therein for the three months ended March 31, 2014, the audited consolidated financial statements of Chorus for the year ended December 31, 2013, Chorus' annual MD&A dated February 19, 2014, and Chorus' Annual Information form dated March 28, 2014. All financial information has been prepared in accordance with GAAP, as set out in the CPA Canada Handbook, except for any financial information specifically denoted otherwise. Except as otherwise noted or where the context may otherwise require, this MD&A is prepared as of May 14, 2014.

The earnings and cash flows of Chorus are affected by certain risks. For a description of those risks, please refer to Section 18 – Risk Factors.

Except where the context otherwise requires, all amounts are stated in thousands of Canadian dollars.

Caution regarding forward-looking information

Forward-looking statements are included in this MD&A. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking statements, by their nature, are based on assumptions, including those described herein, and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, risks relating to Jazz's relationship with Air Canada, risks relating to the airline industry, energy prices, general industry, market, credit, and economic conditions, competition, insurance issues and costs, supply issues, war, terrorist attacks, epidemic diseases, environmental factors, acts of God, changes in demand due to the seasonal nature of the business, the ability to reduce operating costs and employee counts, the ability to secure financing, employee relations, labour negotiations or disputes, restructuring, pension issues, currency exchange and interest rates, leverage and restructure covenants in future indebtedness, dilution of Chorus Shareholders, uncertainty of dividend payments, managing growth, changes in laws, adverse regulatory developments or proceedings, pending and future litigation and actions by third parties, as well as the factors identified throughout this MD&A. The forward-looking statements contained in this discussion represent Chorus' expectations as of May 14, 2014 and are subject to change after such date. However, Chorus disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

Examples of forward-looking information in this MD&A include:

- The discussion in Section 15 - Outlook on page 17, including anticipated Billable Block Hours and Maintenance Capital Expenditures for 2014.

The forward-looking information is affected by certain risks. For a discussion of those risks, please refer to Section 18 - Risk Factors.

3. THE CHORUS BUSINESS

Chorus was incorporated on September 27, 2010 pursuant to the *Canada Business Corporations Act*. On November 18, 2010, Chorus incorporated Aviation GP to act as general partner for the Partnership. On January 5, 2011, substantially all of the assets of Jazz Air LP were transferred to the Partnership and the airline business previously carried on by Jazz Air LP is now carried on by the Partnership. On February 28, 2011, Chorus incorporated the Initial LeaseCos which were established for the sole purpose of acquiring Q400 aircraft and related equipment with financing from EDC. On December 31, 2012, the Initial LeaseCos were reorganized as follows: Chorus Leasing I Inc. and Chorus Leasing II Inc. amalgamated to form Chorus Leasing Amalco (2012) Inc. ("Amalco"), and Chorus Leasing III Inc. then acquired the assets and liabilities of Amalco. Amalco was then wound up into Chorus Aviation Inc.

On November 28, 2013, Chorus incorporated Chorus Aviation Holdings Inc. and Chorus Aviation Holdings Inc. incorporated Chorus Airport Services Inc. Chorus Aviation Holdings Inc. was established to act as a holding company and Chorus Airport Services Inc. was established for the purpose of providing airport handling services. On December 31, 2013, Chorus' subsidiaries were reorganized as follows: Chorus incorporated Jazz Aviation Holdings Inc., Jazz Aviation Holdings Inc. incorporated Jazz Aircraft Financing Inc. and Jazz Aircraft Financing Inc. incorporated Jazz Leasing Inc. Chorus Leasing III Inc. and 7503695 Canada Inc. amalgamated to form Chorus Leasing III Inc. ("CL3 Amalco"). CL3 Amalco transferred the majority of its assets to Jazz Leasing Inc. and Jazz Aircraft Financing Inc. assumed the EDC financing obligations from CL3 Amalco. CL3 Amalco was then wound up into Chorus Aviation Inc.

Chorus is a holding company with various aviation interests. Its principal business is the Partnership which operates the largest regional airline, and the second largest airline in Canada after Air Canada, based on fleet size. Through the Partnership, Chorus provides a significant part of Air Canada's domestic and transborder network. Chorus and Air Canada are parties to the CPA under which Air Canada currently purchases the greater part of Chorus' fleet capacity at pre-determined rates. Under the CPA, Chorus provides service to and from lower density markets, along with higher density markets at off-peak times, throughout Canada, and to and from certain destinations in the United States. As at March 31, 2014, Chorus operated scheduled passenger service on behalf of Air Canada with approximately 753 departures per weekday to 54 destinations in Canada and 26 destinations in the United States, using 122 Covered Aircraft. Chorus and Air Canada have linked their regional and mainline networks in order to serve connecting passengers more efficiently and provide valuable traffic feed to Air Canada's mainline routes.

Under the CPA, Chorus operates flights on behalf of Air Canada under the "Air Canada Express" brand. Air Canada is responsible for scheduling, pricing, product distribution, seat inventories, marketing and advertising, and customer service at certain airports staffed or administered directly by Air Canada. Air Canada is entitled to all revenues associated with the operation of the Covered Aircraft. Chorus is paid fees based on certain variables, including Block Hours flown, flight hours, cycles (number of take-offs and landings) and passengers carried, in addition to certain variable and fixed aircraft ownership rates. Chorus is also entitled to repayment of certain pass-through costs, including fuel, navigation, landing and terminal fees and certain other costs. Chorus is also eligible to receive incentive payments each quarter if it achieves certain performance levels related to controllable on-time performance, controllable flight completion, baggage handling performance and overall customer satisfaction. Chorus is economically and commercially dependent on Air Canada and one of its subsidiaries as, in addition to being Chorus' primary source of revenue, these entities currently provide significant services to Chorus (Refer to Section 11 - Economic Dependence). Chorus is directly affected by the financial and operational strength of Air Canada, its competitive position, and its ability to maintain sufficient liquidity (Refer to Section 18 - Risk Factors).

