



*Delivering regional aviation to the world*

## **Chorus Aviation Inc.**

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### **Notice of 2019 Annual and Special Meeting of Shareholders and Management Proxy Circular**

May 8, 2019  
Enfield, Nova Scotia



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## Letter to Shareholders from the Chairman and the President and Chief Executive Officer

Dear Chorus Shareholder:

We are pleased to provide you with the materials for the annual and special meeting of shareholders of Chorus Aviation Inc. ('Chorus') that will take place on Wednesday, May 8, 2019 at 2:30 p.m. (Atlantic Time), at the Alt Hotel Halifax Airport, located at 40 Silver Dart Drive, Enfield, Nova Scotia.

As a shareholder of Chorus, you have the right to vote your shares on all items that come before the meeting. You can vote your shares either by proxy or in person at the meeting. This management proxy circular ('circular') provides you with information about the business of the meeting and how to exercise your right to vote. Among other things, we will ask you to consider a special resolution approving a plan of arrangement under Section 192 of the *Canada Business Corporations Act* to effect amendments to Chorus' Restated Articles of Incorporation and Chorus' Second Amended and Restated By-Law No 1, in each case relating to the voting rights of Chorus' Class A Variable Shares. Each proposed resolution is more fully described in this circular. During the meeting, we will also present highlights of our 2018 achievements and the opportunities that 2019 brings.

Significant progress was made in 2018 towards our vision of delivering regional aviation to the world. Our growth and diversification strategy took further hold in 2018 generating \$342.7 million in adjusted EBITDA, an increase of 11.7% over fiscal 2017. Inclusive of an unrealized foreign exchange loss of \$49.5 million, Chorus generated net income of \$67.0 million, or \$0.49 per basic share. On an adjusted basis, net income for fiscal 2018 was \$121.8 million, or \$0.89 per basic share.

Our group of companies performed well and reached important milestones that strengthened our company. The talent within our businesses is a competitive advantage. The experience residing in Jazz and Voyageur, in the areas of contract flying, aircraft engineering, maintenance, repair and overhaul, coupled with our expertise in all other areas of regional operations is what differentiates us from the competition in executing our regional aircraft leasing strategy. In 2018 we added Q400 aircraft spare parts inventory to our supply chain sales inventory. This was our first part out of an in-production aircraft and is an aircraft type that is highly utilized around the world. We will continue to expand our capabilities and services for regional operators. Progress was made upon receiving Transport Canada certification to conduct heavy maintenance on Embraer 135 and 145 series regional jets. Jazz Technical services also welcomed its first international customer, Air Baltic of Latvia, to conduct heavy maintenance on 12 Q400 aircraft.

In just over two years, Chorus Aviation Capital has grown its portfolio to 40 aircraft (inclusive of six transactions pending completion) valued at approximately US\$850 million with approximately US\$655 million in future contract lease revenue. The portfolio is well diversified, consisting of turboprop and regional jets from all three regional aircraft manufacturers and placed with 12 customers based on six continents. When the aircraft leased under the Capacity Purchase Agreement ('CPA') with Air Canada, including CRJ900 aircraft to be delivered in 2020, are taken into account, we will have 107 aircraft leased under contracts, valued at approximately C\$2.3 billion.

We are building scale as a worldwide lessor. Since the start of 2017, we have raised net proceeds of C\$401.0 million for investment in aircraft that will generate lease revenue for Chorus. When levered with debt at a ratio

of 3:1, those proceeds yield approximately \$1.6 billion in investment capital. With the establishment of our new US\$300 million warehouse facility and the cash we have on hand, we are well positioned to build further scale in our leasing business.

The positive momentum gained in 2018 continued into 2019 when we secured Jazz's position in Air Canada's regional network for the next 17 years by amending and extending the CPA with Air Canada. This mutually beneficial agreement, proactively and collaboratively, addressed the need to adapt to a challenging, competitive and ever-changing environment. Air Canada's \$97.26 million investment in Chorus is a clear demonstration that the strategic partnership between Chorus and Air Canada is strong. This amended arrangement will provide certainty, predictability and additional value for our shareholders, employees and other stakeholders.

On behalf of our Board of Directors and the Chorus team, we thank you for your support and welcome the opportunity to meet you at our annual meeting.



Richard H. McCoy  
Chairman



Joseph D. Randell  
President and Chief Executive Officer

<sup>1</sup>Adjusted EBITDA, and adjusted net earnings are non-GAAP financial terms that do not have standardized meaning under GAAP, and may not be comparable to similar terms presented by other issuers. We refer you to the full Management's Discussion and Analysis for the year ended December 31, 2018 at [www.chorusaviation.ca](http://www.chorusaviation.ca) for a complete explanation of this term and why it provides useful information to investors and their reconciliation to GAAP terms.



## Notice of 2019 Annual and Special Meeting of Shareholders

Wednesday, May 8, 2019  
2:30 p.m. (Atlantic time)

Alt Hotel Halifax Airport  
40 Silver Dart Drive, Enfield, Nova Scotia

A webcast re-play of management's presentation at the annual and special meeting of the shareholders of Chorus Aviation Inc. ("Chorus" or the "Corporation") will be made available after the meeting on our website at [www.chorusaviation.ca](http://www.chorusaviation.ca).

### Business of the 2019 Annual and Special Shareholder Meeting

The following business will be considered at the meeting:

1. placement before shareholders of the consolidated financial statements of Chorus for the year ended December 31, 2018, including the auditors' report thereon;
2. election of the directors of Chorus who will serve until the end of the next annual meeting of shareholders unless a director leaves the board of directors prior to such time;
3. appointment of auditors of Chorus;
4. consideration pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated February 19, 2019, of a special resolution of shareholders (the full text of which is set forth in Appendix B to the management proxy circular for the meeting) approving a plan of arrangement under Section 192 of the *Canada Business Corporations Act* to effect amendments to the Corporation's Restated Articles of Incorporation and the Corporation's Second Amended and Restated By-Law No. 1, in each case relating to the voting rights of the Corporation's Class A Variable Voting Shares;
5. approval, in an advisory, non-binding capacity, of a resolution regarding Chorus' approach to executive compensation; and
6. consideration of such other business, if any, that may properly come before the meeting or any adjournment or postponement thereof.

The management proxy circular for the meeting provides specific details of the business to be considered at the meeting.

**You are entitled to receive notice of, and vote at, our annual and special meeting of shareholders or any adjournment or postponement thereof if you are a shareholder on March 22, 2019.**

### Your vote is important.

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

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

By Order of the Board of Directors

Dennis Lopes  
Senior Vice President, Chief Legal Officer and Corporate Secretary  
Dartmouth, Nova Scotia  
March 22, 2019



## Management Proxy Circular

This management proxy circular (this “**circular**”) is for the annual and special meeting of the shareholders of Chorus Aviation Inc. (“**Chorus**” or the “**Corporation**”) to be held on May 8, 2019 (such meeting, and any adjournment or postponement thereof, the “**meeting**”). As a shareholder of Chorus, you have the right to vote your shares in respect of the election of the directors, the appointment of the auditors, the approval of the plan of arrangement relating to the voting rights attached to the Corporation’s Class A Variable Voting Shares and the non-binding advisory vote on Chorus’ approach to executive compensation, and on any other items that may properly come before the meeting.

To help you make an informed decision, please read this circular. This circular describes the meeting, the nominee directors, the proposed auditors, our corporate governance practices, the compensation of our directors and certain officers, and the other business to come before the meeting. Financial information regarding Chorus is provided in the consolidated financial statements of Chorus and management’s discussion and analysis (“**MD&A**”) for the year ended December 31, 2018, both of which are available on our website at [www.chorusaviation.ca](http://www.chorusaviation.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

**Your proxy is solicited by or on behalf of the management of Chorus for use at the meeting.** In addition to solicitation by mail, employees or agents may solicit proxies by other means. The cost of any such solicitation will be borne by Chorus. Chorus has retained Shorecrest Group Ltd. (“**Shorecrest**”) to solicit proxies from shareholders and has agreed to pay Shorecrest a \$25,000 management fee plus ancillary service fees and disbursements. If you have any questions regarding the procedures for voting or completing your proxy form or voting instruction form, please contact Shorecrest toll free in North America at 1-888-637-5789 or collect call from outside North America at 1-647-931-7454, or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).

This year the Corporation will deliver materials to both registered and non-registered shareholders for the meeting using the notice-and-access method. Notice-and-access aligns with the Corporation’s efforts to minimize its environmental impact through a reduction in paper use, while also reducing printing and mailing costs. Instead of printing and mailing this circular to all shareholders, the Corporation has posted the circular (and other proxy-related materials, including its annual financial statements for the financial year ended December 31, 2018, together with the auditor’s report therein, and related MD&A, collectively, the “proxy-related materials”) on its website at [www.chorusaviation.ca](http://www.chorusaviation.ca), on [www.meetingdocuments.com/astca/chr](http://www.meetingdocuments.com/astca/chr) and on SEDAR at [www.sedar.com](http://www.sedar.com).

All registered and non-registered shareholders will still receive a form of proxy or voting instruction form enabling them to vote at the meeting; however, instead of a paper copy of the circular, shareholders will receive a notice with information on how to access the circular and other proxy-related material online (the “**notice**”). Chorus (or its agent) will send the notice directly to registered shareholders and non-registered shareholders who are “non-objecting beneficial owners” and will deliver the notice to nominees, custodians and fiduciaries who will be asked to promptly forward it to non-registered shareholders who are “objecting beneficial owners”. Refer to the section entitled “Voting your shares” to find out if you are a non-registered holder. The Corporation pays for the delivery of the notice to all registered and non-registered shareholders, which includes reimbursing brokers and other persons holding shares in their names, or in the names of nominees, for their costs incurred in sending the notice to beneficial owners and obtaining their proxies or voting instructions.

Should you wish to receive paper copies of the circular or other proxy-related materials for the meeting, or if you have any questions about notice-and-access, please contact AST Trust Company (Canada) (for service in English or French) at 1-888-433-6443 or 416-682-3801 outside of Canada or the U.S. or by e-mail at [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com). Shareholders will not receive a paper copy of the circular or the proxy-related materials unless they contact AST Trust Company (Canada). AST Trust Company (Canada) will mail the materials within three business days of any request, provided the request is made prior to the meeting. Chorus estimates that a request for materials will need to be received prior to April 22, 2019 in order for you to receive your paper copies in advance of the deadline for submission of your voting instructions. All shareholders may also request that paper copies of the circular or proxy-related materials be mailed to them at no cost for up to one year from the date the circular was filed on SEDAR.

In this circular, “**we**”, “**us**” and “**our**” refer to Chorus and “**management**” refers to Chorus’ management. “**You**”, “**your**” and “**shareholders**” refer to the shareholders of Chorus, and “**shares**” refers to the Class A Variable Voting Shares and Class

B Voting Shares of Chorus. All monetary amounts are stated in Canadian Dollars unless otherwise indicated, and all information in this circular is current as of March 22, 2019 unless otherwise indicated. If you have any questions about any of the information in this circular, please call Chorus Investor Relations at (902) 873-5094 for service in English or French.

**Approval of this circular**

The board of directors of Chorus (the “**Board of Directors**” or the “**Board**”) approved the contents of this circular and authorized it to be sent to each shareholder who is eligible to receive notice of, and vote his, her or its shares, at our annual and special meeting of shareholders, as well as to each director of Chorus and to the auditors of Chorus. Shareholders who own shares of Chorus on March 22, 2019 will be eligible to receive this circular.



Dennis Lopes  
Senior Vice President, Chief Legal Officer and Corporate Secretary  
Dartmouth, Nova Scotia  
March 22, 2019

# About Our Annual and Special Meeting of Shareholders

## Business of the Meeting

The following items of business will be considered at the meeting:

1. placement before shareholders of the consolidated financial statements of Chorus for the year ended December 31, 2018, including the auditors' report thereon;
2. election of the directors of Chorus who will serve until the end of the next annual and special meeting of shareholders unless a director leaves the board of directors prior to such time;
3. appointment of auditors of Chorus;
4. consideration pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated February 19, 2019, of a special resolution of shareholders (the full text of which is set forth in Appendix B to this circular) approving a plan of arrangement under Section 192 of the *Canada Business Corporations Act* to effect amendments to the Corporation's Restated Articles of Incorporation and the Corporation's Second Amended and Restated By-Law No. 1, in each case relating to the voting rights of the Corporation's Class A Variable Voting Shares;
5. approval, in an advisory, non-binding capacity, of a resolution regarding Chorus' approach to executive compensation; and
6. consideration of such other business, if any, that may properly come before the meeting or any adjournment or postponement thereof.

Further details of the business to be considered at the meeting are contained in this circular.

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

### 1) Placement of financial statements of Chorus

The consolidated financial statements of Chorus for the year ended December 31, 2018, including the auditors' report thereon, are available on our website at [www.chorusaviation.ca](http://www.chorusaviation.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of such statements will also be available at the meeting.

### 2) Election of the directors of Chorus

Ten directors are to be elected to the Board of Directors. Each director elected at the meeting will serve until the end of the next annual shareholder meeting unless he or she leaves the Board prior to such time.

All 10 individuals to be nominated as directors are currently members of the Board of Directors. The individuals nominated for election as directors at the meeting are Margaret Clandillon, Gary M. Collins, Karen Cramm, Richard D. Falconer, R. Stephen Hannahs, Sydney John Isaacs, Richard H. McCoy, Marie-Lucie Morin, Joseph D. Randell and Michael Rousseau. Please see "The Nominated Directors" section in this circular for additional information relating to each such nominee.

Mr. Rousseau is nominated in accordance with the terms of the Investor Rights Agreement between Chorus and Air Canada dated February 4, 2019. Under that agreement, Air Canada is entitled to nominate one director to the Board so long as Air Canada and its affiliates hold at least 8% of the issued and outstanding shares of Chorus, provided that for purposes of such calculation, the number of issued and outstanding shares is reduced by the number of shares issued from and after February 4, 2019 as a result of the exercise, conversion or exchange of certain convertible securities issued prior to February 4, 2019. A copy of the Investor Rights Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Only individuals nominated in accordance with the advance notice provisions of Chorus' by-laws are eligible for election as directors of Chorus. The by-laws set deadlines by which a shareholder must notify Chorus of his or her intention to nominate one or more directors and specify the information that must be included with the notice for a nomination to be valid. For this meeting, any nominations are required to be made not less than 30 days prior to the date of the meeting. A copy of Chorus' by-laws are available on our website at [www.chorusaviation.ca](http://www.chorusaviation.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board has adopted a majority voting policy which stipulates that if a director nominee is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, the nominee will immediately submit his or her resignation, to be effective on acceptance by the Board. The Board will refer the resignation to the Governance and Nominating Committee for consideration. Any director who has tendered his or her resignation pursuant to this policy will be prohibited from participating in or attending any part of a meeting of the Board or the Governance and Nominating Committee at which his or her resignation is considered. The Board will make its decision within 90 days of the relevant shareholders' meeting and promptly issue a news release with its decision. The Board will accept the resignation unless the Governance and Nominating Committee determines that there are exceptional circumstances that should delay acceptance of the resignation or justify rejecting it. If the Board does not accept the resignation, the news release will fully state the reasons for that decision.

The majority voting policy does not apply in respect of a contested meeting (i.e., a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board). All of the individuals nominated for election as directors at the meeting have acknowledged and agreed to comply with the majority voting policy.

**Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election as directors of each of the nominees named in this circular.**

### 3) Appointment of auditors

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

Fees payable for the years ended December 31, 2018 and December 31, 2017 to PricewaterhouseCoopers LLP were \$957,051 and \$972,743, respectively, as detailed below:

	Year Ended December 31,	
	2018	2017
	\$	\$
Audit fees	631,000	556,026
Audit-related fees	109,300	16,867
Tax fees – compliance/preparation	65,985	131,196
Tax fees – other	150,766	268,654
Other	-	-
	957,051	972,743

The nature of each category of fees is described below:

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

Audit-related fees. Audit-related fees were paid for professional services related to pension plan audits, the 2018 public offering of shares and general accounting consultation.

Tax fees - compliance/preparation. Tax fees were paid for professional services rendered with respect to indirect tax, income tax and payroll tax compliance.

Tax fees - other. Tax fees were paid for professional services rendered with respect to tax advice, tax planning and consulting. In 2017, Chorus engaged another firm, which is not affiliated with PricewaterhouseCoopers, to provide tax consulting services related to the aircraft leasing business going forward.

**Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the appointment of PricewaterhouseCoopers LLP as auditors.**

#### 4) Plan of Arrangement to Amend Chorus' Articles of Incorporation and By-Laws

##### *Overview*

At the meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") to approve a plan of arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**") to effect amendments (the "**Amendments**") to Chorus' Restated Articles of Incorporation (the "**Articles**") relating to the voting rights of the Class A Variable Voting Shares and to Chorus' Second Amended and Restated By-Law No. 1 (the "**By-Law**").

The full text of the Arrangement Resolution is set out in Appendix B to this circular.

##### *Reasons for and Background to the Arrangement*

Chorus proposes to make the Amendments to align the restrictions on the level of non-Canadian ownership and control within the Articles with those prescribed by the definition of "Canadian" in subsection 55(1) of the *Canada Transportation Act* (the "**CTA**"), as amended by provisions of the *Transportation Modernization Act* (Canada) which became effective on June 27, 2018 (the "**CTA Amendments**").

The CTA includes a condition that a holder of a domestic air service licence be a "Canadian", as defined in the statute. Prior to the CTA Amendments, "Canadian" was defined to include "a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75%, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned or controlled by Canadians".

The Government of Canada's stated purpose in proposing the CTA Amendments was to attract more foreign investment and encourage growth in the aviation sector by increasing the permitted level of foreign ownership allowed in respect of Canadian air carriers to 49% from 25%. At the same time, the CTA Amendments introduced two new limitations on voting control with respect to single non-Canadian holders and one or more non-Canadian holders authorized to provide an air service, in each case either individually or in affiliation with any other person. The applicable definition of "Canadian" following the CTA Amendments is now as follows:

A corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where

- (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and
- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.

The CTA provides that the Canadian Transportation Agency (the "**Agency**") shall suspend or cancel the licence of an air carrier where the Agency determines that, in respect of the service for which the licence is issued, the person ceases to meet any of the requirements in the CTA requiring that the carrier meet the definition of Canadian.

Chorus owns, directly or indirectly, all of the issued and outstanding partnership units in Jazz Aviation LP ("**Jazz**") and all of the issued and outstanding shares in the capital of Voyageur Aviation Corp. ("**Voyageur**"), each of which is an air carrier that holds licences for domestic, scheduled international, and non-scheduled international air services pursuant to the CTA. As a result, and in order to maintain the air service licences of Jazz and Voyageur, Chorus must meet the definition of Canadian.

As described in more detail below under "*The Arrangement and Amendments – Chorus' Current Articles*", Chorus' current Articles include provisions which require that only Canadians are to hold, own and control Class B Voting Shares, and only non-Canadians are to hold, own or control Class A Variable Voting Shares, as well as provisions which cause the automatic conversion of Class B Voting Shares held, owned or controlled by non-Canadians into Class A Variable Voting Shares (and vice versa). The Articles also include a provision which reduces the voting power of Class A Variable Voting Shares (and therefore the voting power of non-Canadian holders in aggregate) to 25% of the aggregate votes attached to all outstanding shares, or any higher percentage that the Governor in Council may by regulation specify. Accordingly, even if non-

Canadians acquire a number of shares in excess of the statutory threshold, the voting power of all non-Canadians will be limited to 25% or any higher percentage that the Governor in Council may by regulation specify.

Following the implementation of the CTA Amendments, management and the Board considered appropriate measures to ensure that Chorus realized the benefits of potential increased foreign investor interest arising from the increased limit on voting control by non-Canadians generally, while at the same time ensuring that voting control by single non-Canadian holders and one or more non-Canadian holders authorized to provide an air service, in each case either individually or in affiliation with any other person, does not exceed the applicable 25% thresholds.

Management of Chorus noted that while the existing Articles contemplate an increase in the aggregate 25% limitation on voting power of holders of Class A Variable Voting Shares if such increase was approved by the Governor in Council by regulation, the relevant CTA Amendments were not approved by regulation of the Governor in Council and therefore the current aggregate 25% voting limitation remains in place under Chorus' existing Articles.

After considering potential alternative approaches and consulting with legal counsel, management and the Board determined that the most effective approach to addressing the changes to the new limitations on voting control by non-Canadians under the CTA Amendments would be to effect amendments to the Articles to align the voting limitations in the terms of the Class A Variable Voting Shares to the voting limitations in the definition of "Canadian" in the amended subsection 55(1) of the CTA, together with amendments to the By-Laws to align the authority of Chorus to require shareholders to provide information contained therein with the amended Articles, and to effect the Amendments through the Arrangement. The proposed Amendments to the Articles are substantially the same as amendments to the articles which are being proposed by other publicly listed Canadian air carriers or their holding companies, specifically Air Canada, WestJet Airlines Ltd. and Transat A.T. Inc. (collectively with Chorus, the "**Air Carriers**") at their respective meetings of shareholders in 2019.

During December 2018 and January 2019, the Air Carriers consulted with the Agency to advise it of the proposed amendments to their respective articles and by-laws, as applicable, and confirm that the Agency did not have any objections to the approach or concerns that such approach would not provide an effective mechanism for restricting non-Canadian ownership and control as contemplated by the amended definition of "Canadian" in the CTA.

On February 12, 2019, the Board unanimously approved the Amendments and the Arrangement, determined that the Arrangement is in the best interests of Chorus and recommended that shareholders vote in favour of the Arrangement Resolution.

### *The Arrangement and Amendments*

Chorus intends to implement the Amendments by way of a court supervised and shareholder approved Arrangement pursuant to section 192 of the CBCA. The full text of the Arrangement is set forth in Appendix C to this circular. If adopted, the Amendments will enable Chorus to effectively regulate the ownership and voting control of shares in compliance with the Canadian ownership and control requirements in the CTA.

### Chorus' Current Articles

The Articles currently provide for two classes of voting shares: Class B Voting Shares and Class A Variable Voting Shares.

Prior to the CTA Amendments, the definition of "Canadian" in the CTA prescribed a maximum 25% level of non-Canadian ownership and control. To address this limitation, Chorus' Articles currently provide as follows:

- the Class A Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by non-Canadians;
- the Class B Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by Canadians;
- unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, each outstanding Class B Voting Share automatically converts into a Class A Variable Voting Share if such Class B Voting Share becomes held, beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian;
- each outstanding Class A Variable Voting Share automatically converts into a Class B Voting Share if such Class A Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, by a Canadian, or if the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions;

- each Class B Voting Share always carries one vote per share; and
- each Class A Variable Voting Share carries one vote per share unless either:
  - o the number of issued and outstanding Class A Variable Voting Shares exceeds 25% of the total number of all issued and outstanding shares; or
  - o the total number of votes cast by or on behalf of the holders of Class A Variable Voting Shares at any meeting exceeds 25% of the total number of votes cast at such meeting,

in either of which case, the vote attached to each Class A Variable Voting Share shall decrease automatically and proportionately so that the Class A Variable Voting Shares as a class never carry more than 25% of the aggregate votes attached to all of the issued and outstanding shares, or of the votes which holders of shares cast at any meeting of shareholders.

#### Proposed Amendments to the Articles

The CTA Amendments increased the overall maximum level of non-Canadian ownership and control of voting interests in an air carrier to 49%, while also introducing and prescribing maximum ownership levels of 25% respectively for:

- any single non-Canadian holder, either individually or in affiliation with any other person, and
- any one or more non-Canadian holders authorized to provide an air service in any jurisdiction (in the aggregate), either individually or in affiliation with any other person.

In response to these new legislative thresholds, the Amendments will:

- increase the current single 25% proportional voting limitation with respect to the Class A Variable Voting Shares as a class to 49%;
- add a 25% voting limitation to any single non-Canadian holder, either individually or in affiliation with any other person; and
- add a 25% aggregate voting limitation to all non-Canadian holders authorized to provide an air service, either individually or in affiliation with any other person.

The Amendments provide for automatic reduction of the voting rights attached to Class A Variable Voting Shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to Class A Variable Voting Shares will be affected as follows:

- *first*, if required, a reduction of the voting rights of any single non-Canadian holder (including a single non-Canadian holder authorized to provide an air service) carrying more than 25% of the votes to ensure that such non-Canadian holder never carries more than 25% of the votes which holders of shares cast at any meeting of shareholders;
- *second*, if required and after giving effect to the first proration set out above, a further proportional reduction of the voting rights of all non-Canadian holders authorized to provide an air service to ensure that such non-Canadian holders authorized to provide an air service, in the aggregate, never carry more than 25% of the votes which holders of shares cast at any meeting of shareholders; and
- *third*, if required and after giving effect to the first two prorations set out above, a proportional reduction of the voting rights for all non-Canadian holders as a class to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes which holders of shares cast at any meeting of shareholders.

A copy of the Articles, as amended by the Amendments, marked to show the changes to the current Articles, is attached as Appendix D to this circular.

#### Amendment to the By-Laws

The amendments to the By-Laws will harmonize the mechanisms with respect to identifying holders of Shares that are held by non-Canadian shareholders with the proposed amendments to the Articles.

Among other things, the By-Laws permit the Board to require declarations as to residence of owners of Shares in order to determine whether such holders properly hold Class B Voting Shares or Class A Variable Voting Shares.

The amendments to the By-Laws will permit Chorus to amend the declarations that may be requested to assist Chorus in identifying holders of Class A Variable Voting Shares whose votes may need to be adjusted in accordance with Amendments to the Articles.

A copy of Chorus' Third Amended and Restated By-Law No. 1, as amended by the Amendments, marked to show the changes to the current By-Laws, is attached as Appendix E to this circular.

#### Implementation of the Amendments by way of the Arrangement

The Amendments will be implemented by way of the Arrangement. Chorus determined that the use of a plan of arrangement under section 192 of the CBCA is the most effective way to achieve Parliament's objectives for the CTA Amendments to increase foreign ownership in Canadian air carriers while simultaneously maintaining Canadian control of such carriers.

No dissent rights will be provided to holders of Class A Variable Voting Shares and Class B Voting Shares in connection with the Arrangement given that the proposed Amendments are required to address a legislative change and do not affect the economic interest of any holders of Class A Variable Voting Shares and Class B Voting Shares.

In accordance with the Interim Order, holders of Class B Voting Shares and Class A Variable Voting Shares will vote together as a single class in respect of the Arrangement Resolution.

In addition, the fact that the Arrangement must be approved by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), at both the interim and final stages (see "*Description of the Arrangement – Court Approval*" below) will allow the Court to ensure that an appropriate balancing of rights of all shareholders, in view of the CTA Amendments, has been achieved.

**The Board has unanimously concluded that the Arrangement is in the best interest of Chorus and is 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.**

#### *Board Approval and Recommendation*

On February 12, 2019, the Board unanimously approved the Arrangement subject to the receipt of necessary shareholder and Court approvals, and authorized submission of the Arrangement to the shareholders for consideration and, following approval by the shareholders, to the Court for consideration and approval.

The decision to approve the Arrangement was reached by the Board after consideration of many factors, including the following:

- The Amendments contemplated by the Arrangement will provide the most effective means to address the stated purpose of the CTA Amendments in increasing foreign investment in the Canadian air industry while maintaining Canadian control of Canadian air carriers.
- The Amendments contemplated by the Arrangement will provide Chorus with a necessary and effective mechanism for restricting non-Canadian ownership and control as contemplated by the definition of "Canadian" in the CTA.
- The approach taken in respect of the Amendments to the Articles is substantially the same as that being taken by other publicly listed air carriers, or their respective holding companies, in Canada.
- Management and the Board considered other potential alternatives to address the foreign ownership restrictions in the CTA and determined that the Amendments contemplated by the Arrangement represent the most effective approach.
- Completion of the Arrangement is subject to approval by 66 2/3% of the votes cast by shareholders.
- Completion of the Arrangement is subject to approval by the Court, which will consider, among other things, the fairness of the Arrangement to all shareholders.

Chorus has been advised that the directors and officers of Chorus intend to vote all shares held by them in favour of the Arrangement Resolution.

### Description of the Arrangement

If the Arrangement Resolution is passed and the Arrangement is approved by the Court, the effective date of the Arrangement is expected to be May 14, 2019, but may be such other date as may be determined by Chorus. The Arrangement may, at any time before or after the holding of the meeting and prior to filing the Articles of Arrangement under the CBCA to give effect to the Arrangement, be terminated by the Board without further notice to or action on the part of the shareholders. Upon such termination, the Arrangement will not proceed.

### Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, the following must occur:

- the required approval of the shareholders shall have been obtained; and
- the final order of the Court (the "**Final Order**") shall have been obtained in form and substance satisfactory to Chorus acting reasonably.

### Regulatory Matters

Approval of the Arrangement by the Agency is not required; however, Chorus along with the other Air Carriers have each provided drafts of the documents relating to the Amendments and have engaged in discussions with the Agency. Following discussions with the Agency, on February 4, 2019, staff of the Agency confirmed that it had completed its review of the Amendments and were of the opinion that the Amendments would not affect the Canadian status of Chorus should the Amendments be adopted by Chorus.

Any amendment to the articles of a listed issuer must be pre-cleared with the Toronto Stock Exchange (the "**TSX**"), and accordingly, Chorus along with the other Air Carriers, have each provided notice to the TSX regarding the Amendments. On January 25, 2019, the TSX accepted notice of the Amendments, subject to the satisfaction of customary conditions, including its review of the final form of the Amendments and approval of the Amendments by shareholders.

### Required Shareholder Approval

The interim order of the Court dated February 19, 2019 (the "**Interim Order**") provides that for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least 66 2/3% of the votes cast by the holders of Class B Voting Shares and Class A Variable Voting Shares, voting together as a single class, present in person or represented by proxy in respect of the Arrangement Resolution at the meeting.

**Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the Arrangement Resolution.**

### Court Approval

#### Interim Order

On February 19, 2019, the Court granted the Interim Order facilitating the calling and holding of the meeting and prescribing the conduct of the meeting and other matters. The Interim Order is attached as Appendix F to this circular.

#### Final Order

The CBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by shareholders at the meeting in the manner required by the Interim Order, Chorus will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for May 13, 2019 at 10:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, at the Court at 330 University Avenue, Toronto Ontario M5G 1R7. At the hearing, any shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Chorus on or before 2:00 p.m. (Toronto time) on May 10, 2019, a Notice of Appearance setting out their address for service and indicating whether such shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary

of the position such shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. Service of such notice shall be effected by service upon the solicitors of Chorus: Osler, Hoskin & Harcourt LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto, Ontario, M5X 1B8, Canada, Attention: Craig Lockwood. See the Notice of Application in respect of the Final Order attached as Appendix G to this circular.

Chorus has been advised by its counsel that the Court has broad discretion under the CBCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness and reasonableness of the Arrangement to the shareholders and any other interested party as the Court determines appropriate, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, Chorus may determine not to proceed with the Arrangement.

## **5) Advisory vote on approach to executive compensation**

Chorus is providing shareholders the opportunity to cast an advisory vote on Chorus' approach to executive compensation, as described under the heading "Executive Compensation". Chorus' executive compensation practices are intended to align the interests of our executive team with those of our shareholders. We believe this compensation approach allows us to attract, motivate and retain executives who are incented to deliver strong operating results from our existing businesses while striving to create future shareholder value through the diversification and growth of Chorus. Accordingly, the Board recommends that shareholders vote in favour of the approval of the advisory resolution set out below.

### *Form of Resolution*

"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. ("Chorus"), the shareholders accept the approach to executive compensation disclosed in Chorus' Management Proxy Circular dated March 22, 2019."

As this is an advisory vote, the result will not be binding upon the Board or Chorus. However, the members of the Board and the Human Resources and Compensation Committee will review and analyze the result of the vote and, as appropriate, take into account the result of the vote when considering, in future, Chorus' executive compensation philosophy, policies, programs or arrangements. Shareholders are always welcome to provide feedback on Chorus' executive compensation by contacting Investor Relations at (902) 873-5094.

**Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the advisory, non-binding resolution in respect of Chorus' approach to executive compensation.**

## **6) Consideration of other business**

We will also report on other items that are significant to our business and invite questions and comments from shareholders.

# Voting your shares

## Your vote is important

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

## Voting

You can attend the meeting or you can appoint someone else to vote your shares at the meeting (a “**proxyholder**”). You may appoint a proxyholder or one or more alternative proxyholders, who do not have to be shareholders, by inserting the proxyholder’s name in the appropriate space provided in the form of proxy or voting instruction form. A duly appointed proxyholder who attends the meeting on your behalf may act at the meeting in the manner and to the extent authorized, and with the authority conferred by, the proxy or voting instruction form.