Under the CPA, Chorus has historically experienced greater demand for its services in the second and third quarters of the calendar year and lower demand in the first and fourth quarters of the calendar year. Chorus has substantial fixed costs that do not meaningfully fluctuate with passenger demand in the short-term. Chorus' revenues do not fluctuate significantly with passenger load factors.

On February 10, 2014, Chorus redeemed $60.0 million of its $80.2 million aggregate principal amount of Debentures outstanding at December 31, 2013.

4. FIRST QUARTER ANALYSIS

The following table compares the results of operations of Chorus for the three months ended March 31, 2014 to the three months ended March 31, 2013.

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended March 31, 2014 $	 2013 $	 Change $
Operating revenue	414,581	416,280	(1,699)
Operating expenses			
Salaries, wages and benefits	104,115	108,578	(4,463)
Aircraft fuel	95,461	96,693	(1,232)
Depreciation and amortization	16,087	13,391	2,696
Food, beverage and supplies	4,251	3,999	252
Aircraft maintenance materials, supplies and services	39,554	37,192	2,362
Airport and navigation fees	39,486	48,075	(8,589)
Aircraft rent	23,652	22,896	756
Terminal handling services	30,995	33,734	(2,739)
Other	29,748	30,893	(1,145)
Total operating expenses	383,349	395,451	(12,102)
Operating income	31,232	20,829	10,403
Non-operating income (expenses)			
Net interest expense	(5,844)	(4,754)	(1,090)
Gain on disposal of property and equipment	16	60	(44)
Foreign exchange loss	(13,601)	(5,039)	(8,562)
Other	—	750	(750)
	(19,429)	(8,983)	(10,446)
Net income before income taxes	11,803	11,846	(43)
Income tax expense			
Current income tax	(132)	(362)	230
Deferred income tax	(6,049)	(2,304)	(3,745)
	(6,181)	(2,666)	(3,515)
Net income for the periods	5,622	9,180	(3,558)

Operating Revenue

Operating revenue decreased from $416.3 million to $414.6 million, representing a decrease of $1.7 million or 0.4%. Passenger and other revenue, excluding pass-through costs, increased by $10.4 million or 4.1%, primarily as a result of rate increases made pursuant to the CPA, a higher US dollar exchange rate, and a $1.6 million increase in incentives earned under the CPA with Air Canada; offset by decreased CPA Billable Block Hours. Pass-through costs decreased by $12.1 million or 7.5%, from $162.0 million to $149.9 million, which included a decrease of $1.3 million related to fuel costs and $9.2 million related to airport and navigation fees and terminal handling services. Effective January 1, 2014, Air Canada entered into a new commercial agreement with the GTAA that encompasses Chorus' Air Canada Express operations. GTAA costs related to landing, terminal and certain other airport user fees, which are pass-through under the CPA, are now being paid directly by Air Canada pursuant to this new agreement.

Operating Expenses

Operating expenses decreased from $395.5 million to $383.3 million, a decrease of $12.1 million or 3.1%. Controllable Costs of $233.5 million were consistent with the same period last year and pass-through costs decreased by $12.1 million, or 7.5%. Additional information regarding operating expenses is set out below.

- After adjusting for voluntary employee severance and capitalized major maintenance overhaul labour, Chorus' salaries, wages and benefits (including pension, incentive compensation and other employee benefits) were down $2.5 million period over period. Cost savings initiatives introduced last year, including the voluntary separation program, consolidation of heavy maintenance activities and management and administrative reductions, have been successful in reducing senior FTEs by 4.5% and lowering average employee compensation. Voluntary severance costs paid during the three months ended March 31, 2014 were $2.8 million, a decrease of $2.9 million from the $5.7 million paid in the same period of 2013. Labour capitalized as a result of major maintenance overhauls on owned aircraft was $1.7 million in the quarter or approximately $0.9 million lower than the same period in 2013.

	Three months ended March 31,		
(unaudited) (expressed in thousands of Canadian dollars)	**2014** **$**	**2013** **$**	**Change** **$**
Adjusted salaries, wages and benefits	103,000	105,471	(2,471)
Voluntary employee severance	2,839	5,700	(2,861)
Capitalized major maintenance overhaul labour	(1,724)	(2,593)	869
Salaries, wages and benefits	104,115	108,578	(4,463)

- Aircraft fuel costs decreased by $1.2 million primarily attributable to decreased activity; offset by higher fuel prices.
- Depreciation and amortization expense increased by $2.7 million primarily related to the Q400 aircraft (Q1 2014 had full amortization for all 21 Q400 aircraft), a change in estimate related to the residual values of the Dash 8-100 and 300 aircraft in 2013, and increased capital expenditures on aircraft rotable parts and other equipment; offset by decreased major maintenance overhauls.
- Aircraft maintenance expense increased by $2.4 million as a result of a higher US dollar exchange rate resulting in an increase on certain maintenance material purchases of $2.6 million; offset by decreased Block Hours and other maintenance costs of $0.2 million.
- Airport and navigational fees decreased by $8.6 million primarily as a result of changes in aircraft deployment of $0.4 million and Air Canada paying directly for fees at the GTAA, as described above.. As a result of this new GTAA arrangement, these costs to Chorus were $nil in the first quarter of 2014 compared to $8.2 million for the same period last year.
- Aircraft rent increased by $0.8 million primarily as a result of a higher US dollar exchange rate; offset by the return of CRJ100 aircraft.
- Terminal handling costs decreased by $2.7 million due to decreased deicing costs of $1.1 million, decreased Block Hours and changes in aircraft deployment of $0.6 million and Air Canada paying directly for fees at the

GTAA, as described above. As a result of this new GTAA arrangement, these costs to Chorus were $nil in the first quarter of 2014 compared to $1.0 million for the same period last year.

- Other expenses decreased by $1.1 million primarily due to decreased general overhead expenses.

Non-Operating Income (Expenses)

Non-operating expenses increased by $10.4 million which was primarily attributable to an increase of $8.6 million in foreign exchange (of which $9.1 million related to an increase in unrealized foreign exchange loss on long-term debt and finance leases) and increased interest expense related to Q400 aircraft financing of $0.8 million, increased interest accretion of $1.1 million related to the partial redemption of the Debentures and the absence in this quarter of $0.8 million in other income related to non-repayable government assistance; offset by decreased interest expense of $0.7 million related to the partial redemption of the Debentures.

5. FLEET

As at March 31, 2014, Chorus' operating fleet was made up of 125 operating aircraft, of which 42 were regional jets and 83 were turboprop aircraft.

The following table summarizes Chorus' operating fleet as at March 31, 2014:

(unaudited)	Number of Operating Aircraft March 31, 2014	Average Age of Operating Aircraft	Owned	Finance Lease	Operating Lease	Number of Operating Aircraft March 31, 2013
Canadair Regional Jet CRJ100	—	—	—	—	—	4
Canadair Regional Jet CRJ200	26	11.8	—	—	26	26
Canadair Regional Jet CRJ705	16	8.7	—	—	16	16
De Havilland Dash 8-300	28	23.6	19	7	2	28
De Havilland Dash 8-100	34	25.1	29	—	5	36
Bombardier Q400	21	2.0	21	—	—	20
Total Operating Aircraft	125	16.2	69	7	49	130

All aircraft in Chorus' operating fleet as of March 31, 2014 were Covered Aircraft under the CPA, except for two Dash 8-300 and one CRJ-200 aircraft allocated for charter purposes. In January 2014, Chorus reduced its operating charter fleet to three aircraft.

6. QUARTERLY FINANCIAL DATA

The following table summarizes quarterly financial results and major operating statistics of Chorus for the previous eight quarters.

(unaudited)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Operating revenue ($000)	414,581	413,227	432,256	410,297	416,280	411,693	435,646	426,274
Operating expenses ($000)	383,349	380,752	393,001	378,594	395,451	386,566	399,284	390,012
Operating income ($000)	31,232	32,475	39,255	31,703	20,829	25,127	36,362	36,262
Total non-operating income (expenses) ($000)	(19,429)	(14,646)	4,398	(19,150)	(8,983)	(7,499)	7,249	(8,735)
Income tax expense ($000)	(6,181)	(9,074)	(7,621)	(4,654)	(2,666)	(3,172)	(6,673)	(4,881)
Net income ($000)	5,622	8,755	36,032	7,899	9,180	14,456	36,938	22,646
Adjusted net income[(1)] ($000)	20,334	20,811	27,708	21,428	14,746	17,714	26,903	27,182
Billable Block Hours	92,643	92,610	98,668	94,062	97,202	97,249	104,393	98,342
ASMs (000's)	1,316,726	1,339,219	1,525,876	1,440,231	1,391,576	1,411,938	1,571,335	1,532,914
Average Stage Length (miles)	391	395	406	406	412	412	412	409
CASM (¢)	29.11	28.43	25.76	26.29	28.42	27.38	25.41	25.44
CASM, excluding fuel (¢)	21.86	21.65	19.07	20.08	21.47	20.60	18.78	19.05
EBITDA[(1)] ($000)	47,319	48,932	55,762	47,950	34,220	39,888	51,526	50,141
Standardized Free Cash Flow [(1)] ($000)	25,265	14,685	30,797	9,573	(108,531)	(20,002)	47,148	(75,887)
Standardized Free Cash Flow before growth capital expenditures and dividends[(1)] ($000)	39,051	27,863	40,301	31,093	24,710	3,100	65,491	16,501
Dividends declared per Share ($)	0.1125	0.1125	0.075	0.075	0.15	0.15	0.15	0.15
Net income per Share, basic ($)	0.05	0.07	0.29	0.06	0.07	0.12	0.30	0.18
Net income per Share, diluted ($)	0.05	0.07	0.27	0.06	0.07	0.12	0.28	0.18
Adjusted net income per Share, basic[(1)] ($)	0.17	0.17	0.23	0.17	0.12	0.14	0.22	0.22

(1) This is a non-GAAP measurement. Refer to Section 17 – Non-GAAP Financial Measures.

7. LIQUIDITY AND CAPITAL RESOURCES

Chorus continues to generate positive operating income and cash flows from operations. At March 31, 2014, Chorus had $117.4 million in cash and cash equivalents and $3.3 million of restricted cash (letters of credit), for a total of $120.7 million. Chorus' current liquidity needs are primarily related to meeting obligations associated with the following: planned capital expenditures, ongoing operations, covenants in aircraft and engine financing agreements, repayments and interest costs related to long-term debt and the Debentures and generating sufficient cash flow to fund dividends (which are declared at the discretion of the Board of Directors).

Chorus' main objectives when managing capital are to provide a strong capital base to maintain Shareholder, creditor and market confidence and to sustain future development of the business. Chorus manages its capital structure and makes adjustments to it in light of changes in economic conditions and Chorus' risk profile. The airline business is capital intensive and highly sensitive to uncertain external circumstances (Refer to Section 2 – Introduction, "Caution regarding forward-looking information").

In order to maintain a strong financial position, Chorus may pay down debt or issue new debt, buy back Shares for cancellation pursuant to normal course issuer bids or issue new Shares, and from time to time, adjust the amount of dividends paid to Shareholders.