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

## Delivery of Proxy Materials

Chorus is providing shareholders with electronic access to its circular and proxy-related materials, instead of mailing out paper copies. Shareholders will receive a notice with information on how to access the circular and other proxy-related material online together with a form of proxy or voting instruction form.

## How to vote – registered shareholders

**You are a registered shareholder** if your name appears on your share certificate. If you are not sure whether you are a registered shareholder, please contact AST Trust Company (Canada) (Chorus’ transfer agent) at 1-800-387-0825.

A form of proxy, which allows you to provide your voting instructions by Internet, facsimile, mail, email or telephone, should be mailed to you together with the notice. Please contact AST Trust Company (Canada) at 1-800-387-0825 if you have not received a form of proxy.

### ***By proxy***

You will be providing your proxy voting instructions directly to AST Trust Company (Canada). They must receive your voting instructions **prior to Chorus’ proxy deadline of 2:30 p.m. (Atlantic time) on May 6, 2019**. Notwithstanding the foregoing, the chair of the meeting has the sole discretion to accept proxies received after such deadline, but is under no obligation to do so. Please see the section of this circular titled “Completing the Proxy and Voting Instruction Form” for more information.

### ***On the Internet***

Go to the website at [www.astvotemyproxy.com](http://www.astvotemyproxy.com) and follow the instructions on the screen. Your voting instructions are then submitted electronically over the Internet. You can appoint a person other than the directors or officers of Chorus named on the form of proxy as your proxyholder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the space provided on the website. Complete your voting instructions and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

You will need the 13-digit Control Number found on your form of proxy.

**The cut-off time for voting on the Internet is 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

*By facsimile, mail or e-mail*

Complete the form of proxy and return it by facsimile to either 1-866-781-3111 or (416) 368-2502, or return it by mail in the enclosed business reply envelope, or scan and e-mail it to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) **for receipt before 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

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

*By telephone*

You may also provide voting instructions by calling 1-888-489-7352 (Canada and the United States) **prior to Chorus' proxy deadline of 2:30 p.m. (Atlantic time) on May 6, 2019**.

***In person at the meeting***

You do not need to complete or return your form of proxy. Please register your attendance with AST Trust Company (Canada) upon arrival at the meeting.

**If you have any questions or require more information with regard to the procedures for voting, please contact Shorecrest, Chorus' proxy solicitation agent toll free in North America at 1-888-637-5789 or collect outside North America at 1-647-931-7454 or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).**

**How to vote – non-registered shareholders**

Chorus is paying for the delivery of a notice with information on how to access the circular and other proxy-related material online together with a voting instruction form to all non-registered shareholders who have not declined to receive these materials, including non-registered shareholders that have provided instructions to the intermediary holding their shares that they object to the intermediary disclosing information about their ownership (referred to as "objecting beneficial owners").

You are a non-registered shareholder if your bank, trust company, securities broker or other financial institution ("**your nominee**") holds your shares for you. If you are not sure whether you are a non-registered shareholder, please contact AST Trust Company (Canada) at 1-800-387-0825.

***Non-objecting beneficial owners & shareholders under the Employee Share Ownership Plan ("ESOP")***

If Chorus or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained (i) if you are a non-objecting beneficial owner, in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf, or (ii) if you are an employee of Chorus or one of its subsidiaries who acquired shares under the ESOP, from Computershare Trust Company of Canada ("**Computershare**") as administrative agent of the ESOP. If you are not sure whether you are an employee holding shares under the ESOP, please contact Computershare at 1-866-982-0314.

By choosing to send these materials to you directly, Chorus (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. A voting instruction form, which allows you to provide your voting instructions on the Internet or by facsimile, mail, email or telephone, should be mailed to you together with the notice. Please contact AST Trust Company (Canada) at 1-800-387-0825 if you have not received a voting instruction form.

***By proxy***

You will be providing your proxy voting instructions directly to AST Trust Company (Canada) (Chorus' transfer agent). They must receive your voting instructions **prior to Chorus' proxy deadline of 2:30 p.m. (Atlantic time) on May 6, 2019**. Notwithstanding the foregoing, the chair of the meeting has the sole discretion to accept proxies received after

such deadline, but is under no obligation to do so. Please see the section of this circular titled “Completing the Proxy and Voting Instruction Form” for more information.

#### *On the Internet*

Please go to the website at [www.astvotemyproxy.com](http://www.astvotemyproxy.com). You will need the 13-digit Control Number found on your voting instruction form.

Upon accessing the website, follow the instructions on the screen. Your voting instructions will be submitted electronically over the Internet. You can appoint a person other than the directors or officers of Chorus named on the voting instruction form as your proxyholder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the space provided on the website. Complete your voting instructions and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

**The cut-off time for voting on the Internet is 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

#### *By facsimile, mail or email*

You may also vote your shares by completing the voting instruction form and returning it by facsimile to 1-866-781-3111 or (416) 368-2502, or by mail in the enclosed business reply envelope, or scanning and e-mailing it to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) **for receipt before 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

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

#### *By telephone*

You may also provide your voting instructions by calling 1-888-489-7352 (Canada and the United States) **prior to Chorus’ proxy deadline of 2:30 p.m. (Atlantic time) on May 6, 2019**.

#### *In person at the meeting*

You can vote your shares in person at the meeting if you have instructed your nominee to appoint you as proxyholder. To do this, fill in your name in the blank space provided on the voting instruction form and follow any instructions provided by your nominee. Please register your attendance with AST Trust Company (Canada) upon arrival at the meeting.

**If you have any questions or require more information with regard to the procedures for voting, please contact Shorecrest, Chorus’ proxy solicitation agent toll free in North America at 1-888-637-5789 or collect outside North America at 1-647-931-7454 or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).**

#### *Objecting beneficial owners*

If you are an “objecting beneficial owner”, the nominee through which you hold your shares is responsible for (i) delivering the meeting materials to you, and (ii) executing your proper voting instructions. A voting instruction form, which allows you to provide your voting instructions on the Internet or by facsimile or mail, should be mailed to you together with the notice. Please contact your nominee if you have not received a voting instruction form.

#### *By proxy*

You will be providing your proxy voting instructions to your nominee who will then submit them to AST Trust Company (Canada) (Chorus’ transfer agent). Your nominee must receive your voting instructions in sufficient time for your nominee to act on them **prior to Chorus’ proxy deadline of 2:30 p.m. (Atlantic time) on May 6, 2019**. Notwithstanding the foregoing, the chair of the meeting has the sole discretion to accept proxies received after such

deadline, but is under no obligation to do so. Please see the section of this circular titled “Completing the Proxy and Voting Instruction Form” for more information.

*On the Internet*

Please go to the website at [www.proxyvote.com](http://www.proxyvote.com). You will need the 16-digit Control Number found on your voting instruction form.

Upon accessing the website, follow the instructions on the screen. Your voting instructions will be submitted electronically over the Internet. You can appoint a person other than the directors or officers of Chorus named on the voting instruction form as your proxyholder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the space provided on the website. Complete your voting instructions and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.

**The cut-off time for voting on the Internet is 11:59 p.m. (Atlantic time) on May 5, 2019**, or, if the meeting is adjourned or postponed, not later than 72 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

*By telephone or mail*

You may also vote your shares by telephone at 1-800-474-7493 (for English shareholders) or 1-800-474-7501 (for French shareholders), or by mail in the enclosed business reply envelope for receipt before 2:30 p.m. (Atlantic time) **on May 5, 2019**, or, if the meeting is adjourned or postponed, not later than 72 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

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

***In person at the meeting***

You can vote your shares in person at the meeting if you have instructed your nominee to appoint you as proxyholder. To do this, fill in your name in the blank space provided on the voting instruction form and follow any instructions provided by your nominee. Please register your attendance with AST Trust Company (Canada) upon arrival at the meeting.

**If you have any questions or require more information with regard to the procedures for voting, please contact Shorecrest, Chorus’ proxy solicitation agent toll free in North America at 1-888-637-5789 or collect outside North America at 1-647-931-7454 or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).**

**Completing the Proxy and Voting Instruction Form**

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

You can choose to vote “For” or “Withhold” with respect to the election of each director and the appointment of the auditors. You can choose to vote “For” or “Against” the approval of the plan of arrangement relating to the voting rights attached to the Corporation’s Class Variable Voting Shares and the advisory, non-binding vote on Chorus’ approach to executive compensation.

If you vote by proxy or using a voting instruction form without appointing an alternate proxyholder, you authorize Richard H. McCoy, Joseph D. Randell or Jolene Mahody, who are directors and/or officers of Chorus, to vote your shares for you at the meeting in accordance with your instructions. **If such individuals have been appointed as your proxyholder and you have not specified how you want your shares to be voted, they will vote on your behalf FOR the election of each of the nominee directors of Chorus who are named in this circular, FOR the appointment of PricewaterhouseCoopers LLP as auditors of Chorus, FOR the approval of the plan of arrangement relating to the voting rights attached to Chorus’ Class A Variable Voting Shares, and FOR the advisory, non-binding vote on Chorus’ approach to executive compensation.**

Your proxyholder also has authority to vote and act in such proxyholder's discretion with respect to amendments or variations to matters referred to in the notice of meeting and with respect to other matters which may properly come before the meeting, or any adjournment or postponement thereof, in each instance to the extent permitted by law, whether or not the amendment or variation or other matter that comes before the meeting is or is not routine and whether or not the amendment or variation or other matter that comes before the meeting is contested. The directors of Chorus are not aware of any other matters which will be presented for action at the meeting.

**You have the right to appoint someone other than the designated nominees to be your proxyholder. This person does not have to be a shareholder. If you are appointing someone else to vote your shares for you at the meeting, fill in the name of the person voting for you in the blank space provided on the form of proxy or voting instruction form. Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting.**

**You must also complete the Declaration of Canadian Status contained in the form of proxy or voting instruction form to inform Chorus whether or not you are Canadian (as defined in the "Restrictions on Voting Securities" section of this circular) in order to enable Chorus to comply with the share ownership and voting restrictions imposed by the Corporation's Restated Articles of Incorporation and the *Canada Transportation Act* (the "Act"). If you do not complete such declaration or if it is determined by Chorus or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the shares represented by proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian for purposes of voting at the meeting.**

**If you have any questions or require more information with regard to the procedures for voting, please contact Shorecrest, Chorus' proxy solicitation agent toll free in North America at 1-888-637-5789 or collect outside North America at 1-647-931-7454 or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).**

### **Changing Your Vote**

If you are a **registered shareholder**, you may change your vote by: (i) submitting a proxy bearing a later date with your new voting instructions (but your **new voting instructions must be received by AST Trust Company (Canada) before 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays) in order to be given effect), or (ii) by attending the meeting and voting in person. You may also revoke your prior voting instructions without giving new voting instructions (i) by an instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing and deposited either at the Toronto office of Chorus' transfer agent, AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6, or at Chorus' registered office, 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto, Ontario, M5X 1B8, **at any time up to 2:30 p.m. (Atlantic time) on May 6, 2019** (or 5:00 p.m. (Atlantic time) on the last business day preceding the date set for any adjourned or postponed meeting), or with the chair of the meeting on the day of the meeting or (ii) in any other way permitted by law.

If you are a **non-registered shareholder** who is a non-objecting beneficial owner or your shares are held under the ESOP, you may change your vote by submitting new voting instructions by Internet, facsimile or other manner described above. **Your new voting instructions must be received by AST Trust Company (Canada) before 2:30 p.m. (Atlantic time) on May 6, 2019**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays) in order to be given effect. If you are an objecting beneficial owner, you should provide your new voting instructions to your nominee in sufficient time for your nominee to act on them **prior to such deadline (generally one business day in advance)**. Please contact your nominee for assistance if you wish to revoke your voting instructions without providing new voting instructions.

Notwithstanding the foregoing, the chair of the meeting has the sole discretion to accept proxies received after the deadline for the receipt of proxies, but is under no obligation to do so.

### **Voting Requirements**

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

The plan of arrangement relating to the voting rights attached to the Corporation's Class A Variable Voting Shares must be approved by at least two-thirds of the votes cast at the meeting by proxy or in person.

AST Trust Company (Canada) counts and tabulates the votes.

## Voting Shares and Quorum

As of March 22, 2019, there were 156,971,349 shares issued and outstanding. Shareholders of record on March 22, 2019 are entitled to receive notice of and vote at the meeting.

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

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

## Restrictions on Voting Securities

As of the date of this circular, the applicable provisions of the Act require that a holder of a domestic air service licence be “Canadian” as defined in the Act (“**Canadian**”). As Chorus owns two air carriers that hold such licences, it must comply with these provisions. As a result, this requires that at no time may non-Canadians (i) control Chorus in fact or (ii) hold or beneficially own or control, directly or indirectly, such number of shares of Chorus entitling them to more than the maximum percentage of votes attached to all outstanding shares prescribed by the Act.

On June 27, 2018, the Act was amended to increase the maximum percentage of voting interests of Canadian air carriers that can be beneficially owned or controlled by non-Canadians from 25% to 49%, provided that: (i) no single non-Canadian (individually or by affiliation) may hold, directly or indirectly, more than 25% of the voting interests in the Canadian air carrier; and (ii) no combination of non-Canadian air carriers (individually or by affiliation) may own more than 25% of the voting interests in a Canadian air carrier.

The Restated Articles of Incorporation of Chorus contain restrictions to ensure that Chorus remains Canadian under the Act, as it was prior to the amendments which became effective on June 27, 2018. “Canadian” in the Corporation’s Restated Articles of Incorporation is defined by reference to the definition “Canadian” in the Act, as the same may be amended, supplemented, or replaced from time to time (for the current definition of “Canadian”, see *“Business of the Meeting – 4) Plan of Arrangement to Amend Chorus’ Articles of Incorporation and By-Laws”*).

The description which follows of the restrictions on the voting rights attached to the Corporation’s Class A Variable Voting Shares is based on the Corporation’s current Restated Articles of Incorporation. As described under the heading *“Business of the Meeting – 4) Plan of Arrangement to Amend Chorus’ Articles of Incorporation and By-Laws”*, the Corporation is proposing to amend the Restated Articles of Incorporation in order to harmonize the restrictions on the level of non-Canadian ownership and control contained therein with the new limits prescribed by the Act.

Chorus has two classes of shares: (i) Class B Voting Shares and (ii) Class A Variable Voting Shares. Effective May 24, 2016, the Class B Voting Shares and Class A Variable Voting Shares started trading on the TSX under the single ticker “CHR”. Prior to that date, the Class B Voting Shares and Class A Variable Voting Shares traded on the TSX under their respective symbols, CHR.B and CHR.A. This change was limited solely to the administration of the trading of the Class B Voting Shares and the Class A Variable Voting Shares on the TSX. This change did not involve any amendment to Chorus’ Articles, which continue to apply.

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

The Class A Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians. An issued and outstanding Class A Variable Voting Share shall be converted into one Class B Voting Share, automatically and without any further act of Chorus or the holder, if (i) such Class A Variable Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person

who is a Canadian; or (ii) the provisions contained in the Act relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

The holders of Class A Variable Voting Shares are entitled to one vote per Class A Variable Voting Share unless: (i) the number of Class A Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any higher percentage that the Governor in Council may by regulation specify); or (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting exceeds 25% (or any higher percentage that the Governor in Council may by regulation specify) of the total number of votes that may be cast at such meeting. If either of the above-noted thresholds would otherwise be surpassed at any time, the vote attached to each Class A Variable Voting Share will decrease proportionately, automatically and without further act or formality such that (i) the Class A Variable Voting Shares as a class do not carry more than 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate votes attached to all issued and outstanding voting shares of the corporation, and (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting do not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the total number of votes that may be cast at such meeting. The holders of Class A Variable Voting Shares and Class B Voting Shares will vote together at the meeting and no separate meeting is being held for any such class of shares.

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

If the plan of arrangement described in this circular (see "*Business of the Meeting – 4) Plan of Arrangement to Amend Chorus' Articles of Incorporation and By-Laws*") is approved, the terms of the Class A Variable Voting Shares set out in the Corporation's Restated Articles of Incorporation will be amended in order to: (i) increase the current single 25% proportional voting limitation applicable to all non-Canadians to 49%; (ii) add a 25% voting limitation to any single non-Canadian holder, either individually or in affiliation with any other person; and (iii) add a 25% voting proportional voting limitation to the aggregate of all non-Canadian persons authorized to provide an air service, either individually or in affiliation with any other persons.

### **Principal Shareholders**

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

October 14, 2016, pursuant to an application by Chorus, the securities regulatory authorities in each of the provinces of Canada granted exemptive relief (the "**Decision**") from (i) applicable formal take-over bid requirements, as contained under Canadian securities laws, such that those requirements would only apply to an offer to acquire 20% or more of the outstanding Class B Voting Shares and Class A Variable Voting Shares of the Corporation on a combined basis, and (ii) applicable early warning reporting requirements, as contained under Canadian securities laws, such that those requirements would only apply to an acquirer who acquires or holds beneficial ownership of, or control or direction over, 10% or more of the outstanding Class B Voting Shares and Class A Variable Voting Shares of the Corporation on a combined basis (or 5% in the case of acquisitions during a take-over bid), and (iii) applicable alternative monthly reporting requirements, as contained under Canadian Securities laws, such that eligible institutional investors may meet the eligibility criteria for alternative monthly reporting by calculating its security holdings using a denominator comprised of all outstanding Class B Voting Shares and Class A Variable Voting Shares on a combined basis, and a numerator including all of the Class B Voting Shares or Class A Variable Voting Shares, as the case may be, beneficially owned or controlled by the eligible institutional investor. A copy of the Decision is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## The Nominated Directors

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

All nominees have established their eligibility and willingness to serve as directors. If, prior to the meeting, any of the listed nominees becomes unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder. The following pages set out, among other things, the names of the proposed nominees, together with their municipality of residence, the date they became directors (if applicable), their principal occupation and other principal directorships and committee memberships. Also indicated is the number of securities of Chorus beneficially owned, or over which control was exercised, directly or indirectly, as of March 15, 2019 and the value of those securities as of March 15, 2019 based on a market value of \$ 7.30 per share.

### Biographies

#### Margaret Clandillon

Dublin, Ireland



Age: 58

Independent

**Director of Chorus since May 4, 2018**

**Member of the Governance & Nominating Committee**

**Member of the Human Resources & Compensation Committee**

Margaret Clandillon is an experienced director with more than 30 years of legal and business experience in the aviation leasing industry. Between 1985 to 1993, Ms. Clandillon worked with GPA Group Plc, one of the largest aircraft leasing companies at the time, in a number of roles including General Counsel, and had group legal responsibility for operating leases, bank and debt facilities, including securitizations of aircraft portfolios. In 1993, she co-founded an aircraft leasing company named Pembroke Capital Limited which had grown to a portfolio of over 125 owned and managed aircraft at the time she sold her shareholding in the company in 2001. Since then, she has held directorships in numerous companies across the aviation leasing industry and currently serves on the boards of several aircraft securitizations noted below. Ms. Clandillon is a law graduate of Trinity College Dublin, Ireland, a qualified solicitor (Incorporated Law Society of Ireland) and a graduate of the International Directors Programme in Corporate Governance, INSEAD.

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#### Chorus Securities Held or Controlled:

##### Class A Variable

<b>Voting Shares:</b>	Nil	<b>Total Class A Variable Voting Shares and Deferred Share Units:</b>	7,080
<b>Deferred Share Units:</b>	7,080	<b>Total Market Value of Class A Shares and Deferred Share Units:</b>	\$51,684

If elected, Ms. Clandillon will have until May 2023 to meet the director share ownership requirement.

#### Experience:

Executive Leadership, Other Board Experience, Finance, Aviation/Transportation Industry Knowledge, Aircraft Leasing Experience, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management

#### Other Current Board Memberships

##### Public Boards:

DCAL Aviation Finance Limited\*  
Falcon Aerospace Limited\*  
Metal 2017-1 Cayman Limited\*  
KDAC Aviation Finance (Cayman) Limited\*

\* Each of these entities is an aircraft securitization vehicle with publicly-listed notes. They are not operating companies, and their equity securities are not publicly-traded.

##### Non-Profit Boards and Private Boards\*\*:

Actavo Group Limited  
\*\*Includes operating companies only.

#### Other Board Memberships During the Last Five Years:

FPG Amentum Capital Limited  
AERGO Capital Limited  
Waypoint Leasing (Ireland) Limited  
Sky Aviation Leasing International Limited

## Gary M. Collins

Vancouver, British Columbia,  
Canada



Age: 55

Independent

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

**Member of the Audit, Finance and Risk Committee**

Gary M. Collins is a Senior Advisor at Lazard Canada Inc., a financial advisory and asset management firm. Until April 2014, Mr. Collins was the President of Coastal Contacts Inc., the world's leading online direct-to-customer retailer of replacement contact lenses and eye glasses. In May 2014 Coastal Contacts was purchased by Essilor International. From April 2007 to June 2012 Mr. Collins was Senior Vice President of Belcorp Industries Inc. Prior to that, Mr. Collins was the President and Chief Executive Officer of Harmony Airways from December 2004 until December 2006. From October 1991 to December 2004 he was a member of the British Columbia Legislative Assembly and held the portfolio of Minister of Finance from June 2001 to December 2004. Mr. Collins is also a director of D-Box Technologies Inc., Rogers Sugar Inc. and Fiera Capital Corporation.

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### Chorus Securities Held or Controlled:

<b>Class B Voting Shares:</b>	5,000	<b>Total Class B Voting Shares and Deferred Share Units:</b>	179,120
<b>Deferred Share Units:</b>	174,120	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$1,307,576

Mr. Collins' holdings exceed the director share ownership requirement of \$225,000.

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### Experience:

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Strategic Planning, Government/Regulatory Affairs, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, Information Technology & Security, and Safety/Environment

### Other Current Board Memberships

#### Public Boards:

D-Box Technologies Inc.  
Rogers Sugar Inc.  
Fiera Capital Corporation

#### Non-Profit Boards and Private Boards:

None

### Other Board Memberships During the Last Five Years:

Liquor Stores N. A. Ltd.

**Karen Cramm, FCPA, FCA**  
Halifax, Nova Scotia, Canada

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

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



**Age: 68**  
**Independent**

Karen Cramm is a corporate director. A Chartered Professional Accountant since 1977, Mrs. Cramm holds master's degrees in business administration (MBA) and in public administration (MPA). Mrs. Cramm was a senior partner of Deloitte & Touche ("Deloitte") in the Financial Services Group specializing in Reorganization as well as Forensic & Dispute services. While a partner of Deloitte, she served as the Managing Partner of the Halifax Office, was elected to the Canadian Deloitte Board of Directors for fourteen years and chaired the Deloitte Foundation, a registered charity focusing on corporate responsibility and giving back to communities across Canada. Mrs. Cramm has served as President of the Institute of Chartered Accountants of Nova Scotia and was elected as a Fellow of the Institute in recognition of distinguished service to the profession. She has also had extensive experience leading and serving on community-based, non-profit boards including Chair of the Boards of the Izaak Walton Killam Hospital and the Art Gallery of Nova Scotia and serving on the Boards and executive of both Dalhousie University and Mount Saint Vincent University. In April 2015, Mrs. Cramm was named to the Board of Directors, the Audit and Risk Management Committee ("ARMC") and the Finance and Investment Committee of Medavie Inc. On February 16, 2018, she was appointed Chair of the ARMC. In May 2018, Mrs. Cramm was appointed to the Board of Directors and is a member of the Audit and Conduct Review Committee of Blue Cross Life Insurance Company of Canada.

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**Chorus Securities Held or Controlled:**

<b>Class B Voting Shares:</b>	Nil	<b>Total Class B Voting Shares and Deferred Share Units:</b>	102,806
<b>Deferred Share Units:</b>	102,806	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$750,484

Mrs. Cramm's holdings exceed the director share ownership requirement of \$225,000.

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**Experience:**

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, Information Technology & Security, and Safety/Environment

**Other Current Board Memberships**

**Public Boards:**

None

**Non-Profit Boards and Private Boards:**

Medavie Inc.  
Blue Cross Life Insurance Company of Canada

**Other Board Memberships During the Last Five Years:**

None

**Richard D. Falconer**  
Mississauga, Ontario, Canada



**Age: 74**  
**Independent**

**Director of Chorus since March 1, 2012**

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

Richard D. Falconer is a Senior Advisor with Lazard Canada Inc., a financial advisory and asset management firm. Mr. Falconer retired from CIBC in 2011 after 40 years with the bank. At the time of retirement, Mr. Falconer was Vice Chairman and Managing Director, CIBC World Markets Inc. Mr. Falconer was Senior Partner, Verus Partners & Co. from April 2015 until September 2016. Mr. Falconer has extensive corporate finance and M&A experience in numerous industries including agriculture; energy; financial; forest products; media and telecom; mining; retail; technology; and transportation. Mr. Falconer holds a Master of Business Administration from York University, a Bachelor of Arts (Honours) from the University of Toronto, and is a Chartered Financial Analyst. Mr. Falconer is a member of the Boards of Directors of Jaguar Mining Inc. and of Resolute Forest Products Inc., a Director of LOFT Community Services and Dorothy Ley Hospice and a Member of the Board of Governors of the Shaw Festival Theatre Endowment Foundation.

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**Chorus Securities Held or Controlled:**

<b>Class B Voting Shares:</b>	35,000	<b>Total Class B Voting Shares and Deferred Share Units:</b>	139,044
<b>Deferred Share Units:</b>	104,044	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$1,015,021

Mr. Falconer's holdings exceed the director share ownership requirement of \$225,000.

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**Experience:**

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Strategic Planning, Government/Regulatory Affairs, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, Information Technology & Security, and Safety/Environment

**Other Current Board Memberships**

**Public Boards:**

Resolute Forest Products Inc.  
Jaguar Mining Inc.

**Non-Profit Boards and Private Boards:**

LOFT Community Services  
Dorothy Ley Hospice  
Shaw Festival Theatre Endowment Foundation

**Other Board Memberships During the Last Five Years:**

None

## R Stephen Hannahs

Corona Del Mar, California, U.S.A.



Age: 72

**Independent**

**Director of Chorus since August 10, 2015**

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

R Stephen Hannahs is currently the Chief Executive Officer of Wings Capital Partners and a member of its Board of Directors. Mr. Hannahs and Two Sigma Investments formed Wings Capital Partners in October 2013. Mr. Hannahs also co-founded Aviation Capital Group (ACG) in 1989 and served as its Chief Executive Officer and Group Managing Director until December 31, 2012. Prior to forming ACG, he held various positions at Integrated Resources Corp. and Integrated Aircraft Corporation, including executive vice president of Integrated Resources Corp. and president of Integrated Aircraft Corporation. From 1980 until 1982, Mr. Hannahs was a vice president and partner of Tanon Leasing Corporation, a partnership with the Hillman Company. Mr. Hannahs was responsible for all of Tanon's aviation activities. From 1977 to 1980, he was employed by ITEL Corporation where he was responsible for airline and aviation financing activities. From 1973 to 1977, he was a corporate lending officer for the First National Bank of Chicago. Mr. Hannahs is a former officer in the United States Air Force and holds BA and MBA in Finance degrees from University of Wisconsin-Madison.

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### Chorus Securities Held or Controlled:

#### Class A Variable

<b>Voting Shares:</b>	Nil	<b>Total Class A Variable Voting Shares and Deferred Share Units:</b>	45,969
<b>Deferred Share Units:</b>	45,969	<b>Total Market Value of Class A Shares and Deferred Share Units:</b>	\$335,574

Mr. Hannahs' holdings exceed the director share ownership requirement of \$225,000.

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### Experience:

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Aircraft Leasing Experience, Human Resources/Compensation, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, and Information Technology & Security

### Other Current Board Memberships

#### Public Boards:

None

#### Non-Profit Boards and Private Boards:

Wings Capital Partners Management, LLC

#### Other Board Memberships During the Last Five Years:

None

**Sydney John Isaacs**  
Westmount, Québec, Canada



**Age:** 62

**Independent**

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

**Member of the Governance and Nominating Committee**

**Member of the Human Resources and Compensation Committee**

Sydney John Isaacs is a corporate director. He was the Senior Vice President, Corporate Development and Chief Legal Officer for ACE Aviation Holdings Inc. from November 2004 until June 2012. From September 2000 to October 2004, Mr. Isaacs held a number of senior management positions at Air Canada in restructuring, mergers and acquisitions and business development. Prior to that, Mr. Isaacs was a partner at Stikeman Elliott LLP, where his practice focused primarily on mergers and acquisitions, corporate finance and securities law matters. Mr. Isaacs holds a Master of Laws degree from the London School of Economics and Bachelor of Common Law, Bachelor of Civil Law and Bachelor of Arts degrees from McGill University.

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**Chorus Securities Held or Controlled:**

<b>Class B Voting Shares:</b>	5,000	<b>Total Class B Voting Shares and Deferred Share Units:</b>	104,999
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<b>Deferred Share Units:</b>	99,999	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$766,493
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Mr. Isaacs' holdings exceed the director share ownership requirement of \$225,000.

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**Experience:**

Executive Leadership, Other Board Experience, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Legal, Strategic Planning, Mergers & Acquisitions/Growth Strategy, Risk Management, and Safety/Environment

**Other Current Board Memberships**

**Public Boards:**

None

**Non-Profit Boards and Private Boards:**

None

**Other Board Memberships During the Last Five Years:**

TAP- Transportes Aéreos Portugueses, SGPS, S.A.

**Richard H. McCoy**  
Toronto, Ontario, Canada



**Age: 76**  
**Independent**

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

**Chairman of the Board of Directors since January 1, 2008**

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

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**Chorus Securities Held or Controlled:**

<b>Class B Voting Shares:</b>	51,294	<b>Total Class B Voting Shares and Deferred Share Units:</b>	327,306
<b>Deferred Share Units:</b>	276,012	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$2,389,334

Mr. McCoy's holdings exceed the share ownership requirement for the Chairman of \$450,000.

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**Experience:**

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/ Compensation, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, and Risk Management

**Current Board Memberships**

**Public Boards:**

Pizza Pizza Royalty Corp.

**Non-Profit Boards and Private Boards:**

None

**Other Board Memberships During the Last Five Years:**

Uranium Participation Corporation  
Aberdeen Asia-Pacific Income Investment Company Limited

**Marie-Lucie Morin**  
Ottawa, Ontario, Canada



**Age: 61**  
**Independent**

**Director of Chorus since February 17, 2016**

**Chair of the Governance and Nominating Committee**  
**Member of the Human Resources & Compensation Committee**

Marie-Lucie Morin served as Executive Director for Canada, Ireland and the Caribbean at the World Bank from November 2010 until December 2013 when she retired from the Public Service. She previously served as National Security Advisor to the Prime Minister of Canada and Associate Secretary to the Cabinet. From April 2006 to November 2008, she served as Deputy Minister of International Trade and from December 2003 to April 2006, as Associate Deputy Minister of Foreign Affairs. Prior to this appointment, she held the post of Assistant Deputy Minister, International Business, and Chief Trade Commissioner. Ms. Morin has extensive experience abroad, acquired during postings to San Francisco, Jakarta, London and Moscow. In 1997, she was appointed as Canada's Ambassador to the Kingdom of Norway with concurrent accreditation to the Republic of Iceland, a position she held until 2001.

Most recently Ms. Morin served as advisor for the Canada Transportation Act Review. She is currently a member of Canada's Security and Intelligence Review Committee, as well as a director of AGT Food & Ingredients Inc. and Stantec Inc.

Ms. Morin was awarded the Governor General's 125th Anniversary of the Confederation of Canada Medal and she was made "Chevalier de la Légion d'Honneur" (France) in 2012. On December 30, 2016, Ms. Morin was appointed to the Order of Canada.

Ms. Morin studied law and was admitted to the Quebec Bar in 1980.

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**Chorus Securities Held or Controlled:**

<b>Class B Voting Shares:</b>	2,073	<b>Total Class B Voting Shares and Deferred Share Units:</b>	24,993
<b>Deferred Share Units:</b>	22,920	<b>Total Market Value of Class B Shares and Deferred Share Units:</b>	\$182,449

Ms. Morin has until February 2021 to meet the director share ownership requirement.

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**Experience:**

Executive Leadership, Other Board Experience, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Legal, Strategic Planning, Government/Regulatory Affairs, International Business, and Safety/Environment

**Current Board Memberships**

**Public Boards:**

AGT Food & Ingredients Inc.  
Stantec Inc.