Adjusted net debt

The following table reflects Chorus' adjusted net debt balances as at March 31, 2014 and as at December 31, 2013:

(unaudited) (expressed in thousands of Canadian dollars)	March 31, 2014 $	December 31, 2013 $	Change $
Total long-term debt and finance leases	380,017	374,518	5,499
Current portion of long-term debt and finance leases	36,410	34,710	1,700
Convertible debentures	20,047	78,535	(58,488)
Total long-term debt and finance leases (including current portion) and convertible debentures	436,474	487,763	(51,289)
Less: Cash and cash equivalents	(117,415)	(159,901)	42,486
Net debt	319,059	327,862	(8,803)
Capitalized operating leases	63,589	71,348	(7,759)
Adjusted net debt	382,648	399,210	(16,562)

Adjusted net debt is a non-GAAP financial measure used by Chorus and may not be comparable to measures presented by other public companies. Adjusted net debt is a key component of the capital management by Chorus and provides management with a measure of its net indebtedness. Chorus includes capitalized operating leases which is a measure commonly used in the airline industry to ascribe a value to obligations under operating leases. Common industry practice is to multiply annualized aircraft rent by 7.5. This definition of capitalized operating leases is used by Chorus and may not be comparable to similar measures presented by other public companies. Aircraft rent was $90.7 million and $89.9 million for the trailing twelve months ended March 31, 2014 and December 31, 2013, respectively. The majority of Chorus' aircraft under operating leases are subleased from Air Canada, or its subsidiary, who hold the head lease or own the aircraft. Aircraft rent related to these aircraft of $82.2 million and $80.4 million for the trailing twelve months ended March 31, 2014 and December 31, 2013, respectively, have been removed from the calculation due to Air Canada's offsetting liability under the CPA for rental payments and return condition obligations. If these Air Canada operating leases were included in the above definition, adjusted net debt would be $999.0 million and $1,002.2 million, respectively.

As at March 31, 2014, adjusted net debt decreased from $399.2 million to $382.6 million, representing a decrease of $16.6 million or 4.1% from December 31, 2013. This decrease was primarily as a result of the Debenture redemption of $60.0 million, debt repayments of $6.9 million and a decrease in capitalized operating lease payments due to the return of CRJ100 aircraft; offset by a higher US dollar exchange rate which resulted in an increase in long-term debt of approximately $15.1 million.

Working capital

The following table provides information on Chorus' working capital balances as at March 31, 2014 and as at December 31, 2013:

(unaudited) (expressed in thousands of Canadian dollars)	March 31, 2014 $	December 31, 2013 $	Change $
Cash and cash equivalents	117,415	159,901	(42,486)
Accounts receivable	70,750	76,891	(6,141)
Other current assets	65,566	68,017	(2,451)
Accounts payable and accrued liabilities	(208,372)	(207,334)	(1,038)
Dividends payable	(13,786)	(13,786)	—
Current portion of long-term debt and finance leases	(36,410)	(34,710)	(1,700)
Convertible debentures	(20,047)	(78,535)	58,488
Income tax payable	—	(1,737)	1,737
Net working capital	(24,884)	(31,293)	6,409

As at March 31, 2014, the working capital deficit decreased from $31.3 million to $24.9 million, representing an increase of $6.4 million from December 31, 2013. This change was primarily as a result of the partial redemption of the Debentures; offset by decreased cash, decreased accounts receivable, decreased other current assets which included the return of a $5.0 million deposit from the GTAA and increased accounts payable.

Summary of Cash Flows

The following table provides information on Chorus' cash flows for the three months ended March 31, 2014 and March 31, 2013.

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended March 31, 2014 $	 2013 $	 Change $
Cash provided by operating activities	**45,735**	**32,946**	**12,789**
Long-term borrowings	—	117,486	(117,486)
Repayment of long-term debt and obligations under finance leases	(7,751)	(4,689)	(3,062)
Redemption of convertible debentures	(60,000)	—	(60,000)
Restricted cash related to Q400 aircraft financing	—	(5,930)	5,930
Dividends	(13,786)	(18,602)	4,816
Cash (used in) provided by financing activities	**(81,537)**	**88,265**	**(169,802)**
Additions to property and equipment	(6,700)	(122,936)	116,236
Proceeds on disposal of property and equipment	16	60	(44)
Decrease in restricted cash related to letters of credit	—	1,491	(1,491)
Cash used in investing activities	**(6,684)**	**(121,385)**	**114,701**
Net change in cash and cash equivalents during the periods	**(42,486)**	**(174)**	**(42,312)**
Cash and cash equivalents – Beginning of periods	**159,901**	**118,306**	**41,595**
Cash and cash equivalents – End of periods	**117,415**	**118,132**	**(717)**

Cash provided by operating activities

Cash provided by operating activities for the three months ended March 31, 2014 was $45.7 million, an improvement of $12.8 million as compared to the same period of 2013. This increase was mainly driven by a higher operating income in in 2014.

Cash (used in) provided by financing activities

For the three months ended March 31, 2014, as compared to the same period in 2013, cash used in financing activities increased by $169.8 million as a result of the absence of long-term borrowings in 2014 and the partial redemption of the Debentures in the amount of $60.0 million. Chorus reduced its quarterly dividend in May 2013 to $0.075 per share, from the previous level of $0.15 per share. The reduction in quarterly dividends was maintained until Chorus announced in December 2013 that it would increase its quarterly dividend to $0.1125 effective with the first quarterly payment in 2014, which was made in April 2014. This represented a $4.8 million improvement in cash used quarter over quarter.

Cash used in investing activities

Capital expenditures on property and equipment of $6.7 million for the three months ended March 31, 2014 represented a decrease of $116.2 million as compared to the same period of 2013. For the three months ended March 31, 2013, there were six Q400s included in growth capital expenditures of $114.6 million. Maintenance capital expenditures decreased by $1.6 million primarily related to reduced major maintenance overhauls.