**Non-Profit Boards and Private Boards:**

Asia-Pacific Foundation  
Deloitte Canada  
Ditchley Foundation Canada  
Génome Québec  
Ottawa Symphony Orchestra

**Other Board Memberships During the Last Five Years:**

Desjardins Development International  
TimberWest

## Joseph D. Randell

Wellington, Nova Scotia, Canada



**Age:** 65

**Not Independent**

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

Joseph (Joe) Randell is the President and Chief Executive Officer of Chorus Aviation Inc., a corporation which owns Jazz Aviation, Voyageur Aviation and Chorus Aviation Capital. He is an entrepreneur who has devoted the last 35 years shaping the landscape of the regional aviation industry in Canada and beyond. Convinced of the opportunity to fill a niche for regional travel following deregulation, Mr. Randell was a founder of Air Nova in 1985 and served as its President. In 1999, he led the consolidation of Air Nova and Air Alliance, the eastern based Air Canada regional carriers. Under his direction, the further consolidation of Air Ontario, Air BC and Canadian Regional Airlines led to the creation of Jazz Aviation. Jazz is Air Canada's primary supplier of regional flights under the Air Canada Express brand, or approximately 74% of Air Canada's regional network. Mr. Randell's vision of a diversified Chorus became a reality in 2015 with the acquisition of Voyageur Aviation and the establishment of Chorus Aviation Capital in late 2016. Chorus provides a suite of regional aviation services to customers around the world, with a workforce of over 5,200 employees. Mr. Randell is a Director of the Multiple Sclerosis Scientific Research Foundation, and the former Chairman of the Board of Directors of the National Airlines Council of Canada. He holds a Bachelor of Industrial Engineering Degree with distinction from Dalhousie University in Nova Scotia and a Master's Degree in Business Administration from Memorial University in Newfoundland. In 2015, Dalhousie University presented Mr. Randell with an Honorary Doctor of Laws Degree.

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#### Chorus Securities Held or Controlled:

**Class B Voting Shares:** 1,194,781 **Total Class B Voting Shares and Restricted Share Units:** 1,597,468

**Restricted Share Units:** 402,687 **Total Market Value of Class B Shares and Restricted Share Units:** \$9,701,771<sup>(1)</sup>

Mr. Randell's holdings exceed his executive share ownership requirement of \$2,325,000.

<sup>(1)</sup> The figures for Restricted Share Units reflect only LTIP awards that will vest with the passage of time (which make up 1/3 of annual awards) and do not include any of the LTIP awards that vest contingent on the achievement of prescribed performance requirements (which make up 2/3s of annual awards).

#### Experience:

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Aircraft Leasing Experience, Human Resources/Compensation, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, Information Technology & Security, and Safety/Environment

#### Current Board Memberships

##### Public Boards:

None

##### Non-Profit Boards and Private Boards:

Multiple Sclerosis Scientific Research Foundation

##### Other Board Memberships During the Last Five Years:

Regional Airline Association

## Michael Rousseau

Saint-Lambert, Quebec  
Canada



Age: 61

**Not Independent**

### Director of Chorus since February 4, 2019

Mr. Rousseau is the Deputy Chief Executive Officer and Chief Financial Officer of Air Canada, having first joined Air Canada as its Executive Vice President and Chief Financial Officer in October 2007. He was named Canada's CFO of the Year™ for 2017 by Financial Executives International Canada (FEI Canada), PwC Canada and Robert Half. He served as President of Hudson's Bay Company from 2006 to 2007, and as Executive Vice President and Chief Financial Officer from 2001 to 2006. Prior to joining Hudson's Bay Company in 2001, he held senior executive financial positions at other large international corporations, including Moore Corporation in Chicago, Silcorp Limited and the UCS Group (a division of Imasco Limited).

Mr. Rousseau graduated from York University and has been a member of the Ontario Institute of Chartered Accountants since 1983. He holds the prestigious FCA and FCPA designations conferred by CPA Ontario in recognition of his professional achievements and contributions.

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### Chorus Securities Held or Controlled:

<b>Class B Voting Shares:</b> 25,000	<b>Total Class B Voting Shares and Deferred Share Units:</b>	25,000
<b>Deferred Share Units:</b> Nil	<b>Total Market Value of Class B Shares and Restricted Share Units:</b>	\$182,500

Mr. Rousseau has until February 2024 to meet the director share ownership requirement.

### Experience:

Executive Leadership, Other Board Experience, Accounting, Finance, Aviation/Transportation Industry Knowledge, Human Resources/Compensation, Strategic Planning, International Business, Mergers & Acquisitions/Growth Strategy, Risk Management, Information Technology & Security, and Safety/Environment

### Current Board Memberships

#### Public Boards:

Resolute Forest Products Inc.

#### Non-Profit Boards and Private Boards:

None

### Other Board Memberships During the Last Five Years:

EnerCare Inc.

## Remuneration of Directors

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

The Board has determined that non-executive directors should be compensated in a form and amount which is appropriate and customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation. The executive director, Mr. Randell, is not paid additional compensation for service on the Board.

Compensation is paid quarterly and consists of a cash component and an equity component received as deferred share units (“**DSUs**”). DSUs are designed to promote the alignment of interests between individual non-executive directors and the shareholders of Chorus. DSUs have a value equivalent to the value of the shares at any time. DSUs may only be redeemed for cash and will be paid out only subsequent to the time the director ceases to be a director, or in the case of a U.S. taxpayer, subsequent to the date such person incurs a “separation from service” under applicable U.S. law. Participating directors receive, in respect of their DSUs, an amount equivalent to the amount of any dividends that would have been paid on an equivalent number of shares in the form of additional DSUs. A participating director may elect to have the cash component of his or her annual base retainer and/or any additional committee retainers payable in the form of DSUs or a combination of DSUs and cash.

The chart below outlines the director compensation program in effect since the start of 2018.

<b>Role</b>	<b>Annual Base Retainer*</b>	<b>Annual Equity Grant (DSUs)</b>	<b>Annual Total</b>
Chairman	\$150,000	\$100,000	\$250,000
All Other Directors	\$75,000	\$50,000	\$125,000
Meeting Attendance		<i>No Meeting Fees</i>	
<b>Committee Fees</b>	<b>Committee Chair Annual Retainer*</b>		<b>Committee Member Annual Retainer*</b>
Audit, Finance and Risk	\$15,000		\$5,000
Other Committees	\$10,000		\$3,000

\* Amounts in these columns are paid in cash, part cash and part DSUs or all in DSUs at the election of the individual board member.

Directors are reimbursed for travel and out-of-pocket expenses incurred in attending meetings of the Board or its committees, as applicable.

Non-executive directors also receive an annual grant of travel reward miles upon election (or re-election) to the Board. As these travel reward miles are a taxable benefit, they receive a payment to address the related income tax. Non-executive directors may elect to receive a \$6,000 payment in lieu of the annual grant of travel reward miles.

## Director Compensation in 2018

Name <sup>(1)</sup>	Director Annual Base Retainer <sup>(2)</sup> (\$)	Committee Annual Retainer(s) <sup>(3)</sup> (\$)	Committee Chair-person's Annual Retainer(s) <sup>(4)</sup> (\$)	Equity Grant (DSUs) Share-Based Awards <sup>(5)</sup> (\$)	Other <sup>(6)</sup> (\$)	Total for 2018 <sup>(7)</sup> (\$)
Margaret Clandillon	49,245	3,940	-	32,830	7,361	93,376
Gary M. Collins	75,000	5,000	7,391	50,000	7,361	144,752
Karen Cramm	75,000	3,000	15,000	50,000	7,361	150,361
Richard D Falconer <sup>(8)</sup>	75,000	3,283	10,000	50,000	7,361	145,644
R Stephen Hannahs	75,000	8,000	-	50,000	7,361	140,361
Sydney John Isaacs	75,000	6,000	-	50,000	7,361	138,361
Richard H. McCoy	150,000	-	-	100,000	7,361	257,361
Marie-Lucie Morin <sup>(9)</sup>	75,000	5,217	2,609	50,000	7,361	140,187

1 Mr. Rousseau is not shown in this table as he was not a director in 2018.

2 The annual base retainer for non-executive board members was \$75,000 and for the Chairman was \$150,000. Mr. Randell is not paid additional compensation for service on the Board.

3 Additional retainer for service on a Board committee or committees.

4 Additional retainer for service as a Chair of a Board committee.

5 Non-executive directors receive a portion of their remuneration in DSUs. All directors received \$50,000 annual value in DSUs with the exception of the Chairman who received \$100,000 value in DSUs.

Directors have the option to elect, prior to the start of the fiscal quarter in which they wish the election to take effect, to have all or a portion of their annual base retainer and/or committee retainer(s) paid in DSUs. For the period January 1, 2018 to December 31, 2018, Mr. Falconer, Mr. Hannahs and Mr. McCoy elected to receive 50% of their total retainers paid in DSUs. Mrs. Cramm elected to take 100% of her annual committee retainers in DSUs. Mr. Collins, Mr. Isaacs and Ms. Clandillon elected not to take any DSUs in lieu of their retainers. Ms. Morin elected to take 5% of her annual base retainer and 100% of her annual committee retainer in DSUs. The value of these DSUs in lieu of cash is reflected in the values shown in the columns headed "Director Annual Base Retainer" and "Committee Annual Retainer".

6 Directors other than Mr. Randell receive an annual grant of travel reward miles upon election (or re-election) to the Board. As these travel reward miles are a taxable benefit, the directors receive a payment to address the related income tax. In 2018, Directors were offered the option of receiving an equivalent value in cash. Ms. Clandillon, Mrs. Cramm, Mr. Falconer and Mr. Hannahs elected to receive the cash amount. The value of the travel reward miles, or cash equivalent, is included as other income.

7 The value of the aggregate number of DSUs credited to each director during 2018 (including DSU grants and DSUs taken in lieu of cash fees), the values of which are included in this table, are for Ms. Clandillon \$32,830, Mr. Collins \$50,000, Mrs. Cramm \$68,000, Mr. Falconer \$94,141, Mr. Hannahs \$91,500, Mr. Isaacs \$50,000, Mr. McCoy \$175,000 and Ms. Morin \$61,576.

8 Mr. Falconer joined as a member of the Audit, Finance & Risk Committee on May 4, 2018.

9 Ms. Morin was appointed as Chair of the Governance and Nominating Committee September 27, 2018, replacing Mr. Collins.

Name <sup>(1)</sup>	Share-Based Awards	
	Value of DSUs vested during 2018 (\$) <sup>(2)</sup>	Market value of DSUs held at December 31, 2018 (\$) <sup>(3)(4)</sup>
Margaret Clandillon	33,717	25,901
Gary M. Collins	127,380	955,661
Karen Cramm	111,933	553,856
Richard D. Falconer	137,407	553,451
R Stephen Hannahs	108,360	231,148
Sydney John Isaacs	93,470	543,097
Richard H. McCoy	293,297	1,489,032
Marie-Lucie Morin	67,194	107,566

1 Mr. Rousseau is not shown in this table as he was not a director in 2018.

2 The grant value of DSUs awarded in 2018 and the value of additional DSUs credited to the directors as dividend equivalents.

3 Based on market value of shares of Chorus at December 31, 2018 of \$5.64 per share. Amounts represent the aggregate balance of DSUs awarded, including the additional DSUs that have been credited to the directors as dividend equivalents.

4 The vested amount for each director cannot be paid to that director until after that director's retirement from the Board or in the case of a U.S. taxpayer, subsequent to the date such person incurs a "separation from service" under applicable U.S. law.

## Share Ownership Requirement for Directors

The Board has adopted share ownership guidelines which require non-executive directors to own shares and/or DSUs with a minimum aggregate value equal to three times their annual base retainer. Based on the current annual retainers, the target value for non-executive directors is \$225,000 and for the Chairman is \$450,000.

The value of securities for this purpose is the greater of the market value of the securities and the aggregate purchase price of the securities. Such ownership must be achieved within five years from the date the director joins the Board. As of March 22, 2019, all directors had met the guidelines except Ms. Clandillon, Ms. Morin and Mr. Rousseau who have until February 2021, May 2023 and February 2024, respectively, to meet the requirement. For share ownership requirements applicable to the executive director (Mr. Randell), please refer to the “Executive Compensation” section of this circular.

## Certain Proceedings

To the knowledge of Chorus, none of the proposed nominees for election as directors (a) are, as at the date hereof, or have been, within 10 years before the date of this circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as the date of this circular, or have been within 10 years before the date of this circular, a director or executive officer of any company that, while person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) have, within the 10 years before the date of this circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee, except that (A) Margaret Clandillon ceased to be a director of Waypoint Leasing (Ireland) Limited within one year prior to it filing for bankruptcy protection under chapter 11 of title 11 of the United States Code on November 25, 2018; (B) Richard D. Falconer was a member of the board of directors of Jaguar Mining Inc. when it filed for a voluntary proceeding under the *Companies’ Creditors Arrangement Act* on December 23, 2013, and (C) Joseph D. Randell ceased to be a director of Pluna Líneas Aéreas Uruguayas S.A. within one year prior to it being petitioned into bankruptcy by the government of Uruguay.

## Statement of Governance Practices

Chorus is committed to maintaining effective corporate governance policies and practices, and to this end continues to implement enhancements with a view to strengthening its approach to corporate governance and increasing investor confidence. Initiatives implemented in recent years to enhance Board and compensation governance are highlighted below:

- Updated Chorus’ Code of Ethics and Business Conduct and instituted annual certification and training processes.
- Adopted a new Ethics Reporting Policy to encourage the timely reporting of all forms of misconduct and concerns of unethical behaviour.
- Updated the Board Diversity Policy setting out the Board’s commitment to increasing diversity at the Board and executive officer level, including an objective of having women and men each represent no less than one-third (1/3) of the Board membership by 2022.
- Adopted a Board and Individual Board Member Performance Assessment Policy which outlines the process taken to assess and improve the performance of individual directors, the Board’s standing committees and the Board as a whole.
- Amended the Corporation’s Guidelines on Trading to prohibit insiders from engaging in transactions designed to hedge or otherwise limit the economic risk associated with their ownership of Chorus securities.
- Implemented a Compensation Recoupment Policy that permits Chorus to recoup and/or cancel incentive compensation paid or payable to an executive officer or any other employee with material oversight responsibilities over the preparation of Chorus’ financial statements in the event of a financial restatement and misconduct.
- Amended the provisions of Chorus’ Long-Term Incentive Plan (“**LTIP**”) to include a double trigger requirement in the event of a change of control and a prohibition on the repricing of options.

- Amended the By-laws of Chorus to include advance notice provisions to ensure that all shareholders are treated fairly and provided with timely information in connection with the nomination of directors.
- Revised the Board's mandate, the charters of the Board's standing committees, and the position descriptions for the Board Chair, the Chairs of the Board's standing committees, and the President and Chief Executive Officer ("CEO") to more clearly define their respective roles and responsibilities.
- Implemented the practice of holding regular in camera sessions between the members of the Audit, Finance and Risk Committee and the chief financial officer (in addition to external auditor and the internal auditor).
- Adopted "say on pay" in order to provide shareholders the opportunity to cast an advisory vote on Chorus' approach to executive compensation.

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

## Board of Directors

### Board Size

Nine directors were elected at the annual meeting of shareholders held on May 4, 2018. In accordance with the Investor Rights Agreement between Chorus and Air Canada dated February 4, 2019 (a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com)), the Board resolved to increase its size to 10 members effective February 4, 2019. Since then, the Board has evaluated its size and composition in light of the Corporation's growth plans and strategy and determined it is in Chorus' best interest to maintain the size of the Board at 10 directors. Accordingly, 10 nominees are being proposed in this circular for election at the meeting.

### Board and Committee Composition

At March 22, 2019

Director	Year Appointed to the Board	2018 Committees		
		Audit, Finance & Risk Committee	Human Resources & Compensation Committee	Governance & Nominating Committee
Margaret Clandillon	2018	–	✓	✓
Gary M. Collins	2008	✓	–	–
Karen Cramm	2010	Chair	–	✓
Richard D. Falconer	2012	✓	Chair	–
R Stephen Hannahs	2015	✓	✓	–
Sydney John Isaacs	2008	–	✓	✓
Marie-Lucie Morin	2016	–	✓	Chair
Richard H. McCoy*	2006	–	–	–
Joseph D. Randell	2006	–	–	–
Michael Rousseau	2019	–	–	–

\* Chairman of the Board.

### Director Independence

The Chairman of the Board is an independent director. Chorus' separation of the Chair and Chief Executive Officer roles enables more effective oversight of management.

The mandate of the Board of Directors provides that the Board of Directors shall, at all times, be composed of a majority of individuals who must be determined to have no material relationship with Chorus and who, in the reasonable opinion of the Board of Directors, must be independent under the laws and stock exchange listing requirements to which Chorus is subject. Based on the information received from each nominee for election as a director, the Board has concluded that eight of the 10 nominees are independent under applicable laws and listing requirements. Two of the nominees, Joseph D. Randell and Michael Rousseau, are not independent for the reasons indicated below.

All committee members are independent.

Director Name	Independence Status		Reason for Non-Independence
	Independent	Not Independent	
Margaret Clandillon	✓		
Gary M. Collins	✓		
Karen Cramm	✓		
Richard D. Falconer	✓		
R Stephen Hannahs	✓		
Sydney John Isaacs	✓		
Richard H. McCoy	✓		
Marie-Lucie Morin	✓		
Joseph D. Randell		✓	President and CEO of Chorus
Michael Rousseau		✓	Executive officer of Air Canada, which is party to a material contract with Chorus and its subsidiaries*

\* Chorus and its subsidiary, Jazz Aviation LP, are party to a capacity purchase agreement with Air Canada (the "CPA"), which is a material contract to Chorus. For further information about the CPA, please refer to the Corporation's Annual Information Form dated February 21, 2019.

### ***In Camera Sessions of Independent Directors***

At Board of Directors meetings, time is reserved for directors to hold in camera sessions among the independent directors. The Board meets without management and without the non-independent directors (Messrs. Randell and Rousseau) at each regularly-scheduled Board meeting, and at all other Board meetings, the independent directors consider whether an in camera session would be appropriate in the circumstances. Questions and comments formulated during in camera sessions are then passed on to the non-independent directors and members of management who were excluded from the in camera sessions, as appropriate. During the year ended December 31, 2018, seven such in camera sessions were held among the independent directors.

During 2018, the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee each held four in camera sessions in the absence of the non-independent director and other members of management. Committees sometimes elected to hold their in camera sessions jointly with other committees.

### ***Attendance Record***

The attendance record of each Board member at meetings of the Board and its committees held in 2018 is shown below.

Director	Board <sup>(1)</sup>	Audit, Finance & Risk Committee	Human Resources & Compensation Committee	Governance & Nominating Committee	Totals
Margaret Clandillon <sup>(2)</sup>	7 of 7	-	2 of 2	2 of 2	(100%)
Gary M. Collins <sup>(3)</sup>	10 of 10	4 of 4	-	3 of 3	(100%)
Karen Cramm	10 of 10	4 of 4	-	4 of 4	(100%)
Richard D. Falconer <sup>(4)</sup>	10 of 10	2 of 2	4 of 4	-	(100%)
R Stephen Hannahs	10 of 10	4 of 4	4 of 4	-	(100%)
Sydney John Isaacs	10 of 10	-	4 of 4	4 of 4	(100%)
Marie-Lucie Morin <sup>(5)</sup>	10 of 10	-	4 of 4	1 of 1	(100%)
Richard H. McCoy <sup>(6)</sup>	10 of 10	4 of 4	4 of 4	4 of 4	(100%)
Joseph D. Randell <sup>(6)</sup>	10 of 10	4 of 4	4 of 4	4 of 4	(100%)

1 Includes all Board meetings and the annual meeting of shareholders.

2 Ms. Clandillon was appointed to the Board, as well as the Human Resources and Compensation Committee and the Governance and Nominating Committee on May 4, 2018.

3 Mr. Collins ceased serving on the Governance and Nominating Committee on September 27, 2018.

4 Mr. Falconer was appointed as a member of the Audit, Finance and Risk Committee on May 4, 2018.

5 Ms. Morin was appointed as Chair of the Governance and Nominating Committee on September 27, 2018.

6 The Chairman of the Board, Mr. McCoy, and the President and CEO, Mr. Randell, attended all committee meetings in a non-voting capacity.

## **Board Mandate**

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

## **Position Descriptions**

### ***Chair of the Board***

The Board has adopted a position description for the Chair of the Board. The Chair is responsible for, among other things: (i) ensuring that the responsibilities of the Board are well understood; (ii) encouraging the Board to work as a cohesive team, leveraging the expertise, skills and perspectives of all Board members; (iii) ensuring that the Board has available to it on a timely basis all relevant information, professional advice and other resources required for the Board's effective functioning; (iv) ensuring sufficient time and attention are given to fulfilling the Board's duties and responsibilities, including by ensuring the Board's committees are appropriately constituted and instructed; (v) overseeing the development of meeting agendas and ensuring the frequency, length and content of such meetings are appropriate; (vi) monitoring relationships and interests with a view to ensuring the Board maintains the level of independence required for its effective functioning; (vii) ensuring that a process is in place by which the contribution of individual directors and the effectiveness of the Board as a whole are assessed; and (viii) chairing every meeting of the Board and encouraging candid discussion at such meetings.

### ***President and CEO***

The Board has adopted a position description for the CEO of Chorus. The CEO is accountable for the day-to-day management of Chorus' business and affairs in accordance with the policies, strategic objectives and operating plans and budgets approved by the Board. The CEO is expected to foster a culture of integrity throughout Chorus, keep the Board apprised of all significant developments, and seek the approval of the Board for all matters outside the ordinary course of the Chorus' business.

More specifically, the primary responsibilities of the CEO include the following: (i) developing, for the Board's approval, the Corporation's strategic objectives and overall direction; (ii) developing, for the Board's approval, annual operating plans and budgets that support the achievement of the Corporation's strategic objectives; (iii) maintaining a high level of employee morale and motivation, and fostering a corporate culture that promotes strong ethical practices and a focus on customer satisfaction; (iv) maintaining a strong working relationship with the Board and keeping the Board informed of opportunities and threats in the marketplace; and (v) ensuring that the Corporation has an effective management team below the level of the CEO and an effective plan for its development and succession.

### ***Chair of Each Committee***

The Chairs of the Audit, Finance and Risk Committee, the Governance and Nominating Committee, and the Human Resources and Compensation Committee, are respectively, Karen Cramm, Marie-Lucie Morin and Richard D. Falconer. The Board has adopted position descriptions for the Chairs of each of these committees. Under such position descriptions, the Chair of each committee is required to, among other things: (i) ensure that the committee fulfils the duties and responsibilities set out in its charter; (ii) ensure that meetings are appropriate in terms of frequency, length and content, and that members are able to engage in candid discussion and raise important issues for discussion; (iii) ensure that the committee has available to it on a timely basis all relevant information, professional advice and other resources required for the committee's effective functioning; (iv) ensure that members maintain the level of independence required by law and that they possess the skills and experience required by the committee; (v) monitor the committee's overall effectiveness and, in consultation with the Board Chair, make appropriate recommendations to the Board regarding the committee's charter, structure and membership; and (vi) carry out other duties as requested by the Board.

In addition, the position descriptions for the Chairs contain requirements that are specific to each committee. The Chair of the Audit, Finance and Risk Committee is required to ensure that (i) members are financially literate, (ii) the Corporation's external auditors report directly to the committee and that committee members have access to the external and internal auditors, and (iii) the committee is kept apprised of the Corporation's principal risks and that the committee plays a lead role in overseeing the implementation of policies and procedures for the appropriate assessment, disclosure, management and monitoring of those risks. The Chair of the Governance and Nominating Committee is required to ensure that (i) the committee is kept apprised of developments in the area of corporate governance, and that the committee plays a lead role in developing the Corporation's approach to corporate governance, and (ii) he or she plays a lead role in recruiting individuals identified by the committee for election or appointment as directors. The Chair of the Human Resources and Compensation Committee is required to ensure that (i) the committee is kept apprised of developments in the area of

executive compensation, and that the committee plays a lead role in developing the Corporation's compensation philosophy, and (ii) as and when required, he or she plays a lead role in approaching individuals identified by the committee for appointment as the CEO of the Corporation.

## Orientation

Chorus has in place an orientation program for new directors. The orientation program helps new directors improve their understanding of Chorus' business and approach to corporate governance so that they can fully engage and contribute to the work of the Board and its committees in a meaningful way.

New directors attend orientation sessions with the President and CEO, the Executive Vice President and Chief Financial Officer, and other members of senior management of Chorus. These sessions are tailored to suit the background and experience of each new director, but generally include a briefing on each of Chorus' principal lines of business, corporate structure and governance practices.

As part of their orientation, new directors receive access to reference materials, including the following:

- most recent Chorus Annual Audited Consolidated Financial Statements and MD&A;
- most recent Chorus Unaudited Interim Condensed Consolidated Financial Statements and MD&A;
- most recent Chorus Annual Information Form;
- most recent Chorus Management Proxy Circular;
- mandate of the Board of Directors and charters for each of the Board's standing committees;
- position descriptions for each of the Chair of the Board, the President and CEO and the Chair of each of the Board's standing Committees;
- most recent Chorus budget and long-range plan;
- organizational charts reflecting all Chorus subsidiaries and details of their executive teams;
- Chorus' Guidelines on Trading for insiders;
- Chorus' Public Disclosure Policy;
- Chorus' Code of Ethics and Business Conduct;
- Chorus' Ethics Reporting Policy;
- Chorus' Board Diversity Policy; and
- Chorus' Majority Voting Policy.

New directors also meet with the Chair of the Board and each of its standing committees and may attend committee meetings for educational purposes before becoming a member. When possible, new directors tour corporate facilities during the orientation period.

## Continuing Education

The Governance and Nominating Committee is, among other things, responsible for providing continuing education opportunities for the directors. Management assists by regularly providing directors with access to analyst reports, industry publications, industry benchmarking information, and articles on developments in the area of corporate governance. At each regular Board meeting, the directors are also provided with updates on the competitive landscape and the performance of each of the Corporation's principal subsidiaries. Select articles and presentations are also routinely provided to directors to keep current their knowledge and understanding of Chorus' industry and its attendant challenges and opportunities. Furthermore, facility tours are periodically provided to directors so that they can enhance their understanding of the operational aspects of Chorus' business and seminars focused on specific topics are also periodically arranged. In 2018, the Board held one of its quarterly meetings in Dublin, Ireland in order to meet the directors and employees of Chorus' Irish leasing subsidiary, Chorus Aviation Capital (Ireland) Limited.

## Skills Matrix

Directors identify their skills and experience in the first quarter of each year. This information, which is set forth below for all directors nominated by management for election, is used to assess the overall strength and diversity of the Board.

	Clandillon	Collins	Cramm	Falconer	Hannahs	Isaacs	McCoy	Morin	Randell	Rousseau
Executive Leadership <sup>(1)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Board Experience <sup>(2)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accounting <sup>(3)</sup>		✓	✓	✓	✓		✓		✓	✓
Finance <sup>(4)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aviation / Transportation Industry Knowledge <sup>(5)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aircraft Leasing Experience <sup>(6)</sup>	✓				✓				✓	
Human Resources / Compensation <sup>(7)</sup>		✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal <sup>(8)</sup>	✓					✓		✓		
Strategic Planning <sup>(9)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Government / Regulatory Affairs <sup>(10)</sup>		✓		✓				✓	✓	
International Business <sup>(11)</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mergers & Acquisitions / Growth Strategy <sup>(12)</sup>	✓	✓	✓	✓	✓	✓	✓		✓	✓
Risk Management <sup>(13)</sup>	✓		✓	✓	✓	✓	✓		✓	✓
Information Technology & Security <sup>(14)</sup>		✓	✓	✓	✓			✓	✓	✓
Safety / Environment <sup>(15)</sup>		✓	✓	✓		✓		✓	✓	✓

1. Experience as senior executive/officer of a publicly listed company or major organization.
2. Served as a board member of a public, private or non-profit entity.
3. Knowledge of and experience with financial accounting and reporting, and familiarity with internal financial/accounting controls, Canadian or U.S. Generally Accepted Accounting Principles.
4. Experience with corporate finance and financing transactions.
5. Knowledge of the aviation/transportation industry.
6. Executive experience in the aircraft leasing industry.
7. Experience with benefit, pension and compensation programs (in particular, executive compensation programs).
8. Experience as a lawyer either in private practice or in-house with a publicly listed company or major organization.
9. Experience in the development and implementation of a strategic direction for a major organization.
10. Experience with government, relevant government agencies and/or public policy in Canada.
11. Experience with international operations, economics, geo-politics.
12. Experience with mergers and acquisitions and/or business growth strategy.
13. Knowledge of, and experience with internal risk controls, risk assessments and reporting.
14. Experience or knowledge relating to the information technology and security needs of a major organization.
15. Knowledge of the safety and environmental issues facing the transportation industry.

## Board and Executive Officer Diversity

The Board adopted a written diversity policy in February 2016 and updated it most recently in February 2018. Chorus seeks to maintain a Board comprised of talented and dedicated directors whose skills and backgrounds reflect the diverse nature of the business environment in which Chorus operates.

The Board is committed to diversity and sees increasing diversity at the Board level as an essential element to improving governance and performance, and to creating a competitive advantage. The Board believes a truly diverse Board will include and make good use of a variety of skills, experience, industry knowledge, perspectives and backgrounds. The Board's diversity policy deals specifically with gender diversity and has set the objective of having women and men each represent no less than one-third (1/3) of the Board membership by 2022.

The Governance and Nominating Committee reviews and assesses the Board's composition on behalf of the Board and recommends the appointment of new directors. Pertaining to Board diversity, the Governance and Nominating Committee will:

- annually review the Board's composition considering all aspects of diversity;
- leverage the relationships and business networks of the Board's existing members to identify potential new directors, and use objective, merit-based and unbiased criteria to evaluate candidates for nomination as directors;
- direct any search firm engaged to assist the Governance and Nominating Committee in identifying candidates for appointment to the Board to include diverse candidates, including women and men;
- consider the impact of the Board's diversity when assessing the effectiveness of the Board and its committees; and
- ensure that women and men each represent no less than one-third (1/3) of the Board membership by 2022.

Due to the historic under-representation of women in technical roles in the aviation industry, Chorus believes that a numerical target for the representation of women in executive positions may be ineffective. For this reason, the Board has determined that Chorus should employ a methodical approach to building a team of women who can accede to executive officer positions.

Chorus' approach includes:

- forming and supporting a Female Leadership Advisory Group comprising women from across Chorus' businesses who work to identify and implement initiatives aimed at promoting, attracting, retaining and developing women at Chorus;
- directing any search firm engaged to assist Chorus in identifying candidates for employment to include women and men; and
- ensuring that hiring managers throughout Chorus interview at least one woman and one man for every position to be filled at the management level or above, or explain why it was not possible to include at least one woman and one man in the interview process.

In addition, the Human Resources and Compensation Committee annually reviews the succession plans for executive management of Chorus and its subsidiaries so as to ensure that successors have been identified and that their career development is appropriate in the context of the challenges facing the organization. As part of this review, the Human Resources and Compensation monitors the Corporation's progress to ensure that management is identifying and developing an internal roster of talent at both the management and executive levels to increase the number of women executive officers, aligned with a merit based system.

As a federally regulated entity, Jazz Aviation LP ("**Jazz**" or "**Jazz Aviation**") (Chorus' subsidiary with over 90% of Chorus' employees) complies with the *Employment Equity Act* which includes a requirement to implement an Employment Equity program. Jazz reports annually on steps taken to meet the obligations to identify and remove systemic barriers to the hiring and promotion of persons from the four designated groups who have traditionally been underrepresented in the Canadian workforce: women, visible minorities, Aboriginal persons and persons with disabilities.

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

In October 2018, Jazz was honored to receive an Employment Equity Achievement Award from Employment and Social Development Canada, for outstanding achievement in employment equity in the workplace. This was the second year in a row that Jazz received this award. The Sector Distinction award recognizes employers who are inspirational role models in their sector. In addition to demonstrating a strong commitment and achieving success in implementing employment equity in their own organization, these employers also champion employment equity for the sector.

In addition to Employment Equity, Chorus has a Diversity and Inclusion Strategy which reinforces its commitment to respecting and promoting diversity. In 2018, Chorus established an Inclusion Council and a governance framework to support the efforts of employee groups and progress the Corporation's inclusion strategy. Jazz, the Corporation's subsidiary with over 90% of all Chorus group employees, has posted its Commitment and Belief Statements on its web-site at [www.flyjazz.ca/en/culture/respecting-diversity/](http://www.flyjazz.ca/en/culture/respecting-diversity/) and has internally launched a three-year Diversity Blueprint.

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

The current proportion of women on the Board stands at 30% (3 of 10) and is expected to remain at that level if Ms. Clandillon, Mrs. Cramm and Ms. Morin are re-elected at the meeting.

The current proportion of women executive officers of the Corporation and its subsidiaries is 14%; however, that figure is expected to increase to 21% by May 2019 as a result of new executive appointments resulting from the executive realignment announced by the Corporation on March 11, 2019.