Contractual obligations and other commitments

Please refer to Chorus' annual MD&A dated February 19, 2014 for information regarding Chorus' contractual obligations and other commitments. Except as outlined below, there have been no material changes to debt and lease obligations during the three months ended March 31, 2014.

Long-term debt

The terms and conditions of the Q400 aircraft and engine financing are consistent with those disclosed in Section 10 of Chorus' annual MD&A dated February 19, 2014. As at March 31, 2014, Chorus was in compliance with all the required covenants.

Maintenance Capital Expenditures

Maintenance Capital Expenditures represent expenditures incurred to sustain operations or Chorus' productive capacity. Chorus separates its capital expenditures into three categories: leasehold improvements (includes improvements made to leased aircraft), aircraft-related (includes aircraft, aircraft related communication, equipment and tooling, aircraft rotable parts and engines, and major maintenance overhaul expenditures), and facilities and owned buildings.

For the three months ended March 31, 2014, Maintenance Capital Expenditures were $6.7 million (2013 - $8.3 million), which included: $3.2 million for capitalization of major maintenance overhauls and $3.5 million for ongoing spare parts replacements for the Dash 8-100, Dash 8-300 and Q400 fleet, equipment and leasehold improvements.

Shares

At May 9, 2014, the issued and outstanding Shares of Chorus, along with Shares potentially issuable, pursuant to the Debentures, were as follows:

	May 9, 2014	December 31, 2013
Issued and outstanding Shares		
Class A Variable Voting Shares	4,539,438	4,789,193
Class B Voting Shares	118,002,588	117,752,833
Total issued and outstanding Shares	122,542,026	122,542,026
Shares potentially issuable		
Convertible debentures(1)	3,849,524	15,278,095
Total outstanding and potentially issuable Shares	126,391,550	137,820,121

(1) Assuming all outstanding convertible debentures are exercised.

For the three months ended March 31, 2014, Chorus declared dividends of $13.8 million (2013 - $18.7 million).

Repurchase of Shares

On March 27, 2014, Chorus announced that it had received approval from the TSX to implement a second normal course issuer bid ("NCIB") to purchase, for cancellation, up to 12,168,157 Shares, representing 10% of the total public float of Shares calculated in accordance with TSX rules. The NCIB commenced on March 31, 2014 and will expire on March 30, 2015. It will be conducted through the facilities of the TSX and/or alternative trading systems in accordance with the requirements of the TSX.

The Board of Directors and management of Chorus believe that the market price of the Shares during the period of the NCIB may be such that the purchase of Shares by Chorus for cancellation would be in the best interests of Chorus and an appropriate use of corporate funds in light of potential benefits to remaining Shareholders.

Pursuant to the TSX rules, during the NCIB Chorus may purchase a daily maximum of 83,346 Shares, representing 25% of the average daily trading volume of the Shares over the six-month period ended February 28, 2014. In addition, Chorus may make, once per week, a block purchase (as such term is defined in the TSX Company Manual) of Shares not directly or indirectly owned by insiders of Chorus, in accordance with TSX rules. The Shares purchased pursuant to the NCIB will be cancelled.

Purchases under the NCIB will be made by means of open market transactions or such other means as the TSX or securities regulatory authorities may permit, including pre-arranged crosses, exempt offers and private agreements under an issuer bid exemption order issued by a securities regulatory authority. In the event that Chorus purchases Shares by pre-arranged crosses, exempt offers or private agreements, the purchase price of the Shares may be at a discount to the market price of the Shares at the time of the acquisition. The price paid by Chorus for any Share will be the market price at the time of acquisition, plus brokerage fees, or any such other price as the TSX may permit.

In connection with the NCIB, Chorus established an automatic securities purchase plan (the "Plan") for the purchase of Shares. The Plan was established to provide standard instructions regarding how Shares are to be purchased under the NCIB. The Plan allows for Chorus' designated broker to purchase Shares, pursuant to the NCIB, on any trading day during the NCIB during pre-determined trading blackout periods. The Plan will terminate when the NCIB terminates, unless terminated earlier in accordance with its terms. Outside of these pre-determined blackout periods, Shares will be repurchased in accordance with management's discretion, subject to applicable law. Chorus may vary, suspend or terminate the Plan only if it does not have material non-public information and the decision to vary, suspend or terminate the Plan is not taken during a pre-determined trading blackout period. The Plan constitutes an "automatic plan" for purposes of applicable Canadian securities legislation and has been reviewed by the TSX.

Under a previously approved normal course issuer bid that expired on March 17, 2014, Chorus repurchased 1,871,800 Shares at an aggregate cost of approximately $4.0 million. All of the repurchased Shares have been cancelled. As of May 14, 2014, there have been no Shares purchased under the current NCIB.

8. OFF-BALANCE SHEET ARRANGEMENTS

Information regarding Chorus’ off-balance sheet arrangements is disclosed in Section 10 of Chorus’ annual MD&A dated February 19, 2014. There have been no material changes to Chorus’ off-balance sheet arrangements from what was disclosed at that time.

9. RELATED PARTY TRANSACTIONS

As at March 31, 2014, Chorus had no transactions with related parties as defined in the CPA Canada Handbook, except those pertaining to transactions with key management personnel in the ordinary course of their employment or directorship arrangements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Chorus has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, liquidity risk and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary. Please refer to Section 12 of Chorus’ annual MD&A dated February 19, 2014 for further discussion on interest rate risk, credit risk, liquidity risk and currency risk.

11. ECONOMIC DEPENDENCE

For a detailed description of the CPA with Air Canada, please refer to Section 13 of Chorus' annual MD&A dated February 19, 2014.

12. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates (refer to Section 2 – Introduction, "Caution regarding forward-looking information"). The significant accounting policies of Chorus are described in note 3 of the audited consolidated financial statements of Chorus for the year ended December 31, 2013. Information regarding Chorus' critical accounting estimates is disclosed in Section 14 of Chorus' annual MD&A dated February 19, 2014.

13. ACCOUNTING POLICIES

The significant accounting policies of Chorus are described in note 3 of the December 31, 2013 consolidated financial statements of Chorus with any changes to these policies noted below.

Update to accounting policies

In the first quarter of 2014, pursuant to Chorus' long-term incentive plan ("LTIP") eligible employees were given the option to elect prior to vesting whether to receive cash or shares for their restricted share units ("RSU") that vested in the quarter. As a result, effective February 24, 2014 the RSU obligation changed from an equity settled obligation, accounted for in contributed surplus, to a cash settled obligation, recognized in the appropriate short and long-term liability accounts in the Statement of Financial Position. The 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.

Amendments to standards

IFRS 9, Financial Instruments, has been amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect the risk management activities in their financial statements. Chorus early adopted the amendments to this standard effective January 1, 2014. The amendments to this standard have no impact on Chorus' consolidated financial statements.

14. CONTROLS AND PROCEDURES

Disclosure controls and procedures and internal control over financial reporting

Chorus' disclosure controls and procedures ("DC&P") have been designed to provide reasonable assurance that information required to be disclosed in any public filings is recorded, processed, summarized and reported on a timely basis. Chorus' internal control over financial reporting ("ICFR") has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Chorus' annual 2013 MD&A dated February 19, 2014, contains a statement that the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that Chorus' DC&P and ICFR are effective based upon an evaluation of these controls and procedures at December 31, 2013.

Chorus filed certifications, signed by the CEO and CFO, with the Canadian Securities Administrators along with the 2013 annual financial statements and MD&A. In those filings, the CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of Chorus' DC&P and the design and effectiveness of ICFR. The CEO and CFO also certified the appropriateness of the financial disclosures in Chorus' interim filings with the Canadian Securities Administrators. In those interim filings, the CEO and CFO certified that both Chorus' DC&P and ICFR have been designed, based on the framework established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), to provide reasonable assurance regarding the reliability of Chorus' financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of inherent limitations, ICFR and DC&P can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There has been no change in Chorus' internal control over financial reporting that occurred during the first quarter of fiscal 2014 that has materially affected, or is reasonably likely to materially affect, Chorus' ICFR.

The Audit, Finance and Risk Committee of the Board of Directors of Chorus reviewed this MD&A, and the unaudited interim condensed consolidated financial statements of Chorus for March 31, 2014, and approved these documents prior to their release.

15. OUTLOOK

The discussion that follows represents forward-looking information (refer to Section 2 – Introduction, "Caution regarding forward-looking information"). This outlook is provided for the purpose of providing information about current expectations for 2014. This information may not be appropriate for other purposes.

The North American airline industry continues to be highly competitive and cost sensitive. Air Canada is facing increasing competition, particularly in the markets which Chorus operates for Air Canada. As well, Air Canada has stated its intention and has commenced implementing a regional airline diversification strategy.

Based on the 2013 - 2014 winter schedule period, the summer 2014 schedule and updated planning assumptions received from Air Canada, Chorus anticipates between 368,000 and 378,000 Billable Block Hours for 2014. The actual number of Billable Block Hours for 2014 may vary from this anticipated range due to a number of factors. See Section 18 - Risk Factors for risks related to this forward-looking information.

Management anticipates its 2014 Maintenance Capital Expenditures to be between $27.0 million and $31.0 million, compared to $38.2 million in 2013. The forecast for 2014 includes $15.0 million related to the capitalization of major maintenance overhauls (2013 - $17.5 million). The decrease in 2014 primarily reflects that Chorus completed modifications to both its head office building and hanger facility in Halifax during 2013.

Commencing in the third quarter of 2014, Chorus intends to move to a monthly dividend in place of its current quarterly dividend policy. The monthly equivalent of the current $0.1125 per share quarterly dividend is $0.0375 per share. Chorus' Board of Directors evaluates the dividend on a regular basis and dividends are declared at the discretion of the Board.

16. ADDITIONAL INFORMATION

Additional information relating to Chorus, including Chorus' Annual Information Form is available on SEDAR at www.sedar.com or on Chorus' website at www.chorusaviation.ca, under Investors.

17. NON-GAAP FINANCIAL MEASURES

Chorus uses certain non-GAAP financial measures, described below, to evaluate and assess performance. These non-GAAP measures are generally numerical measures of a company's financial performance, financial position or cash flows, that include or exclude amounts from the most comparable GAAP measure. As such, these measures are not recognized for financial statement presentation under GAAP, do not have a standardized meaning, and are therefore not likely to be comparable to similar measures presented by other public entities.

EBITDA

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) is a non-GAAP financial measure used by Chorus as a supplemental financial measure of operational performance. Management believes EBITDA assists investors in comparing Chorus' performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods and non-operating factors such as historical cost. EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows, forming part of Chorus' financial statements.

	Three months ended March 31,		
(unaudited) (expressed in thousands of Canadian dollars)	**2014** **$**	**2013** **$**	**Change** **$**
Net income	5,622	9,180	(3,558)
Add:			
Net interest expense	5,844	4,754	1,090
Income tax expense	6,181	2,666	3,515
Depreciation and amortization(1)	16,087	13,391	2,696
Gain on disposal of property and equipment	(16)	(60)	44
Foreign exchange loss	13,601	5,039	8,562
Other	—	(750)	750
EBITDA	**47,319**	**34,220**	**13,099**
EBITDA margin (%)(2)	**11.4**	**8.2**	**3.2**

(1) Includes depreciation and amortization of $3.5 million (2013 - $3.4 million) related to major maintenance overhauls.
(2) EBITDA margin is calculated as EBITDA divided by operating revenues.