### **Board Term and Renewal**

Chorus does not have a mandatory age for the retirement of directors and there are no term limits for the directors on the Board. Instead, the Governance and Nominating Committee reviews the composition of the Board on a regular basis in relation to skills, experience and diversity requirements and recommends changes, as appropriate, to renew and strengthen the Board. The Chair of the Governance and Nominating Committee leads the effort to identify and recruit candidates to join the Board having regard to the Board's requirements. The Board also has an annual performance assessment process (described below) that generates feedback used in assessing the Board's composition and practices.

Excluding the executive director (Mr. Randell), the average tenure of the directors nominated by management for election to the Board is approximately 6.5 years. The Board of Chorus has determined that they can manage diversity, skills, renewal and succession planning adequately without imposing term limits and can also maintain an appropriate degree of continuity, both on the Board and on its committees. In the five-year period ending May 8, 2019, three Board members have retired and four new members will have joined the Board.

### **Strategic Planning**

The Board works with management to develop Chorus' strategic direction. Management prepares materials related to the strategic direction and presents them to the Board for discussion and, where required, approval. The Board is actively involved in the strategy setting process. Management and the Board discuss the main risks facing Chorus' business, corporate opportunities, changes in the competitive landscape and other strategic issues at each regularly-scheduled Board meeting. The Board also conducts special meetings dedicated to the review and discussion of strategic initiatives and the approval of the long-range plan.

### **Code of Ethics and Business Conduct**

Chorus has adopted a Code of Ethics and Business Conduct (the "**Code**") which was most recently updated and approved by the Board of Directors effective March 2019. The Code applies to all directors of Chorus as well as to all officers and employees of Chorus and its subsidiaries. A copy of the Code can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) or on Chorus' website at [www.chorusaviation.ca](http://www.chorusaviation.ca). The Code addresses, among other things, the following matters:

- roles and responsibilities of directors, management and employees;
- conflicts of interest;
- use and safeguarding of information and other assets;
- respecting privacy and confidentiality;
- fair dealing with suppliers, customers and competitors;
- compliance with laws, internal policies and controls;
- employment policies;
- computer, e-mail and Internet policies;
- reporting suspected non-compliance, including anonymous reporting; and
- protection against retaliation.

The Governance and Nominating Committee is responsible for monitoring compliance with and interpreting the Code. In addition, all management and administrative employees of Chorus and its subsidiaries not covered by a collective agreement are required to complete an acknowledgement annually under which they undertake to comply with the Code. The Code also includes provisions encouraging employees to report violations. The Board has concluded that such measures are appropriate and sufficient to ensure compliance with the Code. Since the adoption of the Code, Chorus has not filed any material change report pertaining to any conduct of a director or executive officer of Chorus.

In addition to the relevant conflict of interest provisions of the Code and the *Canada Business Corporations Act* (“**CBCA**”) applicable to directors, the Board’s mandate provides that the directors shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the director has a conflict of interest.

### **Ethics Reporting Program**

Chorus has established an ethics reporting program (the “**Ethics Reporting Program**”) to facilitate the anonymous and confidential reporting of violations of the Code or other Chorus policies. The Ethics Reporting Program consists of a reporting hotline hosted by an external service provider that is available 24/7 and allows reports to be submitted anonymously or confidentially via telephone, internet or mail facilities. Chorus has also adopted an Ethics Reporting Policy which provides detailed instructions for accessing the ethics reporting hotline, the information that should be submitted with a report to enable an investigation to be conducted, who will be responsible for or involved in conducting the investigation, and the protections afforded to employees who submit reports in good faith.

The Ethics Reporting Program is available and communicated to all employees of Chorus and its subsidiaries. The Chair of the Audit, Finance and Risk Committee monitors reports and ensures follow up, including investigation as required. There have been no instances of any waiver of the Code for any director or officer as a result of a report received through the Ethics Reporting Program or otherwise.

### **Nomination of Directors**

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

- demonstrate high ethical standards and integrity in their personal and professional dealings;
- act honestly and in good faith with a view to the best interests of Chorus;
- promptly disclose to their fellow directors any interest that they may have in a material contract or transaction with the Corporation, whether made or proposed;
- promptly disclose to their fellow directors any information that may be necessary or relevant for the conduct of the Corporation’s business;
- devote sufficient time to the affairs of Chorus and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as committee members;
- provide independent judgment on a broad range of issues concerning Chorus;
- understand Chorus’ strategic objectives and be capable of critically evaluating decisions and business plans against those objectives;
- make all reasonable efforts to attend all Board and committee meetings;
- review the materials provided by management in advance of Board and committee meetings;
- actively participate in meetings of the Board and each committee, encourage candid discussion of significant issues, and be willing to change their mind in appropriate circumstances; and
- welcome, and be prepared to offer, constructive feedback with a view to enhancing the Board’s effectiveness.

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

## Compensation

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

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

## Assessments

A key element of Chorus’ governance practices is an annual process to assess and improve the performance of individual directors, Board committees and the Board as a whole.

The performance assessment process is the responsibility of the Chair of the Governance and Nominating Committee and is conducted in conjunction with the Board Chair.

Objectives of the assessment include:

- evaluating the mechanisms in place for the Board and each committee to operate effectively and make decisions in the best interests of Chorus;
- improving the overall performance of the Board by assisting individual directors to build on their strengths;
- identifying gaps in skills and educational opportunities for the Board and individual directors; and
- developing the Board’s succession plan and recruitment efforts.

The director evaluation process consists of a survey which may be completed (or supplemented) by interviews between the Chair of the Board or the Chair of the Governance and Nominating Committee and each director. The survey includes reference to the mandates of the committees and the responsibilities of the Board Chair, committee Chairs and directors as outlined in the relevant charters and position descriptions.

Each director is surveyed regarding:

- the effectiveness of the Board and each committee of the Board of which the director is a member, including suggestions for improvement;
- a skills self-assessment, which is designed to help determine the strengths and gaps in Board skills as a whole and to identify skill requirements for recruiting future directors and for Board succession planning; and
- the Board Chair’s performance.

The Chair of the Governance and Nominating Committee shares the results of the surveys with the Board, and the Governance and Nominating Committee formulates recommendations to the Board arising from the feedback.

Every five years, or more frequently as determined by the Chair of the Governance and Nominating Committee, the assessment process is completed by an independent third party who compiles the results, meets individually with each director and provides a report to the Board Chair and the Chair of the Governance and Nominating Committee, including recommendations, if any, on ways to improve the effectiveness of the Board.

On a quarterly basis, the Chair of each committee reports to the Board on the activities of his or her committee. If appropriate, the Board considers procedural or substantive changes to increase the effectiveness of the Board and its committees.

Annually, each committee reviews and reassesses the adequacy of its charter and recommends changes to the Governance and Nominating Committee and the Board. As well, each committee regularly monitors the discharge of the duties and responsibility set forth in its charter to ensure they are fulfilled.

## Directorships with Other Public Companies

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

- Gary M. Collins is currently a director of D-Box Technologies Inc., Fiera Capital Corporation and Rogers Sugar Inc.
- Richard D. Falconer is currently a director of Resolute Forest Products Inc. and Jaguar Mining Inc.
- Richard H. McCoy is currently a director of Pizza Pizza Royalty Corp.
- Margaret Clandillon is currently a director of DCAL Aviation Finance Limited, Falcon Aerospace Limited, Metal 2017-1 Cayman Limited, and KDAC Aviation Finance (Cayman) Limited.<sup>(1)</sup>
- Marie-Lucie Morin is currently a director of AGT Food & Ingredients Inc. and Stantec Inc.
- Michael Rousseau is currently a director of Resolute Forest Products Inc.

<sup>(1)</sup> Each of these entities is an aircraft securitization vehicle with publicly-listed notes. They are not operating companies, and their equity securities are not publicly-traded.

Mr. Falconer and Mr. Rousseau both serve as directors of Resolute Forest Products Inc. The Board does not view this relationship as impairing the exercise of independent judgment by these directors. There are no other interlocking outside public company directorships among members of the Board. Please see “The Nominated Directors” section in this circular for additional information relating to each director nominated for election, including other boards on which they serve.

## Committees

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

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

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

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

### Audit, Finance and Risk Committee

Chorus is required by law to have an audit committee. The Audit, Finance and Risk Committee is required to be composed of not less than three directors, all of whom must meet the independence, financial literacy and other membership requirements prescribed from time to time by applicable laws and stock exchange listing requirements to which Chorus is subject. The members of the Audit, Finance and Risk Committee must have no direct or indirect relationships with Chorus (including its management and related entities) that, in the opinion of the Board, could reasonably be expected to interfere with the exercise of their independent judgment. In order to be considered independent, a member of the Audit, Finance and Risk Committee must, among other restrictions, not receive, other than for service on the Board or the Audit, Finance and Risk Committee or other Committees of the Board, any consulting, advisory, or other compensatory fee from Chorus or any of its related parties or subsidiaries. The members of the Audit, Finance and Risk Committee must possess the mix of characteristics, experiences and skills to provide an appropriate balance for the performance of the duties of the Audit, Finance and Risk Committee.

The objectives of the Audit, Finance and Risk Committee include assisting the Board in its oversight of:

- the integrity of the Corporation's financial statements and public disclosure documents;
- the qualifications, performance and independence of the Corporation's external auditor;
- the performance of the Corporation's internal audit and risk management function;
- the adequacy of the Corporation's internal controls and enterprise risk management framework; and
- compliance with applicable laws.

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

- reviewing and recommending to the Board the approval of the interim and annual consolidated financial statements of the Corporation having first reviewed and considered, among other things, the external auditor's report, the accounting policies selected by management, the reasonableness of all significant estimates, accruals and reserves, any unadjusted differences, and any disagreements between the external auditor and management;
- reviewing and recommending to the Board the approval of management's discussion and analysis and earnings news release relating to the Corporation's consolidated financial statements;
- reviewing significant accounting policy developments and choices that may impact the Corporation's financial reporting;
- recommending to the Board a firm of chartered accountants to be nominated by the Board for appointment by shareholders as the Corporation's external auditor;
- recommending to the Board for approval the external auditor's fees, approving the scope, focus areas and materiality thresholds for audit of the Corporation's financial statements, overseeing the external auditor's work and assessing the external auditor's performance, monitoring the external auditor's independence, resolving any disagreements between the external auditor and management, and discussing with the external auditor any matters that could reasonably be thought to bear on the reliability of the Corporation's financial statements;
- pre-approving all fees for non-audit services provided by the external auditor to the Corporation and its subsidiaries;
- approving the Corporation's hiring policies regarding current and former partners and employees of the Corporation's current and former external auditor;
- reviewing the performance of and, as required, the appointment and removal of the internal auditor;
- approving the internal audit mandate and plan for each fiscal year and reviewing quarterly reports of all internal audit engagements and management's response to all significant findings;
- reviewing management's assessment of the principal financial and other risks to the Corporation and the procedures for continually identifying, monitoring and managing those risks;
- reviewing any material weaknesses identified by management in relation to the design or operation of the Corporation's internal controls over financial reporting and disclosure controls and procedures as well as management's actions to remediate any weaknesses identified and the process for assessing updates and changes thereto;
- approving the Corporation's public disclosure policy, procedures for the receipt, retention and treatment of complaints regarding the Corporation's accounting, internal accounting controls and auditing matters, and procedures for the confidential submission by employees of concerns regarding questionable accounting and auditing matters;
- reviewing information from management regarding the Corporation's compliance with material tax withholding and remittance obligations and debt covenants, as well as any significant legal claims or proceedings;
- reviewing the performance of the Corporation's operating subsidiaries in relation to their environmental, health and safety obligations;
- reviewing reports from management concerning the overall operation of the retirement plans of the Corporation and its subsidiaries and, in this connection, approving statements of investment policies and procedures, approving the actuary and consultants for the plans, accepting actuarial assumptions and valuation reports, and recommending to the Board the funding policy and financial statements for the retirement plans; and
- recommending to the Board the Corporation's delegation of authority policy as well as procedures for approving the reimbursement of expenses claimed by the Corporation's officers.

The Audit, Finance and Risk Committee met four times during the period from January 1, 2018 to December 31, 2018.

The Audit, Finance and Risk Committee is currently composed of the following directors, all of whom the Board has determined are independent:

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

Additional information regarding the Audit, Finance and Risk Committee is set out in the Corporation's 2018 Annual Information Form under "Directors and Officers – Audit, Finance and Risk Committee".

### ***Risk Oversight***

The Audit, Finance and Risk Committee, among other responsibilities, monitors risks to Chorus' business identified by management, and oversees management's systems for effectively identifying, monitoring and managing those risks.

In its risk oversight role, the Audit, Finance and Risk Committee oversees management's operation of the safety management systems ("**SMS**") at Jazz and Voyageur Aviation Corp. ("**Voyageur**"), which provide a framework for managing safety, quality and environmental risks. The committee also oversees management's efforts to monitor and manage compliance with legal and regulatory obligations, and periodically receives updates with respect to Chorus' technology and cyber-security risks.

### **Governance and Nominating Committee**

The Governance and Nominating Committee is required to be composed of not less than three directors of Chorus as determined by the Board of Directors, all of whom must meet the independence and other membership requirements prescribed from time to time by applicable laws and stock exchange listing requirements to which Chorus is subject.

The objectives of the Governance and Nominating Committee include assisting the Board in its oversight of:

- the process for nominating individuals for election or re-election as directors;
- the process for evaluating the effectiveness of the Board, its committees and directors;
- the Corporation's approach to corporate governance; and
- the Corporation's response to shareholder proposals

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

- recommending to the Board a code of ethics and business conduct for the Corporation and its subsidiaries, including a process for obtaining confirmations of compliance and identifying material violations;
- recommending to the Board guidelines respecting trading in the Corporation's securities by directors, officers and employees;
- developing and recommending to the Board a process for assessing the effectiveness of the Board and its directors and overseeing the execution of that process;
- recommending to the Board a mandate for the Board, charters for each of the Board's standing committees and position descriptions for the Chairs of the Board and its committees and for the President and CEO;
- developing and recommending to the Board practices and policies that are reasonably expected to enhance the effectiveness of the Board and the Corporation's approach to corporate governance;
- assessing and providing recommendations to the Board in relation to any proposals submitted by shareholders;
- reviewing the Board's diversity, skills and experience and advising the Board in relation to any skills, experience or other characteristics that should be sought in new candidates for the Board;
- reviewing the Board's approach to renewing its membership and recommending to the Board any policies that may be advisable in this regard;
- recommending to the Board individuals to be nominated for election or appointment as directors; and

- recommending to the Board the form and amount of compensation paid to directors, the orientation offered to new directors, continuing education opportunities available to directors, and professional advice available to directors to enable them to fulfil their duties.

The Chair of the Governance and Nominating Committee, in conjunction with the Board Chair, annually conducts an assessment of the Board's effectiveness as outlined in the "Assessments" provisions in the "Statement of Governance Practices" section of this circular.

The Governance and Nominating Committee met four times during the period from January 1, 2018 to December 31, 2018.

The Governance and Nominating Committee is currently composed of the following directors, all of whom the Board has determined are independent:

Members: Marie-Lucie Morin, Chair  
Margaret Clandillon  
Karen Cramm  
Sydney John Isaacs

In September 2018, Ms. Morin assumed the role of Chair of the Governance and Nominating Committee from Mr. Collins.

### **Human Resources and Compensation Committee**

The Human Resources and Compensation Committee is required to be composed of not less than three directors of Chorus, as determined by the Board of Directors, all of whom must meet the independence and other membership requirements prescribed from time to time by applicable laws and stock exchange listing requirements to which Chorus is subject.

The objectives of the Human Resources and Compensation Committee include assisting the Board in its oversight of:

- compensation policies and programs;
- compensation risk management;
- practices for the attraction, development and retention of key personnel; and
- succession plans for key personnel.

The responsibilities of the Human Resources and Compensation Committee include the following:

- developing and recommending to the Board a compensation philosophy for executives of the Corporation and its subsidiaries;
- reviewing and recommending to the Board the terms and conditions of all short and long-term incentive compensation programs for executives;
- reviewing and recommending to the Board the design of any retirement programs provided to executives;
- assessing the President and CEO's performance and recommending to the Board any adjustments to the President and CEO's salary and any awards to the President and CEO under short and long-term incentive plans;
- reviewing the President and CEO's evaluation of the other executives and recommending to the Board any adjustments to their salaries and any awards under short and long-term incentive plans;
- in formulating compensation recommendations to the Board, considering, among other factors, the Corporation's performance on an absolute and (where appropriate comparators can be ascertained) relative basis, and whether incentive programs are expected to create incentives for unethical behavior or the taking of inappropriate or excessive risks and the effectiveness of the Corporation's internal controls in preventing such conduct;
- recommending to the Board, as and when required, the appointment and removal of the Corporation's officers;
- reviewing with the President and CEO succession and development plans for executives; and
- approving share ownership guidelines for executives.

The Human Resources and Compensation Committee met four times during the period from January 1, 2018 to December 31, 2018.

The Human Resources and Compensation Committee is currently composed of the following directors, all of whom the Board has determined are independent:

Members: Richard D. Falconer, Chair  
Margaret Clandillon  
R Stephen Hannahs  
Sydney John Isaacs  
Marie-Lucie Morin

The members of the Human Resources and Compensation Committee who will stand for re-election bring many years of relevant experience to their role and duties on the committee. The Chair of the Human Resources and Compensation Committee, Mr. Falconer, has extensive experience in executive leadership roles with CIBC World Markets and as a board member of public companies such as Resolute Forest Products Inc. and Jaguar Mining Inc. Mr. Isaacs has many years of experience as a senior executive of a public company, ACE Aviation Holdings Inc., and as a partner in a national law firm where he practiced in the areas of mergers and acquisitions, corporate finance and corporate and securities law. Mr. Hannahs and Ms. Clandillon have extensive executive experience in the aviation industry with particular expertise in aircraft leasing sector and related compensation practices. Ms. Morin has extensive experience leading complex organizations over the course of her distinguished career as a Canadian federal public servant.

The Human Resources and Compensation Committee annually reviews the succession plan for executive management, including the President and CEO and for positions reporting to executives. Management identifies immediate and longer-term successors, both internal and external, as appropriate. Management also outlines plans to address gaps identified in the succession plan, if any. Development plans for key successors at the senior level and key talent at other levels are also reviewed by the Human Resources and Compensation Committee to ensure leadership sustainability and continuity. Retention risks, if any, are identified by management to the committee.

In 2018, the Human Resources and Compensation Committee met with the President and CEO to discuss his views on the executive leadership team and potential succession scenarios that included both planned transitions as well as emergency situations related to illness, disability or other unplanned absences. The Human Resources and Compensation also met in camera, without Mr. Randell, to discuss the candidates he had identified as his possible successors.

In March 2019, the Board approved an executive realignment which, among other things, resulted in the appointment of Ms. Mahody as the Corporation's Executive Vice President and Chief Strategy Officer, the broadening of Mr. Copp's responsibilities as Chief Operating Officer and President of Chorus Aviation Services, the promotion of Gary Osborne to Chief Financial Officer, the promotion of Randolph deGooyer to President of Jazz, and a change in Dennis Lopes' title to Senior Vice President, Chief Legal Officer and Corporate Secretary. These changes are expected to strengthen Chorus' ability to execute on future growth opportunities while creating development opportunities and retention incentives for key executives.

# Executive Compensation

## Compensation Discussion and Analysis

### Overview

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

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

### Aligning Risk and Compensation

Chorus' executive compensation program reflects high standards of corporate governance through its policies and practices, which include strong oversight and risk mitigation. The Human Resources and Compensation Committee (hereinafter, the "**HRCC**") assesses, on a regular basis and periodically, in consultation with its external consultants as it determines appropriate, the risks associated with Chorus' executive compensation program. In order to minimize emphasis on short-term results, Chorus' compensation programs have evolved to place greater emphasis on longer-term share-based compensation. A progressively larger portion of compensation is delivered as variable/at risk compensation for more senior executives.

Chorus uses the following compensation practices to mitigate risk:

- a pay for performance philosophy embedded in the compensation design;
- share ownership guidelines for executives;
- a balanced mix of fixed to variable and short to long-term compensation that ensures executives are incented to consider both the immediate and long-term implications of decisions;
- performance thresholds in the Annual Incentive Plan ("**AIP**") and the LTIP that include both minimum and maximum payouts;
- a balance of financial and individual measures in the AIP;
- an LTIP in which two-thirds of the Restricted Share Units ("**RSUs**") granted are contingent on the achievement of performance targets for vesting (referred to in this circular as "**Performance Share Units**" or "**PSUs**");
- double trigger provisions for equity vesting (i.e. vesting requires both a change of control and termination with good reason within a specified period);
- a Guidelines on Trading policy that prohibits the hedging of equity grants and includes specific guidance to safeguard against insider trading;
- a Compensation Recoupment Policy (see "Compensation Recoupment Policy" below); and
- the ability to exercise discretion with regard to payments under the AIP and LTIP.

The HRCC is satisfied that:

- Chorus' compensation policies and practices do not encourage any Named Executive Officer ("**NEO**") or employee who works in a principal business unit or division to take inappropriate or excessive risks; and
- there are no identified risks arising from the compensation policies and practices that would be reasonably likely to have a material adverse effect on Chorus.

## **External Consultants**

The HRCC has direct access to independent consultants specializing in compensation and benefits. However, the decisions made by the HRCC are its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by consultants.

In August 2018, the HRCC engaged Meridian Compensation Partners (“**Meridian**”) to review proposed changes to the compensation benchmark group, described below under the heading “Benchmark Group”. Meridian was first engaged by Chorus to provide services to the HRCC in July 2016, and the terms of its engagements have always required the HRCC’s pre-approval of any services to be provided by Meridian to Chorus or any of its subsidiaries.

In addition to external consultants engaged by the HRCC, the President and CEO and other members of management also provide recommendations to the HRCC, and those recommendations are sometimes based on the advice or recommendations of consultants engaged by management. In 2018, management recommended changes to the compensation benchmark group based on research provided by Mercer Consulting. The HRCC assessed those recommendations with the assistance of Meridian.

### *Executive Compensation-Related Fees*

Meridian billed \$2,178 in 2018 for assistance provided to the HRCC in determining compensation for Chorus’ executive officers. Meridian did not provide any services to the HRCC in 2017. No other consultants or advisors provided services to the HRCC during the two most recently completed financial years.

### *All Other Fees*

Except as disclosed above, Meridian did not bill any other fees to Chorus during the two most recently completed financial years.

## **NEOs**

The NEOs as of December 31, 2018 were as follows:

- Joseph Randell, President and CEO of Chorus;
- Jolene Mahody, Executive Vice President and Chief Financial Officer of Chorus (“**EVP and CFO**”);
- Richard Flynn, Executive Vice President and Chief Corporate Development Officer of Chorus (“**EVP and CCDO**”);
- Colin Copp, President of Jazz Aviation; and
- Steven Ridolfi, President of Chorus Aviation Capital.

As the result of the executive realignment announced on March 11, 2019, Ms. Mahody was appointed to the position of Executive Vice President and Chief Strategy Officer, to be effective on May 8, 2019 concurrent with Mr. Flynn’s retirement and the promotion of Gary Osborne (currently, Vice President, Finance and Business Services) to the position of Chief Financial Officer. Mr. Copp’s position also changed effective March 11, 2019 to Chief Operating Officer of Chorus and President of Chorus Aviation Services.

## **Share Ownership Guidelines**

Share ownership guidelines are intended to promote share ownership by executives and to better align executives’ interests with those of shareholders. The following guidelines were approved by the Board to be achieved within five years, commencing on the later of the participant’s date of hire or promotion to an executive role to which the ownership guidelines apply:

	<b>Ownership Guideline</b>
President and CEO	3 x base salary
Executive Vice Presidents, President of Jazz Aviation, President of Chorus Aviation Capital and Senior Vice Presidents	2 x base salary

Shares and RSUs granted under the LTIP are included when determining whether an executive satisfies the applicable minimum ownership guideline. One hundred per cent of any time-based RSUs and 50% of any performance-based RSUs

(also referred to in this circular as PSUs) are included for such purposes. The value of such equity holdings is calculated by reference to the greater of the share price on the date the securities were acquired and the date compliance is determined.

### **2018 NEO Share Ownership**

Each NEO's status in achieving the ownership guidelines is set out below. The value shown is based on the market price of shares of Chorus at December 31, 2018 of \$5.64 per share. With the exception of Mr. Ridolfi, who has until October 2020 to meet his ownership targets, all NEOs currently meet or exceed their targets.

	<b>RSUs held (#)</b>	<b>Shares held (#)</b>	<b>Value (\$)</b>	<b>Multiple of Base Salary</b>	<b>Ownership Guideline Multiple</b>	<b>Ownership Guideline Achieved</b>
Joseph Randell	453,466	1,193,160	8,434,454	10.9	3x	yes
Jolene Mahody	138,094	217,140	1,743,904	4.2	2x	yes
Richard Flynn	118,893	543,752	3,513,803	8.6	2x	yes
Colin Copp <sup>1</sup>	119,681	40,630	679,154	1.6	2x	yes
Steven Ridolfi	145,805	21,358	668,684	1.7	2x	no

1. Mr. Copp achieved the ownership guideline during 2018 and because he had not disposed of his equity holdings between that time and December 31, 2018 is deemed to have met his target in accordance with the terms of the Corporation's share ownership guidelines.

### **Anti-Hedging Policy**

NEOs and directors are restricted under applicable corporate law from engaging in certain transactions that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. The Corporation's Guidelines on Trading, which apply to all Chorus insiders, prohibit hedging strategies, equity monetization transactions, transactions using short sales, puts, calls, exchange contracts, derivatives and other types of financial instruments (including, but not limited to, prepaid variable forward contracts, equity swaps, collars and exchange funds), and the pledging of or granting of any other security interest in any share or other equity security of Chorus as security for any loan where recourse is limited to the pledged security.

### **Compensation Recoupment Policy**

Chorus has a Compensation Recoupment Policy which provides the Board with the discretion to recover some or all of the after-tax amount of incentive compensation received or realized by an executive officer and any other Chorus employee with material oversight responsibility over those who prepare Chorus' financial statements (together, the "**Designated Individuals**"): (i) where there has been a material misrepresentation or material error resulting in the restatement of Chorus' financial statements; (ii) the Designated Individual(s) would have received less incentive compensation based upon the restated financial statements; and (iii) the Board determines that the Designated Individual(s) engaged in misconduct which contributed to the requirement for such restatement.

In such circumstances, the Board may seek recoupment if the restatement of any of Chorus' financial statements occurs within 36 months of the original date that such financial statements were first publicly disclosed.

### **Benchmark Group**

In determining compensation, the HRCC gives consideration to a benchmark group of Canadian businesses. This benchmark group guides executive compensation decisions. The composition of the benchmark group is assessed annually by management and the HRCC and adjusted as appropriate. In 2018, management recommended updates to the benchmark group, and the HRCC approved the following changes in consultation with Meridian:

<b>Additions</b>	<b>Removals</b>
<ul style="list-style-type: none"> <li>• Cargojet Inc.</li> <li>• Cervus Equipment Corporation</li> <li>• Element Fleet Management</li> <li>• Magellan Aerospace Corporation</li> <li>• Rocky Mountain Dealerships</li> </ul>	<ul style="list-style-type: none"> <li>• Stantec</li> <li>• Transcontinental</li> </ul>

Companies chosen by the HRCC for the benchmark group are:

- headquartered in Canada;
- in the following sectors: airlines/transportation, aerospace/industrial equipment and other companies with a similar business complexity and/or operating model; and
- have revenues approximately one-third to three times that of Chorus.

The complete list benchmark group approved by the HRCC is set out below:

Company Name	Headquartered	Approx. 1/3 to 3 x Revenue	Industrial Sector <sup>(1)</sup>
Aecon Group Inc.	Toronto, ON	✓	Construction and Engineering
ATS Automation Tooling Systems, Inc.	Cambridge, ON	✓	Industrial Machinery
CAE Inc.	Saint-Laurent, QC	✓	Aerospace & Defense
Cargojet Inc.	Mississauga, ON	✓	Air Freight and Logistics
Cervus Equipment Corporation	Calgary, AB	✓	Trading Companies and Distributors
Element Fleet Management	Toronto, ON	✓	Specialized Finance
Exchange Income Corporation	Winnipeg, MB	✓	Airlines
Magellan Aerospace Corporation	Mississauga, ON	✓	Aerospace and Defense
Rocky Mountain Dealerships Inc.	Calgary, AB	✓	Trading Companies and Distributors
Superior Plus Corp.	Calgary, AB	✓	Trading Companies and Distributors
Toromont Industries Ltd.	Concord, ON	✓	Construction, Farm Machinery, Heavy Trucks
Transat A.T. Inc.	Montreal, QC	✓	Hotels, Resorts, Cruise lines
TFI International	Saint-Laurent, QC	✓	Trucking
Wajax Corporation	Mississauga, ON	✓	Trading Companies and Distributors
WestJet Airlines Ltd.	Calgary, AB	✓	Airlines

<sup>(1)</sup> S&P/JP Morgan Chase Global Industry Classification Code (GICS)

Historically, the HRCC has considered the development of a direct comparable benchmark group to be challenging both because of Chorus' unique and evolving business model in the global landscape and because there are relatively few industrial and utilities-type publicly-traded businesses of similar size to Chorus. With the revised, more robust comparator group, however, Chorus is positioned at the median in terms of revenue and close to the median in relation to assets and market capitalization.

Supplemental information was gathered in relation to aircraft leasing companies to help inform decisions related to 2019 compensation for Mr. Ridolfi. This included a review of proxy disclosures from publicly-traded leasing companies as well as information garnered from industry surveys.

## ***Chorus Compensation Practices***

The HRCC ensures that our executive compensation program is based on sound decision-making processes and is competitive, pays for performance, motivates and attracts talent, and focuses on creating shareholder value.

### **What We Do**

- ✓ **Pay for performance** – we align pay with corporate, business unit and individual performance and use several performance measures to avoid undue focus on any particular measure.
- ✓ **Align pay to shareholder returns** – a significant portion of total compensation is received in annual equity awards, with the largest proportion based on RSUs and PSUs rather than options.
- ✓ **Pay at risk** – over 70% of the target direct compensation for the President and CEO is at-risk pay, contingent on performance and not guaranteed.
- ✓ **Share ownership** – we require all executives to own a minimum number of shares (or share-equivalents, such as RSUs) of Chorus.
- ✓ **Performance-based vesting** – two-thirds of RSUs granted under the LTIP are issued as PSUs which vest at the end of three years based on performance against financial performance targets.
- ✓ **Benchmarking** – we benchmark executive compensation against a size and industry appropriate comparator group and target compensation to the 50<sup>th</sup> percentile of the group (see “Benchmark Group”).
- ✓ **Caps on incentive payouts** – our AIP caps pay-outs at a maximum of 200% of target. The maximum pay-out requires a combination of exceptional personal, corporate, and, where applicable, business unit performance. Our LTIP caps at 100% of target.
- ✓ **Clawbacks** – our Compensation Recoupment Policy applies to all incentive compensation awarded to executive officers and any other employees with material oversight responsibility over those who prepare Chorus’ financial statements.
- ✓ **Board discretion** – we apply Board discretion, upward and downward, as appropriate to address exceptional circumstances not contemplated by performance measures.
- ✓ **Time periods** – we cover a range of time periods in our incentive plans to balance short-term objectives and longer-term performance measurement.
- ✓ **Independent advice** – the HRCC has access to independent advisors.
- ✓ **Realized and realizable pay** – the value ultimately realized from a long-term incentive award can be significantly different from the grant value, and share price is only one factor that affects the payout value.
- ✓ **Modest benefits and perquisites** – these are a small part of total compensation and are market competitive.
- ✓ **Double trigger change of control** – severance provisions in equity plans have double triggers in the event of a change of control.
- ✓ **Maximum severance multipliers** – we have provided a maximum severance multiplier of two times in all cases, except for a legacy agreement with our incumbent President and CEO (see “Termination and Change of Control Benefits” below) based on his extensive industry experience and contribution as the founding president, which would not be available in future to an incoming CEO.

### **What We Don’t Do**

- × No repricing of stock options.
- × No tax gross-ups for executives.
- × No loans to executives.
- × Executives are not permitted to hedge or offset their exposure to economic risk under our compensation plans.
- × No guaranteed bonuses.

## ***Executive Compensation Program***

Chorus’ executive compensation program aligns executives’ interests with those of shareholders by emphasizing incentive compensation that is linked to Chorus’ annual and long-term financial performance.

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

Compensation Element	Objectives	Form	Performance Period	Pay at risk
<b>Direct Compensation</b>				
Base Salary	Attract and retain key leaders  Compensate for day to day responsibilities, contribution and experience	Cash	Reviewed annually	Fixed/No risk
AIP	Motivate and reward achievement of corporate business unit and personal performance	Cash	Annual	At risk; personal, business unit and corporate performance thresholds
LTIP	Reward for creating sustained shareholder value; Encourage retention	RSUs and PSUs	Three-year performance cycle	At risk; 2/3 of each grant are performance-based PSUs and 1/3 are time-based RSUs
	Motivate leadership through extraordinary events or initiatives	Options	Up to 10 years	At risk
<b>Indirect Compensation</b>				
Pension	Attract and retain; Provide post-employment financial support	Defined contribution plan; Supplemental executive retirement plan (“SERP”) for executives hired prior to March 2, 2011	Ongoing	No risk
Benefits	Attract and retain; Support health and well being	Group life, disability, dental and extended health	Ongoing	No risk
Perquisites	Attract and retain	Taxable car allowance, medical top up plan, optional health assessment and financial advisory services (applies to certain executive)	Ongoing	No risk

## Compensation Mix 2018

Level	Target Annual Incentive (% of base earnings)	Target Long-Term Incentive (% of base salary)	Percentage of Direct Compensation “at risk”
CEO	110%	130%	71%
EVP and CFO	70%	75%	59%
EVP and CCDO, President, Jazz	70%	65%	57%
President CAC	85%	100%	65%

In addition, the Board can make discretionary awards of options to executives under the LTIP, thereby providing increased at-risk long-term incentive compensation.

### 1) Base Salary

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

## 2) Short-Term Incentive Compensation

In 2018, Chorus had two short-term incentive compensation plans: an AIP and an operational bonus plan called Ensemble Plus.

### *Annual Incentive Plan*

A revised AIP was introduced in 2016 to align with Chorus' new management structure and strategic vision. Consistent with general market practice, the AIP has three components which are additive and recognize: (i) corporate performance; (ii) business unit performance; and (iii) individual performance.

For those executives with primary responsibility for overall corporate performance, including Mr. Randell, Ms. Mahody and Mr. Flynn, weightings are distributed among the components as follows; 75% corporate performance and 25% individual performance. For business unit executives, including Mr. Copp and Mr. Ridolfi, weightings are allocated among components as follows: 30% corporate performance; 45% business unit performance; and 25% individual performance.

All eligible members of management participate in the AIP at target bonus percentages commensurate with their management level. With regard to performance against financial targets, participants in the AIP are eligible to receive payouts of between 0% and 200% of each weighted metric, based on the achievement of between an 80% threshold and 120% of the target for each metric. Participants receive no amount for a measure if performance is below threshold and receive 200% for a measure if performance is at or above 120% of target. The relationship is linear such that if 90% of the target is met, the percentage payout for that measure is 50%.

A personal performance factor ranging from 0% to 200% is applied to the personal component.

Corporate metrics for 2018 based on Chorus consolidated financials were: Adjusted Earnings Per Share ("**Adjusted EPS**") and Adjusted Cash Provided by Operating Activities, equally weighted. Adjusted EPS and Adjusted Cash Provided by Operating Activities are non-GAAP measures which do not have standardized meanings under GAAP and may not be comparable to similar measures presented by other issuers. Adjusted EPS measures overall profitability and is defined as earnings (net income) adjusted for any foreign exchange gain or loss on long-term debt and finance leases, divided by the weighted average number of shares outstanding. "**Adjusted Cash Provided by Operating Activities**" means cash provided by operating activities before net changes in non-cash balances related to operations less capital expenditures, excluding finance leases, aircraft acquisitions and the extended service program. The Board and management believe that these metrics reflect an appropriate focus on strengthening Chorus' financial position for growth.

In February 2017, the Board determined that Adjusted EPS would be the sole corporate measure applicable to business units.

Business unit metrics for Jazz in 2018 were: Adjusted Cash Provided by Operating Activities, and Operating Income, equally weighted. These metrics align with Jazz's focus on generating cash and controlling costs. Adjusted Cash Provided by Operating Activities has the same meaning as that defined above for Chorus. Operating Income is defined as operating revenue less operating expenses. Business unit metrics for CAC in 2018 were: Adjusted Cash Provided by Operating Activities and Net Assets Under Management ("**NAUM**"). Adjusted Cash Provided by Operating Activities has the same meaning as that defined above for Chorus. NAUM is defined as net book value of Property Plant and Equipment on the balance sheet.

The individual performance component measure is based on performance assessments, consistent with previous years.

In February 2019, the Board approved a change in weighting for Business Unit Presidents from 30% to 45% corporate performance, and from 45% to 30% business unit performance to incentivize greater collaboration among Chorus' business units.

### *Ensemble Plus*

Ensemble Plus is designed to provide quarterly payments to eligible employees if Jazz achieves pre-determined monthly operational and customer service goals. Participants are those who work for, or in support of, the Jazz operation. The categories include controllable on-time performance, controllable flight completion, incidences of mishandled luggage at airports where Jazz is responsible for luggage handling and other customer service measures related to inflight and check-in satisfaction. The Ensemble Plus plan is offered to all eligible employees (including eligible NEOs) on the same basis to allow them to share in Jazz's success and to ensure they work together to achieve corporate goals. The maximum annual payout pursuant to Ensemble Plus for 2018 was \$2,550 per eligible employee. In 2018, the total payment under the Ensemble Plus was \$725 per

eligible employee. Mr. Ridolfi does not participate in the Ensemble Plus program as his responsibilities do not extend to the Jazz operation.

Effective January 1, 2019, NEOs will no longer participate in the Ensemble Plus program.

### 3) Long-Term Incentive Compensation

In 2018, Chorus had three long-term incentive compensation programs: the LTIP, the Long-term Cash Incentive Plan (the "LTCIP"), and the ESOP. The LTIP and the ESOP align the interests of executives and employees with the interests of Chorus' shareholders because the value of a participant's holdings (whether RSUs, options or shares) is directly related to the value of Chorus' shares. If the Board prescribes performance vesting conditions when awarding RSUs or options under the LTIP, the value of those awards is also dependent on the achievement of the performance vesting conditions. The LTCIP was created specifically to incentivize and reward growth at Chorus Aviation Capital and is described further below.

#### *Long-Term Incentive Plan*

The LTIP is Chorus' share-based, long-term incentive plan. The purpose of the LTIP is to provide eligible participants with incentive compensation that enhances Chorus' ability to attract, retain and motivate key personnel and to reward executives and other key employees (as approved by the Board from time to time) for performance that results in Chorus meeting specified performance targets. Under the LTIP, awards of RSUs (including PSU variants) and options may be granted to eligible employees.

#### **Key Terms**

The key terms of the LTIP are summarized below:

<b>Eligible participants</b>	The President and CEO and other officers of Chorus or named individuals, employees or officers of any other entity designated by the Board.
<b>Types of awards</b>	RSU – a right to receive upon vesting one share or cash equal to the then trading price of a share and includes a PSU (which is a variant of the RSU that, in addition to a time vesting condition, only vests upon the achievement of specified performance targets).  Option – a right to purchase a share at an exercise price per option at least equal to the closing price of a share on the date the option is granted.
<b>Total issuable</b>	11,000,915 shares
<b>Option exercise price</b>	Determined by the Board but may not be less than the closing price of the shares on the grant date (or if the shares did not trade on such date, the average of the bid and ask prices of the shares at the close of trading on such date).
<b>Insider limits</b>	Shares issued from treasury to insiders within any one-year period pursuant to the LTIP, together with the shares of Chorus issued from treasury to insiders during such one-year period under all of Chorus' other treasury share based compensation arrangements, will not exceed 10% of Chorus' total issued and outstanding shares of Chorus. The total number of shares of Chorus issuable from treasury to insiders under the LTIP, at any time, together with the shares of Chorus issuable from treasury to insiders under all of Chorus' other treasury share based compensation arrangements, will not exceed 10% of Chorus' total issued and outstanding shares.

<b>Vesting</b>	<p>Vesting of RSUs may be time-based or based on meeting individual or corporate performance targets (referred to in this circular as PSUs). Generally, RSUs (including PSU variants) vest at the end of three years. Vesting is variable based on whether target performance is between 80% and 100% of target.</p> <p>In 2015, the LTIP was amended to provide for the granting of RSUs with a performance cycle greater than three years up to a maximum of five years. Chorus granted a total of 99,668 RSUs on May 1, 2015 to four vice presidents of Voyageur Airways (a predecessor to Voyageur Aviation) as part of retention agreements, which grants coincided with Chorus acquiring the parent company of Voyageur Airways. These grants vest on December 31, 2019. As the cycle exceeds three years, the RSUs are exercisable for shares issued from treasury.</p> <p>Vesting of options may be time-based or based on meeting individual or corporate performance targets. The performance conditions, if any, for grants of options will be contained in an award agreement relating to the particular grant. Unless otherwise specified by the Board, each vested option may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable and it remains exercisable until expiration or termination of the option. For options subject to a performance vesting condition if, as a result of a failure to meet the performance vesting condition, some or all of the options granted to the eligible participant have not vested and are not exercisable by the date of such determination, the unvested options expire and are cancelled.</p>
<b>Dividend equivalents</b>	<p>Additional RSUs (including PSU variants) are credited as dividend equivalents calculated by dividing: (i) the amount obtained by multiplying the amount of the dividend declared and paid by Chorus per share by the number of RSUs recorded in the participant's account on the record date for the payment of such dividend, by (ii) the five-day volume weighted average price of the shares for the period including and ending on the third trading day prior to the record date for the payment of such dividend.</p> <p>Options do not earn dividend equivalents.</p>
<b>Option term</b>	<p>Maximum of 10 years. However, if an option expires during, or within five business days after, a routine or special trading black-out period imposed by Chorus to restrict trades in Chorus' securities, then, notwithstanding any other provision of the LTIP, unless the delayed expiration would result in tax penalties, the option will expire 10 business days after the trading black-out period is lifted by Chorus.</p>
<b>Termination of employment for cause or resignation</b>	<p>All RSUs (including PSU variants) credited to the participant's account will be forfeited and cancelled.</p> <p>All options, whether vested or not, held by a participant terminated for cause will be forfeited and cancelled.</p> <p>In the case of resignation, any options that are not vested will be forfeited and cancelled and any vested options will continue to be exercisable until the earlier of 90 days and the date on which the exercise period of the particular options expire.</p>
<b>Termination of employment due to retirement, long-term disability, death or termination without cause</b>	<p>Any unvested RSUs will be pro-rated based on the completed months of service during the three-year performance cycle. RSUs subject to time vesting will vest within 45 days. The participant will be entitled to PSUs at the end of each applicable cycle, if targets are achieved (vesting is variable based on whether target performance is between 80% and 100% of target).</p> <p>In the case of a termination of employment without cause, vesting of a pro-rated number of the outstanding, unvested options will accelerate and such portion will become fully vested and exercisable on the date of termination and remain exercisable until the earlier of the date which is the later of (i) 90 days after the vesting date and (ii) 12 months after the applicable event, and the expiry date. Pro-ration would be based on the completed months of service during the three-year vesting period.</p> <p>Vested options are exercisable by the participant until the earlier of 12 months and the date on which the exercise period of the options expire. Options that have not vested on or prior to the date of termination are forfeited.</p>
<b>Change of control</b>	<p>For RSUs granted prior to February 18, 2016, all unvested RSUs vest on the date of the change of control, whether or not the RSUs have met the vesting conditions. However, in the event that the change of control occurs in the circumstances of an internal reorganization involving Chorus or its subsidiaries, the Board may, in its sole discretion, determine that such RSUs will not vest as at the date of such change of control.</p>

Double trigger change of control vesting applies to all RSUs and options granted after February 18, 2016. In the event of the participant's termination without cause or termination for "good reason" (as defined in the LTIP) within 24 months following a Change of Control, any RSUs or options outstanding immediately prior to the change of control, but which have not vested as of the termination date, will become fully vested, and the options will become fully exercisable, on the termination date and the options remain exercisable until the earlier of (i) the date which is 90 days after the termination date, and (ii) the date on which the exercise period for the particular options expires. In addition, the definition of "Change of Control" has been modified to include a change in the composition of a majority of the Board.

Subject to the treatment accorded to RSUs granted prior to February 18, 2016 and except as provided in the award agreement, if any RSU or option is not assumed or replaced by an entity resulting from the change of control or a parent of such entity, in each case of which the voting equity is listed on a stock exchange in North America, with an award (i) for which appropriate adjustments have been made to the number and kind of securities of such entity or parent in order to preserve the compensation element of the award at the time of the change of control transaction, and (ii) which provides for subsequent vesting, exercise (if applicable) and settlement of the award on no less favourable terms and conditions, then such RSU or option becomes fully vested upon the change of control and the option becomes exercisable until the earlier of (a) 90 days after the date of the change of control, and (b) the date on which the exercise period of the particular options expire. In the event that the change of control occurs in the circumstances of an internal reorganization involving Chorus or its subsidiaries, the Board may, in its sole discretion, determine that RSUs won't vest and the options won't be exercisable upon the occurrence of the change of control, and/or shorten the option exercise period.

#### **Assignability**

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

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#### **Amendments**

Shareholder approval is required for any amendment to the LTIP that results in (i) an increase in the number of shares reserved for issuance by Chorus from treasury pursuant to the LTIP; (ii) permission for RSUs (including PSU variants) or options to be transferred other than for normal estate settlement purposes; (iii) a reduction in the exercise price of an option, (iv) extending eligibility to participate in the LTIP to non-employee directors; (v) an extension to the term of an option beyond its original expiry date (except where the expiry date would have fallen within a black-out period applicable to the participant or within five business days following the expiry of such black-out period); or (vi) any changes to the amendment provisions other than to add items for which shareholder approval is required.

Subject to the above, the Board may amend, suspend or discontinue the LTIP in such manner as the Board, in its sole discretion, determines appropriate, including without limitation, by amending the LTIP (i) for the purpose of making formal minor or technical modifications to any provisions of the LTIP, (ii) to correct any ambiguity, defective provision, error or omission, (iii) to change the vesting provisions of awards or the LTIP, (iv) to change the termination provisions of awards or the LTIP, or (v) to change the incentive amounts to the extent they are expressed in in the LTIP, provided, however, that no such amendment: (a) results in the LTIP becoming a "salary deferral arrangement" under the Income Tax Act (Canada) or any applicable provincial legislation; (b) reduces the number of RSUs or options granted prior to such amendment or adversely modifies the vesting condition(s) of such RSUs or option, as applicable; and (c) modifies the amendment provision of the LTIP without the consent of all participants with respect to RSUs or options granted prior to the amendment.

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**Recent amendments** On May 4, 2018, the LTIP was amended to provide for an automatic 10 business day extension of the expiry date of options that expire during, or within five business days after, a routine or special trading black-out imposed by Chorus. This amendment was approved by shareholders.

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## Performance Measures

Threshold and target performance goals for the 2018 PSU grants are based on Adjusted Cash Provided from Operating Activities, Adjusted EPS and Return on Invested Capital (“**ROIC**”). Weighting of these measures is intended to ensure a balanced focus on maintaining profitability, generating adequate returns on invested capital, and maintaining strong cash flows to support investment for future growth while providing a dividend to shareholders.

### 2018 PSU Targets

Objective	Weight	Threshold (aggregate 3 year)	Target (aggregate 3 year)
Adjusted Cash Provided from Operating Activities (\$000,000)	50%	775.2	969.0
Adjusted EPS (\$)	25%	2.64	3.30
ROIC (%)	25%	29.1	36.4

Adjusted EPS and Adjusted Cash Provided from Operating Activities are defined in this circular under the heading “Executive Compensation Program – 2) “Short-Term Incentive Compensation”.

ROIC is a non-GAAP measure that does not have a standardized meaning under GAAP and may not be comparable to similar measures presented by other issuers. ROIC is frequently used in the airline industry and is a metric reported in Chorus’ MD&A. It is commonly used to assess the efficiency with which a company allocates its capital to generate returns. Return is calculated based on Chorus’ earnings before tax, excluding special items, finance costs and implied interest on off-balance sheet aircraft leases for aircraft for which Chorus holds the head lease. Invested capital includes average long-term debt, average finance lease obligations, average convertible units, average consideration payable, average shareholders’ equity and off-balance sheet aircraft operating leases for aircraft for which Chorus holds the head lease.

### Long-Term Cash Incentive Plan

In 2017, the Board approved the LTCIP as a one-time incentive for certain executives of Chorus Aviation Capital aimed at the initial growth phase of CAC. Mr. Ridolfi is the only NEO participating in the LTCIP. As a participant, he will have the opportunity to earn a cash incentive based on the growth in book value (specifically, the consolidated retained earnings balance of Chorus Aviation Capital’s third-party leasing business) between the commencement of his appointment to the position of President of CAC on January 6, 2017 and December 31, 2022. The LTCIP is unfunded, unsecured and subject to Chorus’ Compensation Recoupment Policy. Change of control and termination clauses are generally consistent with those of the Chorus LTIP. In 2019, the LTCIP was closed to new participants and capped to reflect the growth in book value derived from Chorus’ equity investment in Chorus Aviation Capital up to the end of its first full year of operation (i.e., 2017).

### Employee Share Ownership Program

The ESOP enables eligible employees to buy shares of Chorus through payroll deductions. Through the ESOP, eligible employees may invest up to 6% of their salary for the purchase of shares on the secondary market, and Chorus annually matches a portion of the employee investment. The ESOP aligns the interests of participating employees more closely with the interests of Chorus’ shareholders.

The Board may use its discretion to set the employer match at or above 33.33% of the investments made by the employees under the plan. The funds from the employer match are used to purchase shares of Chorus on the secondary market on behalf of such participants. The percentage of matching contributions and the base threshold amounts are established and are subject to adjustment by the Board. In years 2011 to 2017 inclusive, the Board approved a 60% match for employee contributions made to the ESOP for the following year. The 60% match was continued for contributions made from January 1 to March 31, 2019. In February 2019, the Board amended the ESOP to set the minimum employer match at 25% and approved a 25% match for employee contributions made to the ESOP from April 1 to December 31, 2019.

## 4) Pension

Under Chorus’ registered defined contribution pension plan (the “**Pension Plan**”), NEOs receive a contribution equal to the maximum allowable amount under the *Income Tax Act* (Canada). The NEOs, with the exception of Mr. Ridolfi, also participate in the SERP (which is closed to new participants).

## 5) Benefits

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

## 6) Perquisites

Perquisites offered to certain executive officers include a taxable car allowance, a medical reimbursement plan and optional health assessment and financial advisory services. As an executive of CAC, Mr. Ridolfi does not receive a car allowance or financial advisory services. Perquisites are intended to be at the median level for Chorus' benchmark group and represent a small portion of overall compensation.

### Compensation of NEOs

#### 2018 AIP – Corporate and Business Unit Performance

Details of the performance targets for the 2018 AIP are as follows:

Metric	Threshold	Target <sup>(1)</sup>	Stretch	Actual	Percentage Payout
Chorus Adjusted EPS	0.86	1.07	1.28	1.00	69.0%
Chorus Adjusted Cash from Operating Activities (\$000)	215,397	269,246	323,095	251,169	66.5%
Jazz Operating Income (\$000)	111,747	139,684	167,621	125,097	48.0%
Jazz Adjusted Cash from Operating Activities (\$000)	113,719	142,149	170,579	130,123	57.5%
CAC Net Assets Under Management (USD \$000)	1,113,920	1,392,400	1,670,880	1,020,453	0%
CAC Adjusted Cash from Operating Activities (USD \$000)	85,616	107,020	128,424	101,848	76.0%

1 All variable compensation expense (including AIP, LTIP, DSU and ESOP expense) was excluded from the actual and target results. The HRCC also excluded from actual results select expense items that it determined were unusual and should not be included in assessing operating performance.

#### 2018 AIP – Personal Performance

All NEOs, other than the President and CEO, receive performance reviews based on a common set of evaluation criteria. These criteria are grouped into the following categories: job responsibilities, leadership, and progress on department plans. The results of these performance reviews form the basis for determining the personal performance factor for AIP purposes

For 2018, a personal performance factor of 200%, 150%, or 100% (out of a maximum of 200% and a minimum of 50%) was applied in respect of the NEOs based on the results of their performance review. The HRCC and the Board assess the performance of the President and CEO annually based on financial performance and non-financial measurements to determine an appropriate level of compensation. However, the formulas used and program parameters for variable compensation and the LTIP are those approved by the Board for all executives. The annual performance review of the President and CEO takes into account a number of factors. Overall leadership performance is evaluated with consideration given to the achievement of the annual business plan, which includes short-term initiatives to meet annual targets and execution against long-term strategic initiatives aimed at growing shareholder value.

In 2018, Mr. Randell (President and CEO) focused on creating additional long-term value and progressing Chorus' vision of delivering regional aviation to the world. The HRCC and Board considered the following accomplishments resulting from initiatives undertaken in 2018 in reviewing the CEO's performance: i) Amended and extended the capacity purchase agreement with Air Canada, securing Jazz's position in Air Canada's regional network for the next 17 years; ii) Completion of a \$97.26 million equity investment by Air Canada to fund new, larger gauge aircraft at Jazz and growth in regional aircraft leasing; iii) Entered into a firm purchase agreement with Bombardier for nine CRJ900s as part of Jazz's fleet modernization plan; iv) Achieved an unprecedented 17-year collective agreement with Jazz pilots and enhanced the pilot mobility program to access pilot careers at Air Canada; v) Secured US \$300 million credit facility to support the growth of Chorus Aviation Capital's regional aircraft leasing business; vi) Secured lease commitments at Chorus Aviation Capital for an additional 19 aircraft; and vii) Won several workplace and safety awards at Jazz including Canada's Best Diversity Employer for the eighth consecutive year and the Top Employer for Young People for the seventh consecutive year.

Based on the review of Mr. Randell's performance, the Board approved the maximum personal performance factor.

## 2016 LTIP Grant – Pay-out of RSU Awards

Details of the performance targets and payout percentage for the 2016 LTIP are as follows:

<b>Objective</b>	<b>Weight</b>	<b>Threshold</b>	<b>Target</b>	<b>Actual</b>	<b>Percentage Payout</b>
Aggregate Adjusted Cash from Operating Activities (\$000,000)	50%	530.1	662.6	647.4	97.7%
Aggregate Adjusted EPS (\$)	25%	2.58	3.23	3.04	94.1%
Aggregate Adjusted ROIC (%)	25%	39.8	49.8	44.9	90.2%
Total Payout Percentage (actual of % capped at 100%)					94.9%

For the purposes of the payout, the Board made adjustments to reflect the launch of CAC in 2017, which was not contemplated when the LTIP awards were originally granted.

### *Compensation Decisions*

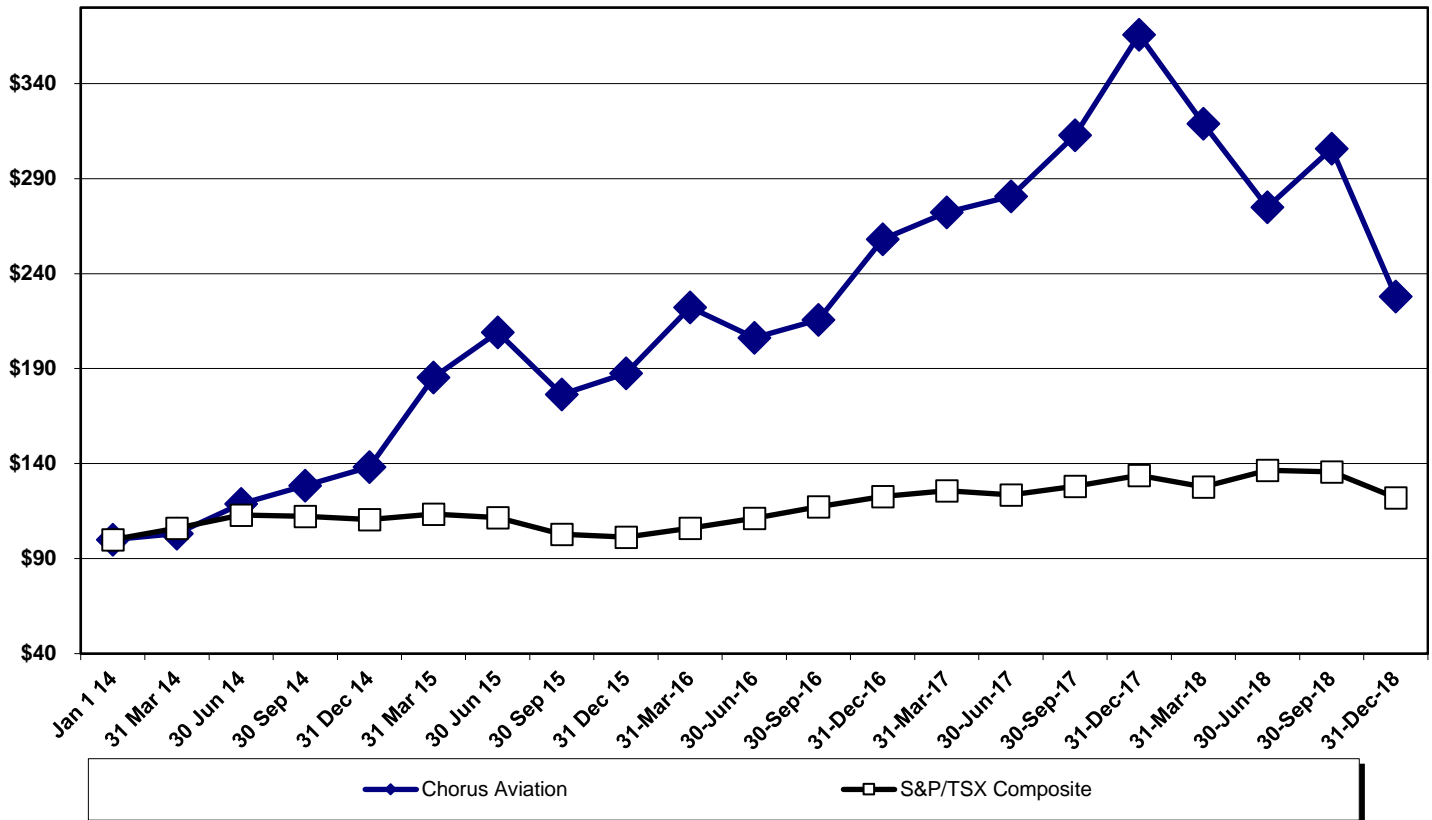
The following recommendations on compensation for the NEOs were made by the HRCC and approved by the Board in relation to the 2018 financial year: (i) a payout under the AIP for each NEO based on the formula previously described; (ii) the vesting of all time-based and 94.9% of the performance-based RSUs granted in 2016 under the LTIP plus their associated additional RSUs in relation to dividends on shares of Chorus; (iii) a grant of RSUs (1/3 time-based and 2/3 PSUs) in respect of 2019 under the LTIP at the regular formula amount applicable to the particular NEO; and (iv) base salary and AIP target market adjustment increases effective January 1, 2018 based on a review of the comparator group and updates to the market executive compensation review referred to previously.

As a result of the annual salary review, the Board approved adjustments which took effect on January 1, 2019. The annual base salaries for these NEOs were set as follows: \$795,000 for Mr. Randell; \$430,500 for each of Ms. Mahody and Mr. Copp, and \$410,000 for Mr. Ridolfi. As a result of the executive realignment announced on March 11, 2019, Mr. Copp's annual base salary and annual LTIP grant were increased to \$450,000 (from \$430,500) and 100% (from 65%), respectively, and Ms. Mahody's annual LTIP grant was increased to 100% (from 75%).

**Performance Graph**

The following graph compares the total cumulative return of a \$100 investment in the shares of Chorus made on January 1, 2014 with the cumulative return of the S&P/TSX Composite Index for the period beginning on January 1, 2014 and ended December 31, 2018. Effective May 24, 2016, the Class B Voting Shares and Class A Variable Voting Shares started trading on the TSX under the single ticker “CHR”. Prior to that date, the Class B Voting Shares and the Class A Variable Voting Shares traded on the TSX under their respective symbols, CHR.B and CHR.A. The trend shown in the graph generally corresponds to the trend in the compensation of the NEOs, excluding the impact of individual performance factors and increases in compensation due to promotion. The dollar value of variable compensation in the form of payouts under Chorus’ cash-based variable compensation plan has varied as the financial performance of Chorus has varied over the period.

**Comparison of Total Return of Chorus Aviation Inc. Shares  
with S&P/TSX Composite Index January 1, 2014 to December 31, 2018**



## Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-Based awards (\$)		Non-equity incentive plan compensation (\$)	Pension value <sup>(4)</sup> (\$)	All other compensation (\$)	Total compensation (\$)
			Value of RSUs Granted <sup>(1)</sup>	Option Based Awards <sup>(2)</sup>	Short Term Plans <sup>(3)</sup>			
Joseph Randell CEO	2018	775,000	1,007,500		860,725	647,171	25,948 <sup>(5)</sup>	3,316,344
	2017	750,000	975,000	–	1,150,033	193,343	24,231	3,092,607
	2016	700,000	910,000	–	987,559	280,552	133,273	3,011,384
Jolene Mahody EVP and CFO	2018	420,000	315,000	–	297,114	317,944	14,345 <sup>(5)</sup>	1,364,403
	2017	400,000	300,000	–	390,848	213,775	12,462	1,317,085
	2016	360,000	270,000	–	324,001	380,967	–	1,334,968
Richard Flynn EVP and CCDO	2018	410,000	266,500	–	218,307	216,096	14,345 <sup>(5)</sup>	1,125,248
	2017	400,000	260,000	–	355,848	81,835	12,462	1,110,145
	2016	360,000	234,000	–	292,501	180,246	11,961	1,078,708
Colin Copp President, Jazz	2018	420,000	273,000	–	278,371	308,818	14,345 <sup>(5)</sup>	1,294,534
	2017	400,000	260,000	–	356,968	207,121	12,462	1,236,551
	2016	360,000	234,000	–	329,293	371,548	11,814	1,306,655
Steve Ridolfi President, CAC	2018	400,000	400,000	-	261,290	26,500	13,798	1,101,588
	2017	400,000	400,000	-	430,706	26,230	27,305	1,284,241
	2016	315,000	189,000	-	220,201	26,010	-	750,211

1. Represents value of RSUs granted in the financial year shown. Value of RSUs granted as shown in the table is based on fair market value per share as of the date of grant of \$8.70 for 2018, \$7.48 for 2017 and \$5.91 for 2016. The value of the RSUs for accounting purposes at the date of grant is also based on the fair market value per share as of the date of grant.

After the grant date, for accounting purposes, the RSU obligation is recognized in the appropriate short and long-term liability accounts in the statement of financial position. The RSU liability is adjusted quarterly to reflect the number of RSUs expected to vest and the fair market value of the RSUs at the end of the reporting period. Changes to the outstanding RSU liability are accounted for in salaries, wages and benefits expense in the statement of income.

2. There were no options granted to NEOs in 2018, 2017 or 2016.

3. Includes payments under the AIP and the Ensemble Plus program. Payments under the AIP for a particular financial year are made in the following financial year when corporate and personal performance factors are available. Amounts shown represent payments for performance relating to the particular financial year. Ensemble payments were \$725 for 2018, \$808 for 2017 and \$1,189 for 2016. Mr. Ridolfi's responsibilities do not extend to Jazz and as such he does not participate in the Ensemble Plus program.

4. This column includes the compensatory changes reflected in the pension plan and, where applicable the SERP tables. The compensatory change for NEOs who participate in the SERP also includes the one-time impact of an amendment to the SERP which provides a lump sum option upon retirement.

5. Amount for 2018 represents 60% employer matching of employee contributions made in 2017 through the ESOP paid in April 2018. Perquisites did not exceed the lesser of 10% of base salary and \$50,000.

## Incentive Plan Awards

### 2018 Outstanding Option-Based Awards and Share-Based Awards at fiscal year end

The table below shows options granted in 2014 and 2015 and the market value of those options on December 31, 2018. The table also shows the RSUs granted to the NEOs and the market value of those RSUs on December 31, 2018. Pursuant to the LTIP, participants could have between 80% and 100% of their performance RSUs vest or none at all. Performance vesting conditions apply to two-thirds of the RSUs. In February 2019, the HRCC approved the vesting of 100% of the time-based and 94.9% of the performance-based RSUs granted in 2016 under the LTIP. See "Compensation of NEOs" above. Those RSUs vested in 2019, and therefore are not treated as having vested in 2018 for the purposes of the table below.