Standardized Free Cash Flow

Standardized Free Cash Flow is a non-GAAP measure used as an indicator of financial strength and performance. Chorus believes that this measurement is useful as an indicator of its ability to service its debt, meet other ongoing obligations and reinvest in the Company. Readers are cautioned that Standardized Free Cash Flow does not represent residual cash flow available for discretionary expenditures.

The following table provides a reconciliation Standardized Free Cash Flow to cash flows from operating activities, which is the most comparable financial measure calculated and presented in accordance with GAAP:

(unaudited) (expressed in thousands of Canadian dollars)	**Three months ended March 31,**		
	2014 **$**	**2013** **$**	**Change** **$**
Cash flows from operating activities	45,735	32,946	12,789
Maintenance Capital Expenditures, net of gain on disposal [1]	(6,684)	(8,236)	1,552
Standardized Free Cash Flow before growth capital expenditures and dividends	39,051	24,710	14,341
Growth capital expenditures[2]	—	(114,639)	114,639
Dividends paid	(13,786)	(18,602)	4,816
Standardized Free Cash Flow	**25,265**	**(108,531)**	**133,796**

(1) Includes expenditures related to capitalized major maintenance overhauls of $3.2 million (2013 - $4.3 million).
(2) Growth capital expenditures relate to the purchase of Q400 aircraft and Q400 engines.

Adjusted Net Income

Adjusted net income and Adjusted net income per share are used by Chorus to assess performance without the effects of unrealized foreign exchange gains or losses on long-term debt and finance leases related to aircraft. Chorus manages its exposure to currency risk on such long-term debt by billing the lease payments within the CPA in the underlying currency related (US dollars) to the aircraft debt. These items are excluded because they affect the comparability of our financial results, period over period, and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring due to ongoing currency fluctuations between the Canadian and US dollar. While voluntary employee severance has not been included within our definition of adjusted net income, it is shown separately to facilitate transparency and comparability.

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three months ended March 31,		
	2014 **$**	**2013** **$**	**Change** **$**
Net income for the periods	5,622	9,180	(3,558)
Unrealized foreign exchange loss	14,712	5,566	9,146
Adjusted net income	**20,334**	**14,746**	**5,588**
Adjusted net income per share - basic	**0.17**	**0.12**	**0.05**
Non-recurring items:			
Voluntary employee severance	*2,839*	*5,700*	*(2,861)*
Adjusted net income, after non-recurring items	*23,173*	*20,446*	*2,727*
Adjusted net income after non-recurring items per share - basic	*0.19*	*0.16*	*0.03*

Return on Invested Capital

Return on Investment Capital is a measure 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 shareholders' equity and off-balance sheet aircraft operating leases for aircraft for which Chorus holds head lease.

(unaudited) (expressed in thousands of Canadian dollars)	Trailing twelve months ended March 31, 2014 $	December 31, 2013 $	Change $
Income before income taxes	85,838	85,881	(43)
Unrealized foreign exchange on long-term debt and finance leases	31,973	22,827	9,146
Income before income taxes (and unrealized foreign exchange on long-term debt and finance leases)	117,811	108,708	9,103
Add:			
Finance costs	23,368	22,182	1,186
Implicit interest in operating leases (1)	4,451	4,994	(543)
	145,630	135,884	9,746
Invested capital:			
Average long-term debt (2)	455,985	417,775	38,210
Average obligations under finance leases (3)	6,134	7,659	(1,525)
Average shareholders' equity	174,411	159,048	15,363
Off-balance sheet aircraft leases (4)	63,589	71,348	(7,759)
	700,119	655,830	44,289
Return on invested capital(5)	20.8%	20.7%	0.1%

(1) Interest implicit in operating leases is equal to 7.0 percent of 7.5 times the trailing 12 months of aircraft lease expense. 7.0 percent is a proxy and does not necessarily represent actual for any given period.
(2) Average long-term debt includes the current portion and long-term portion.
(3) Average obligations under finance leases include the current portion and long-term portion.
(4) Off-balance sheet aircraft leases are calculated by multiplying the annual aircraft leasing expense by 7.5 only for aircraft which Chorus holds the head lease. For the trailing twelve months ended March 31, 2014 and December 31, 2013, these aircraft lease expense totaled $8.5 million and $9.5 million, respectively.
(5) Aircraft rent was $90.7 million and $89.9 million for the trailing twelve months ended March 31, 2014 and December 31, 2013, respectively. The majority of Chorus' aircraft under operating leases are subleased from Air Canada, or its subsidiary, who hold the head lease or own the aircraft. Aircraft rent related to these aircraft of $82.2 million and $80.4 million for the trailing twelve months ended March 31, 2014 and December 31, 2013, respectively, have been removed from the calculation due to Air Canada's offsetting liability under the CPA for rental payments and return condition obligations. If these Air Canada operating leases were included return on invested capital would be 12.7% and 14.1%, respectively.

18. RISK FACTORS

For a detailed description of the possible risk factors associated with Air Canada, Chorus, the industry, the structure of Chorus, current legal proceedings and the Debentures refer to the Section entitled “Risk Factors” in Chorus' 2013 Annual MD&A dated February 19, 2014, and Chorus’ Annual Information Form dated March 28, 2014.