Name	Option-Based Awards				Share-Based Awards (LTIP)		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Grant Year	Number of shares that have not vested (#) <sup>(2)</sup>	Market Value of Share based awards that have not vested (\$) <sup>(3)</sup>
Joseph Randell	903,500	4.50	May 20, 2019	1,029,990	2018 Grant	122,087	229,524
					2017 Grant	145,723	273,959
					2016 Grant	185,656	1,011,498
					Aggregate	453,466	1,514,981
Jolene Mahody	300,000	4.50	May 20, 2019	342,000	2018 Grant	38,171	71,762
					2017 Grant	44,838	84,295
					2016 Grant	55,085	300,115
					Aggregate	138,094	456,172
Richard Flynn	330,000	4.50	May 20, 2019	376,200	2018 Grant	32,294	60,712
					2017 Grant	38,859	73,056
					2016 Grant	47,740	260,099
					Aggregate	118,893	393,867
Colin Copp	350,000	4.50	May 20, 2019	399,000	2018 Grant	33,081	62,193
					2017 Grant	38,859	73,056
					2016 Grant	47,740	260,099
					Aggregate	119,680	395,348
Steven Ridolfi	500,000	7.25	October 1, 2020	nil	2018 Grant	48,471	91,126
					2017 Grant	58,775	110,496
					2016 Grant	38,559	210,080
					Aggregate	145,805	411,702

- 1 The value of unexercised option-based awards was calculated based on market value of shares of Chorus at December 31, 2018 of \$5.64 per share.
- 2 Amounts represent number of RSUs awarded under the LTIP, in each case on the date of grant and the additional RSUs that have been credited to the NEOs on account of dividends on shares of Chorus in accordance with the terms of the LTIP.
- 3 Based on market value of shares of Chorus at December 31, 2018 of \$5.64 per share. The amounts for the 2018 and 2017 LTIPs are shown as the minimum payouts reflecting the 1/3 of RSUs granted that will vest on a time basis and do not include a value for RSUs which are subject to performance measures. The market value for the 2016 LTIP grant reflects the fact that vesting was determined on February 21, 2019 to be 94.9% for the performance-based RSUs.

#### ***Incentive plan awards – value vested or earned during 2018***

Name	Option-Based Awards Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards Value vested during the year (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation Value earned during the year (\$)
Joseph Randell	-	1,436,421	860,725
Jolene Mahody	-	476,505	297,114
Richard Flynn	-	395,016	218,307
Colin Copp	-	388,432	278,371
Steven Ridolfi <sup>(3)</sup>	190,000	86,583 <sup>(3)</sup>	261,290

- 1 Represents the value that would have been realized if the options had been exercised on the vesting date. Determined as the difference between the market price of the underlying securities on the vesting date and the exercise price of the options multiplied by the number of options vesting. The market price of the shares on the vesting date of October 1, 2018 was \$7.63 per share.
- 2 Represents value of all restricted shares vested in 2018 determined on the date of delivery of shares or cash in lieu of shares. The HRCC typically approves the vesting of time-based RSUs and performance-based RSUs (aka PSUs) in February of each year, in respect of performance cycles ending at the end of the previous calendar year. On February 14, 2018, the Board approved the vesting of 97.8% of all performance RSUs (aka PSUs) granted in 2015 under the LTIP reflecting actual performance achieved against performance targets over the three-year performance cycle ending December 31, 2017. The vesting of these RSUs is reflected in this table.  
On February 21, 2019, the HRCC approved the vesting of 94.9% of all performance RSUs (aka PSUs) granted in 2016 under the LTIP. Since these RSUs did not vest in 2018, they are not reflected in this table.
3. The LTIP award granted to Mr. Ridolfi in 2015 was pro-rated to reflect his October 1, 2015 date of hire.

## Pension Benefits

NEOs of Chorus currently participate in the Pension Plan under which Chorus contributes the maximum allowable amount under the *Income Tax Act* (Canada). The NEOs, with the exception of Mr. Ridolfi, also participate in the SERP.

Effective February 19, 2014, the Board approved an amendment to close the SERP to new participants. Prior to this, the Board had applied its discretion under the SERP to approve new participants. There have been no new participants added since 2011. Based on his date of hire, Mr. Ridolfi does not participate in the SERP.

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

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

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

The normal form of pension for members with a spouse at the date of pension commencement is payable for the lifetime of the member with 60% of the member's pension continuing to a surviving spouse. The normal form of pension for members without a spouse at the date of pension commencement is payable for the lifetime of the member, with a guarantee that a minimum of 120 monthly payments would be made.

The Board approved an amendment to the SERP, effective January 1, 2019, which provides participants with the option of the normal form of retirement benefit or lump sum commuted value at retirement without a tax adjustment. This was determined to be favorable to Chorus from a funding perspective, would assist with de-risking Chorus' future funding obligations in respect of the SERP, and is consistent with market practice.

## Pension Plan

The table below summarizes the accumulated balances in each NEO's defined contribution account at December 31, 2017 and December 31, 2018 as well as the factors that have caused the balance to change during 2018. The SERP benefit is reduced by a deemed benefit from the Pension Plan.

Name	Accumulated value at start of year (\$)	Compensatory change (\$)	Accumulated value at end of year (\$) <sup>(1)</sup>
Joseph Randell	546,204	26,500	555,362
Jolene Mahody	480,374	26,500	503,032
Richard Flynn	478,940	26,500	507,201
Colin Copp	758,692	26,500	760,148
Steven Ridolfi	66,954	26,500	95,267

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

## SERP

The table below shows the following information for each NEO participating in the SERP:

- years of credited service as at December 31, 2018;
- estimated annual benefit accrued, or earned, for service up to December 31, 2018 and up to the age of 65; and
- a reconciliation of the accrued obligation from December 31, 2017 to December 31, 2018.

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

Name	Number of years credited service	Annual benefits payable (\$)		Accrued obligation at start of year <sup>(1)</sup> (\$)	Compensatory change <sup>(2)</sup> (\$)	Non-compensatory change <sup>(3)</sup> (\$)	Accrued obligation at year end <sup>(4)</sup> (\$)
		At year end <sup>(5)</sup>	At age 65 <sup>(6)</sup>				
Joseph Randell	35.00	469,898	472,204	8,132,646	620,671	(25,459)	8,727,858
Jolene Mahody	28.75	181,511	289,682	3,873,589	291,444	(14,848)	4,150,185
Richard Flynn	34.67	219,923	219,923	3,362,663	189,596	21,235	3,573,494
Colin Copp	29.17	185,353	291,903	3,783,991	282,318	(8,335)	4,057,974

1 The accrued obligation is the value of the projected pension earned for service to December 31, 2018. The values have been determined, based on the 2018 actual earnings adjusted to reflect expected increases in pensionable earnings, using the same actuarial assumptions used for determining the pension plan obligations at December 31, 2018 as disclosed in the notes to the 2018 consolidated financial statements as presented by Chorus.

2 The values shown under the column headed "Compensatory change" include the value of the projected pension earned for service in the year plus the differences between actual and assumed compensation for the year. The compensatory change also includes the one-time impact of the plan amendment to provide for a lump sum option upon retirement.

3 The values shown under the column headed "Non-Compensatory Change" include the impact of amounts attributable to interest accruing on the beginning of year obligation, changes in the actuarial assumptions, and any other experience gains and losses, including the impact of exchange rate changes and demographic changes.

4 The accrued obligation is the value of the projected pension earned for service to December 31, 2018. The values have been determined, based on the 2018 actual earnings adjusted to reflect expected increases in pensionable earnings, using the same actuarial assumptions used for determining the pension plan obligations at December 31, 2018 as disclosed in the notes to the 2018 consolidated financial statements as presented by Chorus.

5 The annual lifetime pension payable at age 65 based on the NEO's earnings and credited service as at December 31, 2018.

6 The annual lifetime pension payable at 65 based on the NEO's earnings as at December 31, 2018 but with credited service projected to age 65. The amounts reflect the additional credited service granted by the Board and assumes 100% vesting.

In recognition of the key roles of Mr. Randell, Ms. Mahody, Mr. Flynn and Mr. Copp in the achievement of the future long-term strategy and to encourage long-term retention, in 2013 the Board approved service credits for additional years of pensionable service under the SERP for these four NEOs.

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

## Equity Compensation Plan Information

The table below sets out information about the equity plans as at December 31, 2018.

Plan Category	(a) Number of securities to be issued upon the exercise of outstanding options and vesting of restricted share units <sup>(1)</sup>		(b) Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup>	(c) Number of securities remaining available for future issuances under equity compensation plans, excluding securities reflected in column (a)	
	% of shares outstanding	Number	\$	% of shares outstanding	Number
Equity compensation plans approved by security holders	2.1%	2,981,937 <sup>(3)</sup>	5.37	2.7%	3,794,026
Equity compensation plans not approved by security holders	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>2.1%</b>	<b>2,981,937</b>	<b>5.37</b>	<b>2.7%</b>	<b>3,794,026</b>

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

1 Does not include shares underlying the RSUs granted on February 23, 2016, February 21, 2017 or February 26, 2018 as these RSUs will either be redeemed for shares purchased on the secondary market (and not issued from treasury) and/or equivalent cash at the option of the participant.

2 The RSUs do not have an exercise price so they are not factored into the weighted average price calculation.

3 Includes 1,954,000 options with an exercise price of \$4.50, 900,000 options with an exercise price of \$7.25, and 99,668 RSUs plus 28,269 RSU dividend equivalents.

The approved maximum number of shares of Chorus which may be issued from treasury under the LTIP is 11,000,915 shares (the “**Reserved LTIP Shares**”). The Reserved LTIP Shares represent approximately 7.8% of Chorus’ issued and outstanding shares as at December 31, 2018.

Chorus has made the following issuances and grants under the LTIP: (i) Chorus issued 398,355 Class B Voting Shares on February 25, 2013 to satisfy the vesting of RSU grants made in 2010 under the Jazz Air Income Fund long-term incentive plan; (ii) Chorus granted 5,350,000 options to certain Chorus and Jazz executives on May 20, 2014 that are exercisable for Class B Voting shares issued from treasury; (iii) Chorus issued 522,264 Class B Voting Shares on February 24, 2015 to satisfy the vesting of RSUs granted in 2012 for participants who elected settlement in shares; (iv) Chorus granted a total of 99,668 RSUs on May 1, 2015 to four vice presidents of Voyageur Airways as part of retention agreements, which grants coincided with Chorus acquiring the parent company of Voyageur Airways. As the cycle exceeds three years, the RSUs are exercisable for shares issued from treasury; (v) Chorus granted 400,000 options on August 18, 2015 that are exercisable for shares issued from treasury; and (vi) Chorus granted 500,000 options on October 1, 2015 that are exercisable for shares issued from treasury. On July 8, 2016, Chorus cancelled 91,667 options from the May 20, 2014 grant upon the retirement of an LTIP participant. On May 20, 2017, 5,258,333 options vested with 3,304,333 options exercised by December 31, 2018. On August 18, 2018, 400,000 options vested with none exercised by December 31, 2018. On October 1, 2018, 500,000 options vested. None were exercised by December 31, 2018.

The Board approved a resolution on February 18, 2015 requiring the RSU grants made in each of 2013, 2014 and 2015, together with the additional RSUs credited on account of dividends paid on shares, to be settled solely in market purchase shares or cash (at the election of the participant in accordance with the LTIP). Grant letters related to all LTIP awards granted after that time, with the exception of the May 1, 2015 grant noted above, specified that these respective grants would be settled solely in market purchase shares or cash (at the election of the participant in accordance with the LTIP).

The table below sets out the burn rate for the LTIP as of December 31 for each of the last three years. There were no options granted in 2018, 2017 and 2016. Shares underlying the RSUs granted on February 23, 2016, February 21, 2017, and February 26, 2018 are not currently redeemable for underlying Chorus shares issuable from treasury but rather from the secondary market or cash.

	2018	2017	2016
Burn Rate <sup>(1)</sup>	Nil	Nil	Nil

1 Burn rate represents: (total options granted during the year and RSUs granted to be issuable from treasury) divided by (weighted average number of Chorus shares outstanding during the year).

## Termination and Change of Control Benefits

In January 2012, Chorus entered into termination and change of control agreements with the current President and CEO (Mr. Randell), EVP and CFO (Ms. Mahody), EVP CCDO (Mr. Flynn) and President of Jazz (Mr. Copp). Pursuant to these agreements, these executives become entitled to certain benefits in the event of (i) a termination without cause, or (ii) a change of control and “good reason” (as defined in the agreement) within 24 months. Upon the occurrence of a triggering event:

- Mr. Randell would be entitled to: 24 months of annual compensation (salary, short term incentive, and basic benefits) plus one additional month of compensation per year of service to a maximum combined severance of 36 months. As of December 31, 2018, Mr. Randell would be entitled to a cash severance payment of \$2,325,000 and a short-term incentive plan payment of \$3,203,393. The short-term incentive plan payment represents the number that is the product of (A) the number of months of the severance period divided by 12 and (B) the greater of the average bonus payment for the previous two calendar years and 75% of the target bonus under the AIP. Continuation of basic benefits for the severance period is valued at \$27,815. The combined severance of 36 months was based on Mr. Randell's extensive industry experience and contribution as the founding president; and
- Ms. Mahody, Mr. Flynn and Mr. Copp would each be entitled to: 12 months of annual compensation (salary, short term incentive, and basic benefits) plus one additional month of compensation per year of service to a maximum combined severance of 24 months. As of December 31, 2018, Ms. Mahody would be entitled to a cash severance payment of \$840,000 and a short-term incentive plan payment of \$712,852. Mr. Flynn would be entitled to a cash severance payment of \$820,000 and a short-term incentive plan payment of \$646,352. Mr. Copp would be entitled to a cash severance payment of \$840,000 and a short-term incentive plan payment of \$684,264. The short-term incentive plan payments represent the number that is the product of (A) the number of months of the severance period divided by 12, and (B) the greater of the average bonus payment for the previous two calendar years and 75% of the target bonus under the AIP. Continuation of basic benefits for the severance period is valued at \$20,147 for Ms. Mahody and Mr. Copp and \$18,479 for Mr. Flynn.

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

The treatment of RSUs and options on termination of employment, a change of control, and retirement are set out under “Executive Compensation Program – 3) Equity Plans – LTIP” above and apply to all participants, including Mr. Ridolfi. All options granted to the NEOs have vested. As of December 31, 2018, the range of values for each of the NEOs of the total number of incremental RSUs awarded under the LTIP on a termination without cause or retirement (based on the closing market price of Chorus' shares on December 31, 2018 is as follows: Mr. Randell (\$608,181 – \$1,824,542), Ms. Mahody (\$183,677 – \$551,032), Mr. Flynn (\$158,692 – \$476,076), Mr. Copp (\$159,185 – \$477,556) and Mr. Ridolfi (\$176,531 – \$529,592). As of December 31, 2018, the value for each of the NEOs of the total number of incremental RSUs awarded under the LTIP in the event of a change of control (based on the closing market price of Chorus' shares on December 31, 2018) is as follows: Mr. Randell (\$2,557,548), Ms. Mahody (\$778,850), Mr. Flynn (\$670,557), Mr. Copp (\$674,995) and Mr. Ridolfi is (\$822,340).

Mr. Ridolfi also participates in the LTCIP, which contains provisions providing for the settlement of the cash incentive award under the plan in the event that Chorus Aviation Capital Corp. undergoes a change of control and either the successor entity does not provide a comparable replacement plan or Mr. Ridolfi's employment is terminated without cause or for “good reason” within 24 months following the change of control. The settlement of the incentive would generally be based on the growth in book value accrued as at the date of the change of control or Mr. Ridolfi's termination. (For further information about the LTCIP, see “Compensation Mix 2018 – Long-Term Incentive Compensation – 3) Long-Term Incentive Cash Plan”).

As of December 31, 2018, the value of the incremental annual pension benefit payable to the NEOs under their agreements, determined by assuming that each executive would receive, in the case of Mr. Randell, 36 months, and, in the case of Ms. Mahody, Mr. Flynn and Mr. Copp, 24 months, of additional pension service credits under the SERP as at the date of termination, is as follows: Mr. Randell (\$68,600), Ms. Mahody (\$29,300), Mr. Flynn (\$29,300) and Mr. Copp (\$29,700). The

incremental annual pension benefit represents the additional SERP pension payable immediately for those executives currently eligible for retirement, and at age 55 for those executives not currently eligible for retirement.

Mr. Ridolfi is not subject to any contract or other agreement that specifies, or limits, the payment of salary or variable cash compensation at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement or a change in control of Chorus. In the event of a future termination of his employment, Mr. Ridolfi's entitlements (if any) would be determined by reference to any agreement or applicable laws then in effect.

All of the foregoing NEOs (including Mr. Ridolfi) are subject to certain contractual confidentiality, non-solicitation and non-disparagement obligations. Breach by the executive of such provisions may result in the executive becoming liable to pay to Chorus all amounts received pursuant to their respective agreement.

In the event of termination with cause or voluntary resignation, the NEOs would not be entitled to any incremental payments, payables or benefits.

## Other Important Information

### Interest of Informed Persons in Material Transactions

To the best of Chorus' knowledge, no director, senior officer or other insider, as applicable, of Chorus, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of Chorus' last financial year that has materially affected or is reasonably expected to materially affect Chorus or any of its subsidiaries.

### Directors' and Officers' Liability Insurance

Chorus maintains directors' and officers' liability insurance for the benefit of the directors and officers of Chorus and its subsidiaries. The coverage limit of such insurance is \$85,000,000 per claim and in the annual aggregate. The current policy is effective from October 1, 2018 to October 1, 2019 and protects the directors and officers for allegations of alleged "wrongful acts" in the conduct of their activities as directors and officers. The directors and officers are indemnified by Chorus from and against any losses or damages they may suffer in such capacities, to the fullest extent permitted, but subject to the limitations stipulated, by applicable law.

### Indebtedness of Directors and Officers

Chorus does not have outstanding any loans made to any of its officers, directors, employees or former officers, directors or employees or to any associate of such persons, other than routine indebtedness.

### Receipt of Proposals for our 2020 Annual Meeting

Any shareholder who intends to present a proposal at the Corporation's 2020 annual meeting of shareholders must send the proposal to Chorus, Attention: Corporate Secretary at 3 Spectacle Lake Drive, Dartmouth, Nova Scotia, B3B 1W8. In order for the proposal to be included in the proxy materials sent to shareholders for that meeting, the proposal must be received by Chorus no later than December 20, 2019 and must comply with the requirements of Section 137 of the CBCA.

## How to Request More Information

### Documents You Can Request

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

- the Consolidated Financial Statements of Chorus for the year ended December 31, 2018, together with the accompanying auditors' report thereon and the MD&A related to such consolidated financial statements;
- any Unaudited Interim Condensed Consolidated Financial Statements of Chorus that were filed after its financial statements for the year ended December 31, 2018, together with the MD&A related to such interim financial statements; and
- the Annual Information Form of Chorus for the year ended December 31, 2018.

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

These documents are also available on our website at [www.chorusaviation.ca](http://www.chorusaviation.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com). All of our news releases are also available on our website.

### **Receiving Information Electronically**

You can choose to receive copies of our corporate documents electronically. We will send you an email informing you when they are available on our website.

#### ***How to sign up – shareholders generally***

To sign up for electronic delivery of corporate documents, go to the website <https://ca.astfinancial.com/edelivery> and follow the instructions.

#### ***How to sign up – employees holding shares under the Employee Share Ownership Plan of Chorus***

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

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

## APPENDIX A

### MANDATE OF THE BOARD OF DIRECTORS CHORUS AVIATION INC. (the “Corporation”)

#### 1. PURPOSE

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

#### 2. ROLE

The Board is responsible for the stewardship of the Corporation and its business, and is accountable to its shareholders (the “**Shareholders**”) for the performance of the Corporation.

The Board establishes the overall policies for the Corporation, monitors and evaluates the Corporation’s strategic direction, and retains all authorities and powers for those functions not specifically delegated by it to its committees or to the Corporation’s management (“**Management**”). Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by applicable laws, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation’s resources are being managed prudently and ethically, having appropriate regard for the interests of the Corporation’s stakeholders, in order to enhance value for its Shareholders. In discharging their duties, directors shall act honestly and in good faith, with a view to the best interests of the Corporation. Directors shall also exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances

The Board may, at the Board’s option, delegate to Board committees matters it is responsible for to the extent permitted by law; however, the Board retains its oversight function and ultimate responsibility for all delegated responsibilities.

#### 3. COMPOSITION

##### *Directors*

The Board is elected by the Shareholders and shall be comprised of that number of directors as shall be determined from time to time by the Board.

The Governance and Nominating Committee of the Board assists the Board with assessing its overall effectiveness, the optimal size of the Board, and the desired skills and characteristics of new candidates. The Governance and Nominating Committee reviews and recommends to the Board candidates for nomination as directors. The Board approves the final choice of the candidates that are to be nominated for election by the Shareholders.

The Board should have an appropriate mix of skills, knowledge and experience, should enhance the diversity of perspectives on the Board, and possess an understanding of the industry and the geographical areas in which the Corporation operates. Directors selected should be able to commit the requisite time for all of the Board’s business. The Board ensures, through the Governance and Nominating Committee, that new directors are provided with an appropriate orientation and that all directors are provided with relevant education opportunities.

### *Chair*

A Chair of the Board shall be appointed by the Board. If the President and Chief Executive Officer of the Corporation (the “CEO”) is also the Chair of the Board, a Lead Director shall be appointed by the Board’s independent directors.

### *Independence*

A majority of the Board shall be composed of directors who do not have any direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of their independent judgment and who are otherwise considered to be independent under the laws and stock exchange listing requirements to which the Corporation is subject.

### *Nationality*

A majority of the Board shall be composed of directors who are resident Canadian<sup>1</sup>.

### *Criteria for Board Membership*

Board members are expected to demonstrate the following conduct:

- (a) demonstrate high ethical standards and integrity in their professional and personal dealings;
- (b) act honestly and in good faith with a view to the best interests of the Corporation;
- (c) promptly disclose to their fellow directors any interest that they may have in a material contract or transaction with the Corporation, whether made or proposed;
- (d) promptly disclose to their fellow directors any information that may be necessary or relevant for the conduct of the Corporation’s business;
- (e) devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as committee members;
- (f) provide independent judgment on a broad range of issues concerning the Corporation;
- (g) understand the Corporation’s strategic objectives and be capable of critically evaluating decisions and business plans against those objectives;
- (h) make all reasonable efforts to attend all Board and committee meetings;
- (i) review the materials provided by Management in advance of Board and committee meetings;
- (j) actively participate in meetings of the Board and each committee, encourage candid discussion of significant issues, and be willing to change their mind in appropriate circumstances; and
- (k) welcome, and be prepared to offer, constructive feedback with a view to enhancing the Board’s effectiveness.

## **4. COMPENSATION**

The Board has determined that the directors should be compensated in a form and amount which is appropriate and which

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<sup>1</sup> A “resident Canadian” for purposes of this document refers to a person who is a (i) “resident Canadian” within the meaning of subsection 2(1) of the *Canada Business Corporations Act*, and (ii) “Canadian” within the meaning of subsection 55(1) of the *Canada Transportation Act*.

is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

## 5. RESPONSIBILITIES

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

- (a) developing the Corporation's approach to corporate governance;
- (b) approving a code of ethics and business conduct (the "**Code**"), and, to the extent feasible, satisfying itself as to (i) the integrity of the CEO and the other officers of the Corporation, and (ii) the existence of a culture of integrity throughout the Corporation and its subsidiaries;
- (c) approving significant policies governing the business and affairs of the Corporation and its subsidiaries;
- (d) evaluating and approving the Corporation's strategic objectives, having regard to, among other factors, the opportunities and risks of the Corporation's business;
- (e) reviewing and approving the Corporation's annual business plan, and in connection therewith, evaluating whether the plan will, if executed, advance the Corporation's progress against its strategic objectives;
- (f) approving, prior to their public disclosure, the Corporation's financial statements, management's discussion and analysis, earnings new release, annual information form, proxy circular and all other disclosure documents which the Board is required to approve under applicable law;
- (g) considering the principal risks of the Corporation's businesses and satisfying itself, to the extent feasible, as to the existence of appropriate systems to identify, manage and monitor those risks;
- (h) appointing the CEO and the Corporation's officers, and ensuring that appropriate development and succession plans are in place for these positions;
- (i) satisfying itself, to the extent feasible, as to the effectiveness of the Corporation's internal controls over financial reporting and management information systems;
- (j) approving a disclosure policy for the Corporation and satisfying itself, to the extent feasible, as to the effectiveness of the Corporation's disclosure controls and procedures;
- (k) ensuring effective measures exist for receiving feedback from the Corporation's stakeholders;
- (l) reviewing and approving material transactions outside the ordinary course of the Corporation's business as well as all matters that the Board is required to approve under *Canada Business Corporations Act* (the "**CBCA**");
- (m) subject to paragraph (l) above, approving a delegation of authority policy pursuant to which authority to execute commitments on behalf of the Corporation is delegated to the Chair of the Board, the CEO and/or other directors or officers of the Corporation;
- (n) approving the compensation paid to the CEO and other designated officers of the Corporation;
- (o) providing advice and counsel to the CEO and Management;
- (p) implementing structures, practices and procedures designed to enable the Board and its committees to function effectively and independently of Management, including periodic assessments of the effectiveness of the Board, its committees and individual members;

- (q) nominating individuals for election by the Shareholders as the Corporation's directors and, subject to the CBCA, filling vacancies on the Board and appointing additional directors as required;
- (r) nominating a firm of chartered accountants for appointment by the Shareholders as the Corporation's auditors, and approving the external auditor's remuneration;
- (s) selecting a Chair of the Board and, if required, a Lead Director;
- (t) establishing and constituting committees of the Board, and delegating to those committees such duties and responsibilities as the Board deems appropriate to assist the Board in discharging its duties and responsibilities.

## **6. MEETINGS**

### *Frequency*

The Board will meet at least quarterly, with additional meetings scheduled as required. Each director has a responsibility to attend and participate in meetings of the Board. The Chair of the Board will ensure that meeting agendas and minutes are distributed to the Board.

### *Quorum*

Subject to the by-laws of the Corporation, a majority of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board, provided that a majority of the directors comprising such quorum shall be resident Canadian.

### *Information and Materials*

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

### *In Camera Sessions*

On the occasion of each Board meeting, the independent directors will endeavor to hold an *in-camera* session chaired by an independent director. The director chairing such *in-camera* sessions will forward to the Chair of the Board (if the Chair did not participate in such *in-camera* session) and to the CEO any questions, comments or suggestions of the directors.

## **7. DECISIONS REQUIRING PRIOR BOARD APPROVAL**

In addition to those matters requiring prior Board approval pursuant to the Corporation's by-laws or delegation of authority policy, the Board will be responsible for the following:

- (a) submitting to Shareholders any question or matter requiring their approval;
- (b) filling a vacancy among the directors or in the office of auditor, or appointing additional directors;
- (c) issuing securities of the Corporation;
- (d) declaring dividends or establishing a dividend policy;
- (e) purchasing, redeeming or otherwise acquiring shares issued by the Corporation;
- (f) paying a commission in consideration of any purchase or agreement to purchase shares of the Corporation;

- (g) approving a management proxy circular;
- (h) approving a take-over bid circular or directors' circular;
- (i) approving financial statements; and
- (j) adopting, amending or repealing by-laws.

## **8. BOARD COMMITTEES**

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

All members of the Audit, Finance and Risk Committee, Governance and Nominating Committee, and the Human Resources and Compensation Committee shall be independent as required under the charter of each Committee and the laws and listing requirements to which the Corporation is subject. A majority of the members of each committee shall also be resident Canadian.

## **9. ADVISERS**

Any director may, upon obtaining the authorization of the Governance and Nominating Committee, engage a non-Management advisor to assist him or her on matters pertaining to his or her responsibilities as a director at the expense of the Corporation.

## **10. OTHER MATTERS**

The Board expects directors as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the Code. The Board, with the assistance of the Governance and Nominating Committee, is responsible for monitoring compliance with the Code.

Every director shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the director has a conflict of interest.

The Board shall review this mandate periodically and make any amendments thereto as it deems appropriate.

## APPENDIX B

### ARRANGEMENT RESOLUTION

#### BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under the *Canada Business Corporations Act* (the "**CBCA**") of Chorus Aviation Inc. (the "**Corporation**"), as more particularly described and set forth in the management proxy circular (the "**Circular**") dated March 22, 2019 of the Corporation referenced in the notice of this meeting, as the Arrangement may be amended, modified or supplemented, is hereby authorized, approved and adopted.
2. The plan of arrangement of the Corporation (the "**Plan of Arrangement**"), 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.
3. The amendment of the Corporation's restated articles of incorporation (the "**Articles**") and Second Amended and Restated By-Law No. 1 by way of the filing of articles of arrangement (the "**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 in relation thereto) (the "**Amendments**"), are hereby ratified and approved.
4. The Corporation is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (the "**Court**") 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).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the 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 approval of the shareholders of the Corporation, to (i) amend, modify or supplement the Plan of Arrangement or the Articles of Arrangement, and (ii) not to proceed with the Arrangement or the Amendments to the Articles.
6. 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.
7. 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 as 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.

**APPENDIX C  
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE  
CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1  
INTERPRETATION**

- 1.1 **Definitions.** In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth:
- (a) “**air service**” means a service, provided by means of an aircraft, that is publicly available for the transportation of passengers or goods, or both;
  - (b) “**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation, the whole as supplemented, modified or amended;
  - (c) “**Arrangement Resolution**” means the special resolution approving this Plan of Arrangement to be considered at the Meeting by the Shareholders voting together as a single class;
  - (d) “**Articles**” means the articles of incorporation of the Corporation, as amended from time to time;
  - (e) “**Articles of Arrangement**” means the articles in respect of the Arrangement required under subsection 192(10) of the CBCA to be filed with the Registrar after the Final Order has been granted;
  - (f) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Toronto, in the Province of Ontario, for the transaction of banking business;
  - (g) “**By-Laws**” means the Second Amended and Restated By-Law No. 1 of the Corporation;
  - (h) “**Canadian**” means:
    - (i) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act*, S.C. 2001, c. 27,
    - (ii) a government in Canada or an agent or mandatary of such a government, or
    - (iii) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where:

- (A) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another Person, and
  - (B) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
- (i) “**CBCA**” means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44;
  - (j) “**Certificate**” means the certificate to be issued by the Director pursuant to subsection 192(7) of the CBCA giving effect to the Arrangement;
  - (k) “**Class B Common Voting Shares**” means the common voting shares in the share capital of the Corporation;
  - (l) “**Corporation**” means Chorus Aviation Inc., a corporation existing under the CBCA;
  - (m) “**Court**” means Ontario Superior Court of Justice (Commercial List) located in the City of Toronto;
  - (n) “**CTA**” means the *Canada Transportation Act*, S.C. 1996, c. 10;
  - (o) “**Director**” means the director appointed under Section 260 of the CBCA;
  - (p) “**Effective Date**” means the date the Arrangement is effective under the CBCA, as endorsed by the Certificate;
  - (q) “**Effective Time**” means 12:01 a.m. on the Effective Date, as endorsed by the Certificate;
  - (r) “**Final Order**” means the final order of the Court approving the Arrangement as such order may be amended or varied by the Court (with the consent of the Corporation) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to the Corporation) on appeal;
  - (s) “**Governmental Entity**” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;
  - (t) “**Interim Order**” means the interim order of the Court, in a form acceptable to the Corporation, concerning the Arrangement and providing for, among other things,

declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended or varied by the Court (with the consent of the Corporation);

- (u) “**Law**” means, with respect to any Person, any and all applicable laws (statutory, civil, common or otherwise), constitutions, treaties, conventions, ordinances, codes, rules, regulations, orders, injunctions, judgments, decrees, rulings or other similar requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;
- (v) “**Meeting**” means the annual and special meeting of the Shareholders, including any adjournment or postponement of such annual and special meeting, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
- (w) “**Non-Canadian**” means a Person who is not a Canadian;
- (x) “**Non-Canadian Holder Authorized to Provide Air Service**” means one or more non-Canadian Shareholders authorized to provide an air service in any jurisdiction, either individually or in affiliation with another Person;
- (y) “**Person**” includes an individual, limited or general partnership, limited liability corporation, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (z) “**Plan of Arrangement**” means this plan of arrangement under Section 192 of the CBCA, and any amendments or variations made in accordance therewith or made at the direction of the Court in the Final Order with the prior written consent of the Corporation;
- (aa) “**Shareholders**” means the holders and the beneficial owners of the Class A Variable Voting Shares and the holders and the beneficial owners of the Class B Common Voting Shares;
- (bb) “**Shares**” means the Class A Variable Voting Shares and the Class B Common Voting Shares;
- (cc) “**Single Non-Canadian Holder**” means any single non-Canadian Shareholder, either individually or in affiliation with another Person;
- (dd) “**Transfer Agent**” means AST Trust Company (Canada); and
- (ee) “**Class A Variable Voting Shares**” means the variable voting shares in the share capital of the Corporation.

- 1.2 **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 **References.** Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 **Certain Phrases, etc.** Unless the context requires otherwise, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.
- 1.5 **Business Day.** In the event that the date on which any action is required to be taken hereunder is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, except that the Effective Date can fall on a date that is not a Business Day.
- 1.6 **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- 1.7 **Statutes.** References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.8 **Governing Law.** This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 1.9 **Time References.** References to time herein are to local time, Toronto, Ontario.

## **ARTICLE 2 BINDING EFFECT**

- 2.1 Upon the filing of the Articles of Arrangement and the issuance of the Certificate, this Plan of Arrangement shall become, at and after the Effective Time, effective and binding on: (a) all the Shareholders; (b) the Corporation, (c) the Transfer Agent, and (d) all other Persons, without any further formality required on the part of any Person, except as expressly provided herein.

## **ARTICLE 3 THE ARRANGEMENT**

- 3.1 At the Effective Time, the following events shall occur and shall be deemed to occur in the following order without any further authorization, act or formality on the part of any Person:
- (a) the Corporation's Articles shall be amended, and shall be deemed to be amended, in the form attached as Schedule A hereto, to modify the rights attached to the

Shares in order to reflect the amendments to the CTA implemented through *The Transportation Modernization Act* (Bill C-49);

- (b) the Articles of Arrangement in the form attached as Schedule A hereto shall be adopted and the Corporation's Articles shall be amended accordingly;
  - (c) the By-Laws shall be amended and restated in the form attached as Schedule B hereto; and
  - (d) the Corporation shall be authorized to amend the statutory declaration and any form to be completed from time to time by Shareholders to determine their status as Canadian, non-Canadian, Single Non-Canadian Holder and Non-Canadian Authorized to Provide Air Service, such amendments to be made in accordance with the authority granted to the directors of the Corporation in the By-Laws by way of the Articles of Arrangement.
- 3.2 The Arrangement and the amendment of the Articles by way of Articles of Arrangement shall not trigger any right of dissent for the Shareholders, whether under the CBCA or otherwise.
- 3.3 Each Shareholder, with respect to each step set out in Section 3.1 applicable to such Shareholder, shall be deemed, at the time such step occurs, to have executed and delivered all necessary or required consents, releases, assignments, instruments, certificates, powers of attorney and waivers, statutory or otherwise, relating to or in connection with the completion of such step.
- 3.4 The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with regard to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence and at the times set out therein.
- 3.5 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

#### **ARTICLE 4 AMENDMENTS AND WITHDRAWAL**

- 4.1 The Corporation may amend this Plan of Arrangement at any time, provided that each such amendment must be set out in writing and filed with the Court, and, if made following the Meeting, approved by the Court.
- 4.2 Any amendment to this Plan of Arrangement may be proposed by the Corporation at any time prior to or at the Meeting with or without any other prior notice or communication to Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as required by the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 4.3 The Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the

approval of the Court, and, if and as required by the Court, after communication to Shareholders.

- 4.4 Notwithstanding anything to the contrary contained herein, any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Corporation without the approval of the Court or of the Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Corporation, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any Shareholder.
- 4.5 This Plan of Arrangement may be withdrawn and the Corporation may not proceed with this Plan of Arrangement prior to the Effective Time in accordance with the Arrangement Resolution.

## **ARTICLE 5 FURTHER ASSURANCES**

- 5.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in Section 3.1 and shall become effective without any further act or formality, the Corporation shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order to further document or evidence any of the transactions or events set out herein.

**SCHEDULE A**

(see attached)

**ARTICLES OF ARRANGEMENT**

**CHORUS AVIATION INC.**  
**(THE “CORPORATION”)**

**CANADA BUSINESS CORPORATIONS ACT**

**I. The classes and any maximum number of shares that the corporation is authorized to issue:**

- (a) Unlimited number of Class A Variable Voting Shares; and
- (b) Unlimited number of Class B Voting Shares.

**II. The Class A Variable Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:**

(a) **Voting.**

- (i) The holders of the Class A Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to vote separately as a class as provided in the CBCA.
- (ii) The holders of Class A Variable Voting Shares shall be entitled to one vote per Class A Variable Voting Share unless any of the thresholds set forth in Section II(b), Section II(c) or Section II(d), as the case may be, would otherwise be surpassed at any time, in which case the vote attached to a Class A Variable Voting Share will decrease as described in this Section II below.

(b) **Single Non-Canadian Holder**

- (i) If at any time:
  - (A) a single non-Canadian holder of Class A Variable Voting Shares (a “**Single Non-Canadian Holder**”), either individually or in affiliation with any other person, holds a number of Class A Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or
  - (B) the total number of votes that would be cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any

different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Class A Variable Voting Share held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Class A Variable Voting Shares held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

- (ii) For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as such term is defined in Section II(c)(i)(A)) shall also constitute a Single Non-Canadian Holder for purposes of Section II(b).

(c) **Non-Canadian Holder Authorized to Provide Air Service**

- (i) If at any time:

- (A) one or more non-Canadians authorized to provide an air service in any jurisdiction (each, a “**Non-Canadian Holder Authorized to Provide Air Service**” and collectively, the “**Non-Canadian Holders Authorized to Provide Air Service**”), collectively hold, either individually or in affiliation with any other person, a number of Class A Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

- (B) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the

automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Class A Variable Voting Share held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Class A Variable Voting Shares held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

**(d) General – All Holders of Class A Variable Voting Shares**

(i) If at any time:

(A) the number of Class A Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) and after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section II(c) (in each case, if any, as may be required under such Sections), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

- (B) the total number of votes that would be cast by or on behalf of holders of Class A Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) and after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section II(c) (in each case, if any, as may be required under such Sections), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Class A Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result (i) the Class A Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

- (ii) References in Section II(a), Section II(b), Section II(c) and Section II(d) to the Class A Variable Voting Shares that a person “holds” or “held” shall refer to and include the Class A Variable Voting Shares held, beneficially owned or controlled, directly or indirectly, by such person.

(e) **Dividends and Distributions.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any other class ranking prior to the Class A Variable Voting Shares, the holders of Class A Variable Voting Shares shall, at the discretion of the directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Class A Variable Voting Shares. The Class A Variable Voting Shares and the Class B Voting Shares shall rank equally as to dividends and distributions on a share for share basis and all dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Class A Variable Voting Shares and Class B Voting Shares at the time outstanding, without preference or distinction.

(f) **Subdivision or Consolidation.**

No subdivision or consolidation of the Class A Variable Voting Shares or the Class B Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

(g) **Liquidation, Dissolution or Winding-up.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking prior to the Class A Variable Voting Shares, upon liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Class A Variable Voting Shares and the holders of the Class B Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

(h) **Conversion.**

- (i) Automatic. Each issued and outstanding Class A Variable Voting Share shall be converted into one Class B Voting Share, automatically and without any further act of the Corporation or of the holder, if (i) such Class A Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian; or (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.
- (ii) Upon an Offer. In the event that an offer is made to purchase Class B Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class B Voting Shares are then listed, to be made to all or substantially all the holders of Class B Voting Shares in a province of Canada to which the requirement applies, each Class A Variable Voting Share shall become convertible at the option of the holder into one (1) Class B Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Class A Variable Voting Shares for the purpose of depositing the resulting Class B Voting Shares in response to the offer and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section II(a), Section II(b), Section II(c) and Section II(d), notwithstanding their conversion, and the Transfer Agent shall deposit the resulting Class B Voting Shares on behalf of the holder.
- (iii) To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

- (A) give written notice to the Transfer Agent of the exercise of such right and of the number of Class A Variable Voting Shares in respect of which the right is being exercised;
  - (B) deliver to the Transfer Agent the share certificate or certificates representing the Class A Variable Voting Shares in respect of which the right is being exercised; and
  - (C) pay any applicable stamp tax or similar duty on or in respect of such conversion.
- (iv) No share certificates representing the Class B Voting Shares resulting from the conversion of the Class A Variable Voting Shares will be delivered to the holders on whose behalf such deposit is being made.
- (v) If (i) Class B Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Class B Voting Shares being taken up and paid for, the Class B Voting Shares resulting from the conversion will be re-converted into Class A Variable Voting Shares and a share certificate representing the Class A Variable Voting Shares will be sent to the holder by the Transfer Agent. Class B Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be re-converted into Class A Variable Voting Shares at the time the offeror is required under the relevant securities legislation to take up and pay for such shares if the offeror is not a Canadian.
- (vi) In the event that the offeror takes up and pays for the Class B Voting Shares resulting from conversion, the Transfer Agent of the Corporation shall deliver to the holders thereof the consideration paid for such shares by the offeror.
- (vii) There will be no right to convert the Class A Variable Voting Shares into Class B Voting Shares in the following cases:
- (A) the offer to purchase Class B Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Class B Voting Shares are then listed to be made to all or substantially all of the holders of Class B Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an “exempt take-over bid” within the meaning of the foregoing securities legislation; or
  - (B) an offer to purchase Class A Variable Voting Shares is made concurrently with the offer to purchase Class B Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching

thereto. The offer to purchase the Class A Variable Voting Shares must be unconditional, subject to the exception that the offer for the Class A Variable Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Class A Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Class B Voting Shares; or

- (C) holders of Class B Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Class B Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Class B Voting Shares.

**III. The Class B Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:**

**(a) Voting.**

The holders of Class B Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class shall be entitled to vote separately as a class as provided in the CBCA. Each Class B Voting Share shall confer the right to one (1) vote in person or by proxy at all meetings of shareholders of the Corporation.

**(b) Dividends and Distributions.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any other class ranking prior to the Class B Voting Shares, the holders of Class B Voting Shares shall, at the discretion of the directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Class B Voting Shares. The Class B Voting Shares and the Class A Variable Voting Shares shall rank equally as to dividends and distributions on a share for share basis and all dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Class B Voting Shares and Class A Variable Voting Shares at the time outstanding, without preference or distinction.

**(c) Subdivision or Consolidation.**

No subdivision or consolidation of the Class B Voting Shares or the Class A Variable Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

**(d) Liquidation, Dissolution or Winding-up.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking prior to the Class B Voting Shares upon liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Class B Voting Shares and the holders of Class A Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

(e) **Conversion.**

- (i) Automatic. Unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, an issued and outstanding Class B Voting Share shall be converted into one Class A Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Class B Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian.
- (ii) Upon an Offer. In the event that an offer is made to purchase Class A Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class A Variable Voting Shares are then listed, to be made to all or substantially all the holders of Class A Variable Voting Shares, each Class B Voting Share shall become convertible at the option of the holder into one (1) Class A Variable Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Class B Voting Shares for the purpose of depositing the resulting Class A Variable Voting Shares in response to the offer and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section III(a), notwithstanding their conversion, and the Transfer Agent shall deposit the resulting Class A Variable Voting Shares on behalf of the holder.
- (iii) To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:
  - (A) give written notice to the Transfer Agent of the exercise of such right and of the number of Class B Voting Shares in respect of which the right is being exercised;
  - (B) deliver to the Transfer Agent the share certificate or certificates representing the Class B Voting Shares in respect of which the right is being exercised; and
  - (C) pay any applicable stamp tax or similar duty on or in respect of such conversion.

- (iv) No share certificates representing the Class A Variable Voting Shares resulting from the conversion of the Class B Voting Shares will be delivered to the holders on whose behalf such deposit is being made.
- (v) If (i) Class A Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Class A Variable Voting Shares being taken up and paid for, the Class A Variable Voting Shares resulting from the conversion will be re-converted into Class B Voting Shares and a share certificate representing the Class B Voting Shares will be sent to the holder by the Transfer Agent. Class A Variable Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be re-converted into Class B Voting Shares at the time the offeror is required under the relevant securities legislation to take up and pay for such shares if the offeror is a Canadian.
- (vi) In the event that the offeror takes up and pays for the Class A Variable Voting Shares resulting from conversion, the Transfer Agent of the Corporation shall deliver to the holders thereof the consideration paid for such shares by the offeror.
- (vii) There will be no right to convert the Class B Voting Shares into Class A Variable Voting Shares in the following cases:
  - (A) the offer to purchase Class A Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Class A Variable Voting Shares are then listed to be made to all or substantially all of the holders of Class A Variable Voting Shares, that is, the offer is an “exempt take-over bid” within the meaning of the foregoing securities legislation, or
  - (B) an offer to purchase Class B Voting Shares is made concurrently with the offer to purchase Class A Variable Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Class B Voting Shares must be unconditional, subject to the exception that the offer for the Class B Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Class B Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Class A Variable Voting Shares; or
  - (C) holders of Class A Variable Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Class A Variable Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the Transfer Agent and to the secretary of the

Corporation that they will not deposit any shares in response to the offer for the Class A Variable Voting Shares.

#### **IV. Constraints on Ownership of Shares**

(a) **Class A Variable Voting Shares.**

The Class A Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

(b) **Class B Voting Shares.**

The Class B Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by Canadians.

(c) **CBCA Constraints.**

In the event that any law or regulation of Canada applicable to the Corporation should become prescribed for the purposes of Subsection 46(1) or Subsection 174(1)(c) of the CBCA, these Articles shall be read as if they included constraints in order to assist the Corporation or any of its affiliates or associates (as such terms are defined in the CBCA) to qualify under such prescribed law or regulation to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control and such specified level of Canadian ownership or control shall be the level of Canadian ownership or control designated by such prescribed law or regulation of Canada.

(d) **Joint Ownership.**

(i) For the purposes of this Schedule A, where voting shares of the Corporation are held, beneficially owned or controlled by several persons jointly, the number of voting shares held, beneficially owned or controlled by any one such person shall include the number of voting shares held, beneficially owned or controlled jointly with such other persons.

(ii) Where one or more of the joint holders, beneficial owners or persons controlling the voting shares is not a Canadian, the voting shares held, beneficially owned or controlled jointly are deemed to be held, beneficially owned or controlled, as the case may be, by such person who is not a Canadian.

(e) **Exceptions.**

(i) Nothing in this Section IV shall be construed to apply in respect of voting shares of the Corporation that:

(A) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or

(B) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

(ii) The constraints imposed pursuant this Section IV do not apply to the extent that a person who is not a Canadian holds voting shares by way of security only and such holding by way of security only is evidenced in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

(f) **By-Laws.**

(i) Subject to the CBCA and the CBCA Regulations, the directors of the Corporation may make, amend or repeal any by-laws or other documents required to administer the constrained share provisions set out in these articles including by-laws:

(A) to require any person in whose name voting shares of the Corporation are registered to furnish a statutory declaration declaring whether:

I. the shareholder holds, is the beneficial owner of and has control over the voting shares of the Corporation;

II. the shareholder is a Canadian,

III. the shareholder is a Single Non-Canadian Holder;

IV. the shareholder is a Non-Canadian Holder Authorized to Provide Air Service; and

V. the shareholder is in affiliation with any Single Non-Canadian Holder or with any Non-Canadian Holder Authorized to Provide Air Service, and, in any such circumstance, the identity of all such affiliated shareholders;

and declaring any further facts that the directors consider relevant;

(B) to require any person seeking to have a transfer of a voting share registered in such person's name or to have a voting share issued to such person to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (i) above; and

(C) to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.

- (ii) Where a person is required to furnish a declaration pursuant to a by-law or other document made under this Section IV(f) the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to such person until that person has furnished the declaration.

(g) **Powers of Directors.**

- (i) In the administration of this Section IV, the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.
- (ii) In administering the provisions of this Section IV the directors of the Corporation may rely on:
  - (A) a statement made in a declaration referred to in Section IV(f); and
  - (B) the knowledge of a director, officer, employee or agent of the Corporation.
- (iii) Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, including by or on behalf of any Single Non-Canadian Holders or Non-Canadian Holders Authorized to Provide Air Service, including any shareholders in affiliation therewith, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any declaration of residence collected by, the transfer agent of the Corporation or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.
- (iv) Wherever in this Section IV it is necessary to determine the opinion of the directors of the Corporation, such opinion shall be expressed and conclusively evidenced by a resolution of the directors of the Corporation duly adopted, including a resolution in writing executed pursuant to Section 117 of the CBCA.
- (v) Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or in intended pursuance of the provisions of this Section IV or any breach or alleged breach of such provisions.

(h) **Disclosure Required.**

- (i) Each of the following documents issued or published by the Corporation shall indicate conspicuously the general nature of the constraints on issue, transfer and ownership of its voting shares contained herein:
  - (A) a certificate representing a voting share;
  - (B) a management proxy circular; and
  - (C) a prospectus, statement of material facts, registration statement or similar document.

## V. Definitions.

For purposes of this Schedule A, the following terms have the following meanings:

“**affiliation**” shall, for purposes of Section II(b), Section II(c), Section II(d), Section IV(f)(i)(A)V and Section IV(g)(iii) of this Schedule A, have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

“**air service**” shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

“**Aggregate Votes**” means the aggregate of the votes attached to all voting shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

“**Canadian**” shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

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

“**CBCA Regulations**” means the Regulations made under the CBCA;

“**CTA**” means the *Canada Transportation Act*, as amended;

“**Non-Canadian Holder(s) Authorized to Provide Air Service**” shall have the meaning set forth in Section II(c)(i)(A);

“**person**” includes an individual, corporation, body corporate, partnership, unincorporated organization, government or agency thereof, trustee, executor, administrator and other legal representative, and when used in this Schedule A, references to “person” in the singular shall be deemed to include the plural and vice versa;

“**Single Non-Canadian Holder**” shall have the meaning set forth in Section II(b)(i)(A);

“**Transfer Agent**” means the transfer agent in respect of the Class A Variable Voting Shares and the Class B Voting Shares; and

**“voting share”** means a share carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing and includes a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security.

All terms used in this Schedule A that are not defined in these Articles but are defined in the CBCA have the meanings ascribed thereto in the CBCA. Any provision of this Schedule A that may be read in a manner that is inconsistent with the CBCA shall be read so as to be consistent therewith

**SCHEDULE B**

(see attached)

**THIRD AMENDED AND RESTATED  
BY-LAW NO. 1**

a by-law relating generally to the transaction of the business and affairs of  
**CHORUS AVIATION INC.**  
(the “Corporation”)

**ARTICLE 1  
DEFINITIONS AND PRINCIPLES OF INTERPRETATION**

**1.1 Definitions**

In this by-law and all other by-laws of the Corporation:

- (a) “**Act**” means the *Canada Business Corporations Act* or any statute which may be substituted therefor, including the regulations thereunder, as amended from time to time;
- (b) “**articles**” means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;
- (c) “**board**” means the board of directors of the Corporation;
- (d) “**by-laws**” means the by-laws of the Corporation in force as amended or restated from time to time;
- (e) “**Canadian**” has the meaning ascribed thereto in the *Canada Transportation Act*;
- (f) “**CDS**” means The Canadian Depository for Securities Limited and its successors;
- (g) “**CTA Limitation**” has the meaning provided in Section 9.2;
- (h) “**director**” means a director of the Corporation as defined in the Act;
- (i) “**meeting of shareholders**” means an annual meeting of shareholders or a special meeting of shareholders;
- (j) “**Nominating Shareholder**” has the meaning provided in Section 8.6(a)(iii);
- (k) “**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);
- (l) “**Non-Canadian**” means a person who is not a Canadian;
- (m) “**Notice Date**” has the meaning provided in Section 8.6(c)(i);
- (n) “**officer**” means an officer of the Corporation as defined in the Act; and

- (o) “**person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative.

## **1.2 Interpretation**

In this by-law and all other by-laws of the Corporation:

- (a) words importing the singular include the plural and vice-versa; and words importing gender include all genders;
- (b) all words used in this by-law and defined in the Act shall have the meanings given to such words in the Act or in the related Parts thereof; and
- (c) a reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, a reference to a statute or regulation includes any statute or regulation that amends, supplements or supersedes any such statute or any such regulation.

## **ARTICLE 2 GENERAL BUSINESS**

### **2.1 Registered Office**

The registered office of the Corporation shall be in the province within Canada specified in the articles and at such place and address therein as the board may from time to time determine.

### **2.2 Corporate Seal**

The Corporation may have a corporate seal which shall be adopted and may be changed by the board.

### **2.3 Financial Year**

Until changed by the board, the financial year of the Corporation shall end on the 31<sup>st</sup> day of December in each year.

### **2.4 Execution of Instruments**

- (a) The board may from time to time establish procedures relative to commitment and transaction authorizations and determine the officers or other persons by whom any instruments or documents, including, without limitation, deeds, transfers, assignments, contracts, obligations, proxies, share certificates and other instruments of the Corporation shall be executed and the manner of execution thereof, including the use of facsimile reproduction of any or all signatures and the use of the corporate seal, if any, or facsimile reproduction thereof.
- (b) Notwithstanding the foregoing, any officer or director may sign certificates and similar instruments (other than share certificates) on the Corporation’s behalf with

respect to any factual matters relating to the Corporation's business and affairs, including certificates verifying copies of the articles, by-laws, resolutions and minutes of meetings of the Corporation.

## **2.5 Execution in Counterpart, by Facsimile, and by Electronic Signature**

- (a) Subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by means of secure electronic signature (as defined in the Act) or facsimile;
- (b) Any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document;
- (c) Subject to the Act, wherever a notice, document or other information is required under the Act or the by-laws to be created or provided in writing, that requirement may be satisfied by the creation and/or provision of an electronic document.
- (d) Notwithstanding the foregoing, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed.

## **2.6 Voting Rights in Other Bodies Corporate**

Any officer or director may execute and deliver proxies and take any other steps as in the officer's or director's opinion may be necessary or desirable to permit the exercise on behalf of the Corporation of voting rights attaching to any securities held by the Corporation. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## **2.7 Banking Arrangements**

- (a) The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.
- (b) All cheques, authorizations for electronic direct deposit, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the board of directors may from time to time designate by resolution.

## **ARTICLE 3 BORROWING**

### **3.1 Borrowing**

Without limit to the powers of the board as provided in the Act, the board may from time to time on behalf of the Corporation:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) to the extent permitted by the Act, give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee to secure the performance of an obligation or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

### **3.2 Delegation**

Subject to the Act, the board may from time to time delegate to a director, a committee of directors, an officer or such other person or persons so designated by the board all or any of the powers conferred on the board by section 3.1 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

## **ARTICLE 4 DIRECTORS**

### **4.1 Duties of Directors**

The board shall manage or supervise the management of the business and affairs of the Corporation.

### **4.2 Qualification**

A majority of the directors of the Corporation must be Canadians.

### **4.3 Eligibility Requirements at Meetings**

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless a majority of the directors present are resident Canadians, except where

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
- (b) a majority of resident Canadian directors would have been present had the director specified in paragraph (a) above been present at the meeting.

#### **4.4 Quorum**

The directors may establish the quorum of directors for the transaction of business. Until fixed as aforesaid, a majority of the number of directors in office shall constitute a quorum for the transaction of business. If the Corporation has fewer than three directors, all directors must be present at any meeting to constitute a quorum for the transaction of business. Notwithstanding vacancies, a quorum of directors may exercise all of the powers of the board, provided that a majority of the directors comprising such quorum shall be Canadians.

#### **4.5 Calling of Meetings**

Meetings of the board shall be held from time to time at any place within or outside Canada (and, subject to the Act, if all of the directors of the Corporation consent the meeting need not be held at any place but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to section 4.10), on such day and at such time as the board, the chairperson of the board, if any, the president, if any, or any two directors may determine.

#### **4.6 Notice of Meetings**

Notice of the time and place of each meeting of the board shall be given to each director not less than 48 hours before the time when the meeting is to be held and need not be in writing. A notice of meeting need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities;
- (d) issue shares of a series under section 27 of the Act;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission referred to in section 41 of the Act;
- (h) approve a management proxy circular referred to in Part XIII of the Act;
- (i) approve a take-over bid circular or directors' circular referred to in Part XVII of the Act;
- (j) approve any financial statements referred to in section 155 of the Act; or
- (k) adopt, amend or repeal by-laws.

#### **4.7 First Meeting of New Board**

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting following the meeting of shareholders at which such board is elected.

#### **4.8 Chairperson and Secretary**

The chairperson of the board or, if he/she declines or is unable to act, the president or, if he/she declines or is unable to act, a director designated by the directors present, shall be the chairperson of any meeting of the board. The secretary of the Corporation shall act as secretary at any meeting of the board and, if the secretary of the Corporation is absent, the chairperson of the meeting shall appoint a person who need not be a director to act as secretary of the meeting.

#### **4.9 Votes to Govern**

At all meetings of the board any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes the chairperson of the meeting shall not be entitled to a second or casting vote. Any question at a meeting of the board shall be decided by a show of hands unless a ballot is required or demanded.

#### **4.10 Participation by Telephonic, Electronic or other Communication Facility**

Subject to the Act, if all of the directors of the Corporation consent, a director may participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility and, for the avoidance of doubt, such meeting may be held entirely by means of a telephonic, electronic or other communication facility. A director's consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board held while the director holds office. A director participating in a meeting by such means shall be deemed to be present at that meeting.

#### **4.11 Electronic Voting**

Subject to the Act, a director participating in a meeting by telephonic, electronic or other communication facility in accordance with section 4.10 may vote by means of such facility.

#### **4.12 Conflict of Interest**

A director or officer of the Corporation who is a party to a material transaction or material contract, or proposed material transaction or material contract with the Corporation, is a director or an officer of, or acts in a capacity similar to a director or officer of, or has a material interest in any person who is a party to a material transaction or material contract or proposed material transaction or material contract with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided in the Act. Except as provided in the Act, no such director of the Corporation shall vote on any resolution to approve any transaction. If a material transaction or material contract is made between the Corporation and one or more of its directors or officers, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest, the transaction is neither void nor voidable by reason only of that relationship, or by reason only that a director with an interest in the transaction or contract is present at or is counted to determine the presence

of a quorum at a meeting of directors or committee of directors that authorized the transaction, if the director or officer disclosed his interest in accordance with the provisions of the Act and the transaction or contract was approved by the directors or the shareholders and it was reasonable and fair to the Corporation at the time it was approved.

## **ARTICLE 5 COMMITTEES**

### **5.1 Audit Committee**

The directors shall appoint from among their number an audit committee whose composition and function will conform with applicable law. The audit committee shall have the functions provided in the Act.

### **5.2 Other Committees**

The board may designate and appoint additional committees of directors and, subject to the limitations prescribed by the Act, may delegate to such committees any of the powers of the board.

### **5.3 Procedure**

Subject to the Act and unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairperson and to regulate its procedure.

## **ARTICLE 6 OFFICERS**

### **6.1 Appointment of Officers**

The board may from time to time designate the offices of the Corporation, appoint persons to such offices, specify their duties and, subject to any limitations prescribed in the Act, may delegate to them powers to manage the business and affairs of the Corporation.

## **ARTICLE 7 PROTECTION OF DIRECTORS AND OFFICERS**

### **7.1 Limitation of Liability**

No director or officer shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other director, officer, employee or agent of the Corporation or any other person;
- (b) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by, for, or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be loaned out or invested;

- (c) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation, including any person, firm or corporation with whom any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited;
- (d) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation;
- (e) any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or in relation thereto,

unless the same shall happen by or through the director's or officer's failure to exercise the powers and to discharge the duties of the director's or officer's office honestly and in good faith with a view to the best interests of the Corporation, and in connection therewith, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or relieve such director or officer from liability for a breach of the Act.

## **7.2 Indemnity of Directors and Officers**

- (a) The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such individual in respect of any civil, criminal or administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (b) The Corporation may not indemnify an individual under paragraph (a) unless the individual:
  - (i) acted honestly and in good faith with a view to the best interests of the Corporation or other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request, as the case may be; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful.
- (c) The Corporation shall advance moneys to such individual for the costs, charges and expenses of a proceeding referred to in paragraph (a) provided such individual agrees in advance, in writing, to repay the moneys if the individual does not fulfill the condition of paragraph (b).

- (d) If required by an individual referred to in paragraph (a), the Corporation shall seek the approval of a court to indemnify such individual or advance moneys under paragraph (c) in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which such individual is made a party because of the individual's association with the Corporation or other entity as described in paragraph (a), against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the conditions set out in paragraph (b).

### **7.3 Indemnification of Others**

Subject to the Act, the Corporation shall indemnify its employees and agents as the directors may determine.

### **7.4 Insurance**

The Corporation shall purchase and maintain insurance for the benefit of an individual referred to in section 7.2 against any liability incurred by such individual:

- (a) in the individual's capacity as a director or officer of the Corporation; or
- (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

### **7.5 Indemnities Not Exclusive**

Each of the provisions of this Article 7 shall be in addition to and not in substitution for or derogation from any rights to which any person referred to herein may otherwise be entitled.

## **ARTICLE 8 MEETINGS OF SHAREHOLDERS**

### **8.1 Annual Meetings**

Subject to the Act, the annual meeting of shareholders shall be held on such day and at such time in each year as the board, or the chairperson of the board, or the president in the absence of the chairperson of the board, may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

### **8.2 Special Meeting**

From time to time the board may call a special meeting of the shareholders to be held on such day and at such time as the board may determine. Any special meeting of shareholders may be combined with an annual meeting.

### **8.3 Place of Meetings**

Subject to the Act, meetings of shareholders shall be held at such place within Canada as the directors shall determine or at such place outside Canada as may be specified in the articles, or if the board so determines, need not be held at any place but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to section 8.8.

### **8.4 Notice of Meetings**

Subject to the Act, notice of the time, place and, if any, purpose of each meeting of shareholders, and, if a meeting of shareholders is to take place through a communication facility by which shareholders and proxyholders may be deemed to be present in person, the means to access such communication facility and vote at such meeting, shall be sent not less than 21 days nor more than 60 days before the meeting to each shareholder entitled to vote at the meeting, to each director and to the auditor of the Corporation. Any previously scheduled annual meeting of shareholders may be postponed, and any meeting of shareholders other than an annual meeting of shareholders may be postponed or cancelled, by the Corporation by public notice given to the shareholders prior to the time previously scheduled for such meeting of shareholders.

### **8.5 Advance Notice for Proposals**

- (a) No business may be transacted at an annual meeting of shareholders, other than business that is either:
  - (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board;
  - (ii) otherwise properly brought before the annual meeting by or at the direction of the board; or
  - (iii) otherwise properly brought before the annual meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in this section 8.5. For business to be properly brought before an annual meeting by a shareholder of the Corporation, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall be submitted to the Corporation in accordance with the requirements set forth in section 8.6. The Corporation shall set out the proposal in the management proxy circular or attach the proposal thereto, subject to the exemptions and bases for refusal set forth in the Act.
- (b) At a special meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to and in compliance with section 8.6.

## 8.6 Advance Notice for Nomination of Directors

- (a) Only individuals who are nominated in accordance with the procedures set out in this section 8.6 and who, at the discretion of the board, satisfy the qualifications of a director as set out in the Act and the by-laws of the Corporation shall be eligible for election as directors of the Corporation at any meeting of shareholders of the Corporation. Nominations of individuals for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (i) by or at the direction of the board, including pursuant to a notice of meeting;
  - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the Act or a requisition of the shareholders made in accordance with the Act; or
  - (iii) by any person (a “**Nominating Shareholder**”):
    - (A) who, at the close of business on the date of the giving of the notice provided for below in this section 8.6 and on the record date for notice of such meeting, is a registered holder of shares carrying the right to vote at such meeting on the election of directors; and
    - (B) who complies with the notice procedures set forth in this section 8.6.
- (b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof and in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation as set forth below.
- (c) To be timely, a Nominating Shareholder’s notice to the Corporate Secretary must be made:
  - (i) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the 10<sup>th</sup> day following the Notice Date; and
  - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15<sup>th</sup> day following the day on

which the first public announcement of the date of the special meeting of shareholders was made.