19. GLOSSARY OF TERMS

“**7503695**” means 7503695 Canada Inc., a corporation incorporated under the CBCA on April 14, 2010;

“**Available Seat Mile (ASMs)**” means a measure of passenger capacity calculated by multiplying the total number of seats available for passengers by the number of miles flown;

"**Average stage length**" means the average distance of a non-stop flight leg between take-off and landing as defined by International Air Transport Association (IATA) guidelines;

“**Aviation GP**” means Aviation General Partner Inc., a corporation incorporated under the *Business Corporations Act (Ontario)* on November 18, 2010 to act as the general partner of Jazz Aviation LP;

“**Billable Block Hours**” mean actual Block Hours flown, Block Hours related to weather and air traffic control cancellations, and commercial cancellations and commercial ferry flights;

“**Block Hours**” mean the number of minutes elapsing from the time the chocks are removed from the wheels of an aircraft until the chocks are next again returned to the wheels of the aircraft, divided by 60;

“**CBCA**” means the Canada Business Corporations Act, as amended;

“**Chorus**” references herein to Chorus or the Company in this MD&A refer to, as the context may require, Chorus Aviation Inc. and its current and former subsidiaries (including, but not limited to the Partnership, Aviation GP, 7503695, the Initial LeaseCos Chorus Leasing Amalco (2012) Inc., Chorus Aviation Holdings Inc., Chorus Airport Services Inc., Jazz Aviation Holdings Inc., Jazz Aircraft Financing Inc., Jazz Leasing Inc. and amalgamated Chorus Leasing III Inc.) collectively, Chorus and one or more of its current and former subsidiaries, one or more of Chorus' current and former subsidiaries or Chorus itself;

"**Chorus Airport Services Inc.**" means Chorus Airport Services Inc., a corporation incorporated under the CBCA on November 28, 2013;

"**Chorus Aviation Holdings Inc.**" means Chorus Aviation Holdings Inc., a corporation incorporated under the CBCA on November 28, 2013;

“**CPA Canada Handbook**” means the Chartered Professional Accountants of Canada Handbook - Accounting - Part 1, which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”);

“**Cost per Available Seat Mile**” or “**CASM**” means the operating expense per Available Seat Mile;

“**Covered Aircraft**” means Chorus’ aircraft subject to the CPA;

“**CPA**” means the amended and restated capacity purchase agreement effective January 1, 2006, between Air Canada and Jazz, as amended by the Rate Amending Agreements and the CPA Amending Agreements, and as may be further amended;

“**CPA Amending Agreements**” means the agreements to amend the CPA dated September 22, 2009, March 8, 2011, June 21, 2012 and June 6, 2013;

“**Debentures**” mean the $80.2 million principal amount of 9.50% convertible unsecured subordinated debentures of Chorus due December 31, 2014;

"**Departure**" means one take off of an aircraft;

“**EDC**” means Export Development Canada;

“**Flight Completion**" means the percentage of flights completed from flights originally scheduled;

“**Flight Hours**” has the meaning given in the CPA;

“**FTE**” means full-time equivalents in respect of employee staffing levels;

“**GAAP**” means generally accepted accounting principles in Canada after the adoption of IFRS;

“**IASB**” means the International Accounting Standards Board;

“**IFRS**” means International Financial Reporting Standards;

“**Initial LeaseCos**” means Chorus Leasing I Inc., Chorus Leasing II Inc., and Chorus Leasing III Inc., collectively;

“**Jazz**” means Jazz Aviation LP, together with its general partner, Aviation GP, and their respective subsidiaries and predecessors; and, in particular, reference to Jazz in respect of a time period prior to October 1, 2004 are references to the business of Jazz as carried on by Jazz Air Inc., which was liquidated on September 30, 2004, and references to Jazz in respect of the time period from October 1, 2004 until February 1, 2006 are references to the business of Jazz as carried on by Jazz Air Limited Partnership, and references to Jazz in respect of the time period from February 2, 2006 to January 5, 2011 are references to the business of Jazz as carried on by Jazz Air LP, unless the context requires otherwise;

“**Jazz Air LP**” means Jazz Air LP, a limited partnership established under the laws of the Province of Québec on September 12, 2005, which carried on the regional airline business from February 2, 2006 until January 5, 2011;

“**Jazz Aircraft Financing Inc.**” means Jazz Aircraft Financing Inc., a corporation incorporated under the CBCA on November 28, 2013;

“**Jazz Aviation Holdings Inc.**” means Jazz Aviation Holdings Inc., a corporation incorporated under the CBCA on November 28, 2013;

“**Jazz Leasing Inc.**” means Jazz Leasing Inc., a corporation incorporated under the CBCA on November 28, 2013;

“**Maintenance Capital Expenditures**” represent expenditures incurred to sustain operations or Chorus’ productive capacity, which excludes Q400 aircraft and engine purchases;

“**MD&A**” means Chorus’ management’s discussion and analysis of results of operations and financial condition;

“**Operating Aircraft**” means Covered Aircraft under the CPA plus charter aircraft, less new aircraft deliveries which have not yet entered commercial service;

"**On-time performance**" means the percentage of flights that arrive within 15 minutes of their scheduled time;

“**Partnership Agreements**” mean those contracts signed by Jazz for contract flying;

“**Pass-through costs**” mean those costs that are reimbursed under Partnership Agreements;

“**Pass-through revenue**” means operating revenue derived from costs that are reimbursed under Partnership Agreements;

“**Q400 aircraft**” means Q400 NextGen turboprop aircraft;

“**Rate Amending Agreements**” means the agreements to amend and re-set the rates between Jazz and Air Canada dated July 6, 2009, August 6, 2012, and June 3, 2013;

"**Return on Investment Capital**" is a measure commonly used to assess the efficiency with which a company allocates its capital to generate returns. Return is calculated based on our earnings before tax, excluding special items, finance costs and implied interest on our off-balance sheet aircraft leases for aircraft for which Chorus holds head lease. Invested capital includes average long-term debt, average finance lease obligations, average shareholders' equity and off-balance sheet aircraft operating leases for aircraft for which Chorus holds head lease.

“**Shareholders**” mean holders of Shares;

“**Shares**” mean common shares of Chorus Aviation Inc., which includes Class A Variable Voting Shares and Class B Voting Shares;

“**The Partnership**” means Jazz Aviation LP, a limited partnership established under the laws of the Province of Ontario; and

"**TSX**" means the Toronto Stock Exchanges.