- (d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary must set forth:
  - (i) if the Nominating Shareholder is not the beneficial owner of the shares, the identity of the beneficial owner and the number of shares held by that beneficial owner;
  - (ii) as to each individual whom the Nominating Shareholder proposes to nominate for election as a director:
    - (A) the name, age, business address and residential address of the individual;
    - (B) the principal occupation or employment of the individual;
    - (C) the class or series and number of securities in the capital of the Corporation which are beneficially owned, or over which control or direction is exercised, directly or indirectly, by such individual as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
    - (D) any other information relating to the individual that would be required to be disclosed in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
  - (iii) as to the Nominating Shareholder and any beneficial owner respecting which the notice was given, the names of such person(s) and:
    - (A) the class or series and number of securities in the capital of the Corporation which are controlled, or over which control or direction is exercised, directly or indirectly, by such person(s) and each person acting jointly or in concert with any of them (and for each such person any options or other rights to acquire shares in the capital of the Corporation, derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any such shares, hedging transactions, short positions and borrowing or lending arrangements relating to such shares) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

- (B) any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder or beneficial owner has a right to vote any shares in the capital of the Corporation on the election of directors;
  - (C) in the case of a special meeting of shareholders called for the purpose of electing directors, a statement as to whether the Nominating Shareholder intends to send an information circular and form of proxy to any shareholders of the Corporation in connection with the individual's nomination; and
  - (D) any other information relating to such Nominating Shareholder or beneficial owner that would be required to be made in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.
- (e) A Nominating Shareholder's notice to the Corporate Secretary must also state:
  - (i) whether, in the opinion of the Nominating Shareholder and the proposed nominee, the proposed nominee would qualify to be an independent director of the Corporation under Sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, Section 303A.02 of the New York Stock Exchange Company Manual and the commentary relating thereto and Rule 10A-3(b) under the Securities Exchange Act of 1934; and
  - (ii) whether with respect to the Corporation the proposed nominee has one or more of the relationships described in Sections 1.4(3), 1.4(8) and 1.5 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, Section 303A.02(b) of the New York Stock Exchange Company Manual and the commentary relating thereto and Rule 10A-3(b) under the Securities Exchange Act of 1934 and, if so, which ones.
- (f) Except as otherwise provided by the special rights or restrictions attached to the shares of any class or series of the Corporation, no individual shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the by-laws of the Corporation; provided, however, that nothing in this section 8.6 shall preclude discussion by a shareholder or proxy holder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. A duly appointed proxy holder of a Nominating Shareholder shall be entitled to nominate at a meeting of shareholders the directors nominated by the Nominating Shareholder, provided that all of the requirements of this section 8.6 have been satisfied. If the

Nominating Shareholder or its duly appointed proxy holder does not attend at the meeting of shareholders to present the nomination, the nomination shall be disregarded notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

- (g) In addition to the provisions of this section 8.6, a Nominating Shareholder and any individual nominated by the Nominating Shareholder shall also comply with all of the applicable requirements of the Act, applicable securities legislation and applicable stock exchange rules regarding the matters set forth herein.
- (h) For purposes of this section 8.6, “public announcement” shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its issuer profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
- (i) Notwithstanding any other provision of the Corporation’s by-laws, notice given to the Corporate Secretary of the Corporation pursuant to this section 8.6 may only be given by personal delivery (at the principal executive offices of the Corporation) or by e-mail (at the e-mail address set out in the Corporation’s issuer profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com)), and shall be deemed to have been given and made only at the time it is so served by personal delivery to the Corporate Secretary of the Corporation or sent by e-mail to such e-mail address (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Halifax time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (j) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 8.6.

## **8.7 Participation in Meeting by Electronic Means**

Subject to the Act and such guidelines and procedures as the board may adopt, any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means shall be deemed to be present at the meeting.

## **8.8 Electronic Meetings**

Subject to the Act and such guidelines and procedures as the board may adopt, if the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A shareholder or

proxyholder participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

### **8.9 Chairperson and Secretary**

Unless otherwise determined by the board, the chairperson of the board or, if he/she declines or is unable to act, the chief executive officer and/or president or, if he/she declines or is unable to act, a vice-president shall be chairperson of any meeting of shareholders. If none of these officers are present within 15 minutes after the time appointed for holding the meeting, the persons present and entitled to vote shall choose a chairperson from amongst themselves. The secretary of the Corporation shall act as secretary at any meeting of shareholders or, if the secretary of the Corporation be absent, the chairperson of the meeting shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by resolution or by the chairperson with the consent of the meeting.

### **8.10 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be those persons entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

### **8.11 Quorum**

A quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if the holders of 25% of the shares entitled to vote at the meeting are present in person or represented by proxy, provided that a quorum shall not be less than two persons. A quorum need not be present throughout the meeting provided a quorum is present at the opening of the meeting.

### **8.12 Shareholder Representatives**

A body corporate or association which is a shareholder of the Corporation may be represented at a meeting of shareholders by any individual authorized by a resolution of its directors or governing body and such individual may exercise on behalf of the body corporate or association which such individual represents all the powers it could exercise if it were an individual shareholder.

### **8.13 Time for Deposit of Proxies**

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours, exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it shall have been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting. Notwithstanding any specified time limits for the deposit of

proxies by shareholders, the chairperson of any meeting or the chairperson of the board may, but need not, at his, her or their sole discretion, waive the time limits for the deposit of proxies by shareholders, including any deadline set out in the notice calling the meeting of shareholders or in any proxy circular and any such waiver made in good faith shall be final and conclusive. A proxy ceases to be valid one year from its date.

#### **8.14 Access to Proxies**

Unless otherwise determined by the board in its sole discretion, no shareholder will be provided with access to any proxy materials relating to a meeting of shareholders prior to such meeting taking place. Upon the request of a shareholder not earlier than one day following a meeting of shareholders, the Corporation shall provide such shareholder with access to the proxies deposited with the Corporation in connection with such meeting.

#### **8.15 Voting**

Any question at a meeting of shareholders shall be decided by a show of hands unless a ballot is required or demanded. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution.

#### **8.16 Ballots**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairperson may require, or any shareholder or proxyholder entitled to vote at the meeting may demand, a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which each person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon that question.

#### **8.17 Electronic Voting**

- (a) Notwithstanding section 8.15, any person participating in a meeting of shareholders by telephonic, electronic, or other communication facility in accordance with section 8.7 and entitled to vote at the meeting may vote by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.
- (b) Any vote referred to in section 8.15 or 8.16 may be held entirely by means of a telephonic, electronic or other communication facility if the Corporation makes available such a communication facility, provided, in each case, that the facility:

- (i) enables the votes to be gathered in a manner that permits their subsequent verification; and
- (ii) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

### **8.18 Casting Vote**

In case of an equality of votes at any meeting of shareholders either upon a show of hands or upon a ballot, the chairperson of the meeting shall not be entitled to a second or casting vote.

### **8.19 Adjournment**

The chairperson at the meeting of shareholders may adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

## **ARTICLE 9 SHARES/SECURITIES**

### **9.1 Issuance**

Subject to the Act and the articles, the board may from time to time issue or grant options to purchase, or authorize the issue or grant of options to purchase, any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine or authorize, provided that no share shall be issued until it is fully paid.

### **9.2 Non-Canadian Ownership**

- (a) The rights of Non-Canadians with respect to the shares are limited by the articles as well as the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency (the “**CTA Limitation**”).
- (b) Prior to any subscription for shares being accepted and every registration or transfer of shares effected or recorded on the register of shareholders, the directors may require the proposed shareholder to submit to the Corporation a declaration, as approved by the general counsel or corporate secretary of the Corporation from time to time, indicating whether the proposed shareholder is a Canadian.
- (c) The directors may take such actions as are required to ensure that such restrictions are not contravened, including, without limitation, one or more of the following actions:

- (i) perform searches of shareholder mailing address lists and take such other steps specified by the directors, at the cost of the Corporation, to determine or estimate to the extent practicable, the Canadian or Non-Canadian status of the shareholders;
  - (ii) require declarations from shareholders as to whether such shares are held by or for the benefit of Non-Canadians or declarations from shareholders or others as to the Canadian or Non-Canadian status of beneficial owners of the shares and for that purpose enter into an appropriate ownership monitoring agreement with CDS; and
  - (iii) place such other limits on share ownership by Non-Canadians as the directors may deem necessary in their sole discretion.
- (d) Unless and until the directors shall have been required to do so under the terms hereof, the directors shall not be bound to do or take any proceeding or action with respect to this section 9.2 by virtue of the powers conferred on them hereby. The directors shall have the sole right and authority to make any determination required or contemplated under this section 9.2 including considering shareholders who do not complete a nationality declaration to be Non-Canadians. The directors shall make all determinations necessary for the administration of the provisions of this section 9.2 and, without limiting the generality of the foregoing, if the directors consider that there are reasonable grounds for believing that a contravention of the CTA Limitation has occurred or will occur, the directors shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the directors. In any situation where it is unclear whether shares are held for the benefit of Non-Canadians, the directors may exercise their discretion in determining whether such shares are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this section 9.2. Notwithstanding the foregoing, the directors may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Corporation or such other person or persons to whom the directors may generally delegate their powers and authority. The directors shall not be liable for any violation whatsoever of the CTA Limitation.

### **9.3 Securities Records**

The Corporation shall maintain a register of shares and other securities in which it records the shares and other securities issued by it in registered form, showing with respect to each class or series of shares and other securities:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- (b) the number of shares or other securities held by each holder; and
- (c) the date and particulars of the issue and transfer of each share or other security.

#### **9.4 Transfer Agents and Registrars**

The directors may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. One person may be appointed both registrar and transfer agent and the board may at any time terminate any such appointment.

#### **9.5 Non-recognition of Trusts**

Subject to the Act, the Corporation may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect thereof and otherwise to exercise all the rights and powers of an owner of a share.

#### **9.6 Security Certificates**

Security certificates shall be signed by at least one of the following persons:

- (a) any director or officer of the Corporation;
- (b) a registrar, transfer agent or branch transfer agent of the Corporation or an individual on their behalf; or
- (c) a trustee who certifies it in accordance with a trust indenture.

Signatures may be printed or otherwise mechanically reproduced on the security certificates and every such signature shall for all purposes be deemed to be the signature of the person whose signature it reproduces and shall be binding upon the Corporation. If a security certificate contains a printed or mechanically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the Corporation, and the security certificate is as valid as if the person were a director or an officer at the date of its issue.

### **ARTICLE 10 DIVIDENDS AND RIGHTS**

#### **10.1 Dividends**

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

#### **10.2 Dividend Cheques**

A dividend payable in cash shall be paid either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at such holder's address recorded in the Corporation's securities register, unless in each case such holder otherwise directs. In the case of joint holders any cheque shall, unless such joint holders otherwise direct, be made

payable to the order of all of such joint holders and mailed to them at their address recorded in the securities register of the Corporation. The mailing of such cheque, in such manner, unless the cheque is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### **10.3 Non-receipt of Cheques**

In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt or loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

### **10.4 Unclaimed Dividends**

Any dividend unclaimed after a period of two years from the date on which the dividend has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **ARTICLE 11 MISCELLANEOUS**

### **11.1 Notice to Directors, Officers and Auditors**

Whenever under the Act, the regulations, the articles or these by-laws any notice, document or other information is required to be sent to a director, officer, auditor or member of a committee of the board, such notice may be sent either:

- (a) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery; or
- (b) by means of fax, e-mail or other form of electronic transmission.

A notice to a director, officer, auditor or member of a committee of the board will be deemed to be received as follows:

- (c) if given by hand delivery, when actually received by the director, officer, auditor or member of a committee of the board;
- (d) if sent through the mail addressed to the director, officer, auditor or member of a committee of the board at such individual's address appearing on the records of the Corporation, at the time it would be delivered in the ordinary course of mail;
- (e) if sent for next day delivery by a nationally recognized overnight delivery service addressed to the director, officer, auditor or member of a committee of the board at such individual's address appearing on the records of the Corporation, when delivered to such service;
- (f) if sent by fax, when sent to the fax number for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation and evidence of delivery confirmation is received by sender's fax device;

- (g) if sent by e-mail, when sent to the e-mail address for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation; or
- (h) if sent by any other form of electronic transmission, when sent to the address, location or number (as applicable) for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation.

## **11.2 Notice to Shareholders**

Unless the Act or these by-laws provide otherwise, any notice, document or other information required or permitted by the Act, the regulations, the articles or these by-laws to be sent to a shareholder, may be sent by any one of the following methods:

- (a) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery;
- (b) by means of fax, e-mail, or other form of electronic transmission;
- (c) by providing or posting the notice, document or other information on or making it available through a generally accessible electronic source and providing notice of the availability and location of the notice, document or other information to the shareholder via any of the methods specified in (a) and (b) above, including by mail, delivery, fax, e-mail or other form of electronic transmission; or
- (d) by any other method permitted by applicable law.

A notice to a shareholder shall be deemed to be received as follows:

- (e) if given by hand delivery, when actually received by the shareholder;
- (f) if sent through the mail addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, at the time it would be delivered in the ordinary course of mail;
- (g) if sent for next day delivery by a nationally recognized overnight delivery service addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, when delivered to such service;
- (h) if faxed, when sent to a number at which the shareholder has consented to receive notice and evidence of delivery confirmation is received by sender's facsimile device;
- (i) if by e-mail, when sent to an e-mail address at which the shareholder has consented to receive notice;
- (j) if sent by any other form of electronic transmission, when sent to the shareholder;
- (k) if sent by posting it on or making it available through a generally accessible electronic source referred to in subsection 11.2(c), on the day such person is sent

notice of the availability and location of such notice, document or other information is deemed to have been sent in accordance with (e) through (j) above; or

- (l) if sent by any other method permitted by applicable law, at the time that such person is deemed to have received such notice pursuant to applicable law. If a shareholder has consented to a method for delivery of a notice, document or other information, the shareholder may revoke such shareholder's consent to receiving any notice, document or information by fax or e-mail by giving written notice of such revocation to the Corporation.

### **11.3 Notices to Others**

Any notice or document required or permitted to be sent by the Corporation to any other person may be:

- (a) delivered personally to such person;
- (b) addressed to such person and delivered to his/her/its recorded address;
- (c) mailed by prepaid Canadian mail in a sealed envelope addressed to such person at his/her/its recorded address; or
- (d) addressed to such person and sent to his/her/its recorded address by telegram, telex or any other means of legible communication then in business use in Canada.

A notice or document so mailed or sent shall be deemed to have been received by the addressee when deposited in a post office or public letter box (if mailed) or when transmitted by the Corporation on its equipment or delivered to the appropriate communication agency or its representative for dispatch, as the case may be (if sent by telegram, telex or other means of legible communication).

### **11.4 Waiver of Notice**

Any shareholder (or such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive the provision of any notice or document, or waive or abridge the time for any notice or document, required to be provided to such person under any provision of the Act, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the provision or in the timing of such notice or document, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board, which may be given in any manner. Attendance of a director at a meeting of directors or of a shareholder or any other person entitled to attend a meeting of shareholders is a waiver of notice of the meeting except where such director, shareholder or other person, as the case may be, attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## 11.5 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise based thereon.

## 11.6 Invalidity

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

**ENACTED** by the directors of the Corporation in accordance with the provisions of the *Canada Business Corporations Act* on \_\_\_\_\_, 2019.

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Dennis Lopes  
Corporate Secretary

**CONFIRMED** by the shareholders of the Corporation in accordance with the provisions of the *Canada Business Corporations Act* on \_\_\_\_\_, 2019.

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Dennis Lopes  
Corporate Secretary

APPENDIX D  
ARTICLES OF ARRANGEMENT

SCHEDULE A  
~~RESTATED~~

ARTICLES OF INCORPORATION  
ARRANGEMENT

CHORUS AVIATION INC.  
~~(the THE Corporation)~~  
~~Canada Business Corporations Act~~ CORPORATION

CANADA BUSINESS CORPORATIONS ACT

**I.** ~~A.~~—The classes and any maximum number of shares that the corporation is authorized to issue:

- (a) Unlimited number of Class A Variable Voting Shares; and
- (b) Unlimited number of Class B Voting Shares.

**II.** ~~B.~~—The Class A Variable Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Voting.**
  - (i) The holders of the Class A Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are~~shall be entitled to vote separately as a class as provided in the CBCA.
  - (ii) The holders of Class A Variable Voting Shares ~~are~~shall be entitled to one vote per Class A Variable Voting Share unless any of the thresholds set forth in Section II(b), Section II(c) or Section II(d), as the case may be, would otherwise be surpassed at any time, in which case the vote attached to a Class A Variable Voting Share will decrease as described in this Section II below.
- (b) **Single Non-Canadian Holder**
  - (i) If at any time:
    - (A) a single non-Canadian holder of Class A Variable Voting Shares (a **Single Non-Canadian Holder**), either individually or in affiliation with any other person, holds a number of Class A Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

(B) the total number of votes that would be cast by or on behalf of a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the vote attached to each Class A Variable Voting Share held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Class A Variable Voting Shares held by all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

(ii) For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as such term is defined in Section II(c)(i)(A)) shall also constitute a Single Non-Canadian Holder for purposes of Section II(b).

(c) **Non-Canadian Holder Authorized to Provide Air Service**

(i) **If at any time:**

(A) one or more non-Canadians authorized to provide an air service in any jurisdiction (each, a **Non-Canadian Holder Authorized to Provide Air Service**'and collectively, the **Non-Canadian Holders Authorized to Provide Air Service**), collectively hold, either individually or in affiliation with any other person, a number of Class A Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

(B) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

then the vote attached to each Class A Variable Voting Share held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Class A Variable Voting Shares held by such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

(d) **General – All Holders of Class A Variable Voting Shares**

(i) If at any time:

(A) ~~(+)~~ the number of Class A Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) and after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section II(c) (in each case, if any, as may be required under such

Sections), exceeds 2549% (or any higher~~different~~ percentage that ~~the Governor in Council~~ may be prescribed by law or regulation specify of Canada and approved or adopted by the directors of the Corporation); or

- (B) ~~(ii)~~ the total number of votes that would be cast by or on behalf of holders of Class A Variable Voting Shares at any meeting ~~exceeds 25~~would, after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section II(b) and after the application of the automatic proportionate decrease to the votes attached to all of the Class A Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section II(c) (in each case, if any, as may be required under such Sections), exceed 49% (or any higher~~different~~ percentage that ~~the Governor in Council~~ may be prescribed by law or regulation specify of Canada and approved or adopted by the directors of the Corporation) of the total number of votes ~~that may be~~ cast at such meeting.

~~If either of the above-noted thresholds would otherwise be surpassed at any time,~~

then the vote attached to each Class A Variable Voting Share will decrease proportionately, and automatically ~~and~~ without further act or formality only to such extent that, as a result (i) the Class A Variable Voting Shares ~~as a class~~ do not carry more than 2549% (or any higher~~different~~ percentage that ~~the Governor in Council~~ may be prescribed by law or regulation specify of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Class A Variable Voting Shares at any meeting do not exceed 2549% (or any higher~~different~~ percentage that ~~the Governor in Council~~ may be prescribed by law or regulation specify of Canada and approved or adopted by the directors of the Corporation) of the total number of votes ~~that may be~~ cast at such meeting.

- (ii) References in Section II(a), Section II(b), Section II(c) and Section II(d) to the Class A Variable Voting Shares that a person holds or held shall refer to and include the Class A Variable Voting Shares held, beneficially owned or controlled, directly or indirectly, by such person.

(e) ~~(b)~~ **Dividends and Distributions.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any other class ranking prior to the Class A Variable Voting Shares, the holders of Class A Variable Voting Shares shall, at the discretion of

the directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Class A Variable Voting Shares. The Class A Variable Voting Shares and the Class B Voting Shares shall rank equally as to dividends and distributions on a share for share basis and all dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Class A Variable Voting Shares and Class B Voting Shares at the time outstanding, without preference or distinction.

(f) ~~(e)~~ **Subdivision or Consolidation.**

No subdivision or consolidation of the Class A Variable Voting Shares or the Class B Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

(g) ~~(d)~~ **Liquidation, Dissolution or Winding-up.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking prior to the Class A Variable Voting Shares, upon liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Class A Variable Voting Shares and the holders of the Class B Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

(h) ~~(e)~~ **Conversion.**

- (i) Automatic. Each issued and outstanding Class A Variable Voting Share shall be converted into one Class B Voting Share, automatically and without any further act of the Corporation or of the holder, if (i) such Class A Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian; or (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.
- (ii) Upon an Offer. In the event that an offer is made to purchase Class B Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class B Voting Shares are then listed, to be made to all or substantially all the holders of Class B Voting Shares in a province of Canada to which the requirement applies, each Class A Variable Voting Share shall become convertible at the option of the holder into one (1) Class B Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The

conversion right may only be exercised in respect of Class A Variable Voting Shares for the purpose of depositing the resulting Class B Voting Shares in response to the offer and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section ~~B~~II(a), Section II(b), Section II(c) and Section II(d), notwithstanding their conversion, and the Transfer Agent shall deposit the resulting Class B Voting Shares on behalf of the holder.

(iii) To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

(A) ~~(i)~~ give written notice to the Transfer Agent of the exercise of such right and of the number of Class A Variable Voting Shares in respect of which the right is being exercised;

(B) ~~(ii)~~ deliver to the Transfer Agent the share certificate or certificates representing the Class A Variable Voting Shares in respect of which the right is being exercised; and

(C) ~~(iii)~~ pay any applicable stamp tax or similar duty on or in respect of such conversion.

(iv) No share certificates representing the Class B Voting Shares resulting from the conversion of the Class A Variable Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

(v) If (i) Class B Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Class B Voting Shares being taken up and paid for, the Class B Voting Shares resulting from the conversion will be re-converted into Class A Variable Voting Shares and a share certificate representing the Class A Variable Voting Shares will be sent to the holder by the Transfer Agent. Class B Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be re-converted into Class A Variable Voting Shares at the time the offeror is required under the relevant securities legislation to take up and pay for such shares if the offeror is not a Canadian.

(vi) In the event that the offeror takes up and pays for the Class B Voting Shares resulting from conversion, the Transfer Agent of the Corporation shall deliver to the holders thereof the consideration paid for such shares by the offeror.

(vii) There will be no right to convert the Class A Variable Voting Shares into Class B Voting Shares in the following cases:

(A) ~~(i)~~ the offer to purchase Class B Voting Shares is not required under applicable securities legislation or the rules of a stock

exchange on which the Class B Voting Shares are then listed to be made to all or substantially all of the holders of Class B Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an 'exempt take-over bid' within the meaning of the foregoing securities legislation; or

(B) ~~(ii)~~ an offer to purchase Class A Variable Voting Shares is made concurrently with the offer to purchase Class B Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Class A Variable Voting Shares must be unconditional, subject to the exception that the offer for the Class A Variable Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Class A Variable Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Class B Voting Shares; or

(C) ~~(iii)~~ holders of Class B Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Class B Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Class B Voting Shares.

**III. ~~C.~~ The Class B Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:**

**(a) Voting.**

The holders of Class B Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are~~ shall be entitled to vote separately as a class as provided in the CBCA. Each Class B Voting Share shall confer the right to one (1) vote in person or by proxy at all meetings of shareholders of the Corporation.

**(b) Dividends and Distributions.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any other class ranking prior to the Class B Voting Shares, the holders of Class B Voting Shares shall, at the discretion of the directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends or distributions, any dividends or distributions declared and payable by the Corporation on the Class B Voting Shares. The Class B Voting Shares and the Class A Variable Voting Shares shall rank equally as to dividends and distributions on a share for share basis and all

dividends and distributions declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Class B Voting Shares and Class A Variable Voting Shares at the time outstanding, without preference or distinction.

(c) **Subdivision or Consolidation.**

No subdivision or consolidation of the Class B Voting Shares or the Class A Variable Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

(d) **Liquidation, Dissolution or Winding-up.**

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation ranking prior to the Class B Voting Shares upon liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up its affairs, the holders of the Class B Voting Shares and the holders of Class A Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

(e) **Conversion.**

(i) Automatic. Unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, an issued and outstanding Class B Voting Share shall be converted into one Class A Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Class B Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian.

(ii) Upon an Offer. In the event that an offer is made to purchase Class A Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class A Variable Voting Shares are then listed, to be made to all or substantially all the holders of Class A Variable Voting Shares, each Class B Voting Share shall become convertible at the option of the holder into one (1) Class A Variable Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Class B Voting Shares for the purpose of depositing the resulting Class A Variable Voting Shares in response to the offer and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section 6(III)(a), notwithstanding their conversion, and the Transfer Agent shall deposit the resulting Class A Variable Voting Shares on behalf of the holder.

(iii) To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

(A) ~~(i)~~ give written notice to the Transfer Agent of the exercise of such right and of the number of Class B Voting Shares in respect of which the right is being exercised;

(B) ~~(ii)~~ deliver to the Transfer Agent the share certificate or certificates representing the Class B Voting Shares in respect of which the right is being exercised; and

(C) ~~(iii)~~ pay any applicable stamp tax or similar duty on or in respect of such conversion.

(iv) No share certificates representing the Class A Variable Voting Shares resulting from the conversion of the Class B Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

(v) If (i) Class A Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Class A Variable Voting Shares being taken up and paid for, the Class A Variable Voting Shares resulting from the conversion will be re-converted into Class B Voting Shares and a share certificate representing the Class B Voting Shares will be sent to the holder by the Transfer Agent. Class A Variable Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be re-converted into Class B Voting Shares at the time the offeror is required under the relevant securities legislation to take up and pay for such shares if the offeror is a Canadian.

(vi) In the event that the offeror takes up and pays for the Class A Variable Voting Shares resulting from conversion, the Transfer Agent of the Corporation shall deliver to the holders thereof the consideration paid for such shares by the offeror.

(vii) There will be no right to convert the Class B Voting Shares ~~into~~ into Class A Variable Voting Shares in the following cases:

(A) ~~(i)~~ the offer to purchase Class A Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Class A Variable Voting Shares are then listed to be made to all or substantially all of the holders of Class A Variable Voting Shares, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation, or

(B) ~~(ii)~~ an offer to purchase Class B Voting Shares is made concurrently with the offer to purchase Class A Variable Voting

Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Class B Voting Shares must be unconditional, subject to the exception that the offer for the Class B Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Class B Voting Shares deposited to the offer if no shares are purchased pursuant to the contemporaneous offer for the Class A Variable Voting Shares; or

(C) ~~(iii)~~ holders of Class A Variable Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Class A Variable Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Class A Variable Voting Shares.

#### IV. ~~D.~~ Constraints on Ownership of Shares

(a) **Class A Variable Voting Shares.**

The Class A Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

(b) **Class B Voting Shares.**

The Class B Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by ~~persons who are~~ Canadians.

(c) **CBCA Constraints.**

In the event that any law or regulation of Canada ~~or a province~~ applicable to the Corporation should become prescribed for the purposes of Subsection 46(1) or Subsection 174(1)(c) of the CBCA ~~or any similar provision in the CBCA or regulation adopted thereunder~~, these Articles shall be read as if they included constraints in order to assist the Corporation or any of its affiliates or associates (as such terms are defined in the CBCA) to qualify under such prescribed law or regulation to receive licences, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership or control and such specified level of Canadian ownership or control shall be the level of Canadian ownership or control designated by such prescribed law or regulation of Canada ~~or a province~~.

(d) **Joint Ownership.**

(i) For the purposes of this Schedule A, where voting shares of the Corporation are held, beneficially owned or controlled by several persons

jointly, the number of voting shares held, beneficially owned or controlled by any one such person shall include the number of voting shares held, beneficially owned or controlled jointly with such other persons.

(ii) Where one or more of the joint holders, beneficial owners or persons controlling the voting shares is not a Canadian, the voting shares held, beneficially owned or controlled jointly are deemed to be held, beneficially owned or controlled, as the case may be, by such person who is not a Canadian.

(e) **Exceptions.**

(i) Nothing in this Section ~~D~~IV shall be construed to apply in respect of voting shares of the Corporation that:

(A) ~~(i)~~ are held by one or more underwriters solely for the purpose of distributing the shares to the public; or

(B) ~~(ii)~~ are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

(ii) The constraints imposed pursuant this Section ~~D~~IV do not apply to the extent that a person who is not a Canadian holds voting shares by way of security only and such holding by way of security only is evidenced ~~in~~in such form as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation and filed by such holder with the Corporation.

(f) **By-Laws.**

(i) Subject to the CBCA and the CBCA Regulations, the directors of the Corporation may make, amend or repeal any by-laws or other documents required to administer the constrained share provisions set out in these articles including by-laws:

(A) ~~(i)~~ to require any person in whose name voting shares of the Corporation are registered to furnish a statutory declaration declaring whether:

I. ~~A.~~ the shareholder holds, is the beneficial owner of and has control over the voting shares of the Corporation; ~~and~~

II. ~~B.~~ the shareholder is a Canadian,

III. the shareholder is a Single Non-Canadian Holder;

IV. the shareholder is a Non-Canadian Holder Authorized to Provide Air Service; and

V. the shareholder is in affiliation with any Single Non-Canadian Holder or with any Non-Canadian Holder Authorized to Provide Air Service, and, in any such circumstance, the identity of all such affiliated shareholders;

and declaring any further facts that the directors consider relevant;

(B) ~~(ii)~~ to require any person seeking to have a transfer of a voting share registered in such person's name or to have a voting share issued to such person to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (i) above; and

(C) ~~(iii)~~ to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.

(ii) Where a person is required to furnish a declaration pursuant to a by-law or other document made under this Section ~~D~~IV(f) the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to such person until that person has furnished the declaration.

**(g) Powers of Directors.**

(i) In the administration of this Section ~~D~~IV, the directors of the Corporation shall enjoy, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose hereof, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the CBCA and the CBCA Regulations.

(ii) In administering the provisions of this Section ~~D~~IV the directors of the Corporation may rely on:

(A) ~~A.~~ a statement made in a declaration referred to in Section ~~D~~IV(f); and

(B) ~~B.~~ the knowledge of a director, officer, employee or agent of the Corporation.

(iii) Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, including by or on behalf of any Single Non-Canadian Holders or Non-Canadian Holders Authorized to Provide Air Service, including any shareholders in affiliation therewith, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any

declaration of residence collected by, the transfer agent of the Corporation or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.

(iv) Wherever in this Section ~~D~~IV it is necessary to determine the opinion of the directors of the Corporation, such opinion shall be expressed and conclusively evidenced by a resolution of the directors of the Corporation duly adopted, including a resolution in writing executed pursuant to Section 117 of the CBCA.

(v) Neither any shareholder of the Corporation nor any other interested person shall have any claim or action against the Corporation or against any director or officer of the Corporation nor shall the Corporation have any claim or action against any director or officer of the Corporation arising out of any act (including any omission to act) performed pursuant to or ~~in~~ intended pursuance of the provisions of this Section ~~D~~IV or any breach or alleged breach of such provisions.

(h) **Disclosure Required.**

(i) Each of the following documents issued or published by the Corporation shall indicate conspicuously the general nature of the constraints on issue, transfer and ownership of its voting shares contained herein:

(A) ~~(i)~~ a certificate representing a voting share;

(B) ~~(ii)~~ a management proxy circular; and

(C) ~~(iii)~~ a prospectus, statement of material facts, registration statement or similar document.

~~E.~~ **Interpretation**

V. ~~(a)~~ **Definitions.**

For purposes of this Schedule A, the following terms have the following meanings:

~~‘Aggregate Votes’ means the aggregate of the votes attached to all voting shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;~~ affiliation” shall, for purposes of Section II(b), Section II(c), Section II(d), Section IV(f)(i)(A)V and Section IV(g)(iii) of this Schedule A, have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

**Canadian air service** shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

**Aggregate Votes** means the aggregate of the votes attached to all voting shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

**Canadian** shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

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

**CBCA Regulations** means the Regulations made under the CBCA;

**CTA** means the *Canada Transportation Act*, as amended;

**Non-Canadian Holder(s) Authorized to Provide Air Service** shall have the meaning set forth in Section II(c)(i)(A);

**person** includes an individual, corporation, body corporate, partnership, unincorporated organization, government or agency thereof, trustee, executor, administrator and other legal representative, and when used in this Schedule A, references to person in the singular shall be deemed to include the plural and vice versa;

**Single Non-Canadian Holder** shall have the meaning set forth in Section II(b)(i)(A);

**Transfer Agent** means the transfer agent in respect of the Class A Variable Voting Shares and the Class B Voting Shares; and

**Voting share** means a share carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing and includes a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security.

~~(b) — Control.~~

~~For the purposes of this Schedule 'A':~~

~~(i) — a body corporate is controlled by a person if:~~

~~A. — securities of the body corporate to which are attached more than fifty percent (50%) of the votes that may be cast to elect directors of the body corporate are held, otherwise than by way of security only, by or for the benefit of that person; and~~

~~B. — the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate; and~~

~~(ii) a partnership or unincorporated organization is controlled by a person if the person holds an ownership interest in the partnership or unincorporated organization that entitles the person to receive more than fifty percent (50%) of the profits of the partnership or unincorporated organization or more than fifty percent (50%) of the assets of the partnership or unincorporated organization on dissolution.~~

All terms used in this Schedule A that are not defined in these Articles but are defined in the CBCA have the meanings ascribed thereto in the CBCA. Any provision of this Schedule A that may be read in a manner that is inconsistent with the CBCA shall be read so as to be consistent therewith.

~~SECOND~~THIRD AMENDED AND RESTATED  
BY-LAW NO. 1

a by-law relating generally to the transaction of the business and affairs of  
**CHORUS AVIATION INC.**  
(the **Corporation**)

**ARTICLE 1**  
**DEFINITIONS AND PRINCIPLES OF INTERPRETATION**

**1.1 Definitions**

In this by-law and all other by-laws of the Corporation:

- (a) **Act** means the *Canada Business Corporations Act* or any statute which may be substituted therefor, including the regulations thereunder, as amended from time to time;
- (b) **articles** means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;
- (c) **board** means the board of directors of the Corporation;
- (d) **by-laws** means the by-laws of the Corporation in force as amended or restated from time to time;
- (e) **Canadian** has the meaning ascribed thereto in the *Canada Transportation Act*;
- (f) **CDS** means The Canadian Depository for Securities Limited and its successors;
- (g) **CTA Limitation** has the meaning provided in Section 9.2;
- (h) **director** means a director of the Corporation as defined in the Act;
- (i) **meeting of shareholders** means an annual meeting of shareholders or a special meeting of shareholders;
- (j) **Nominating Shareholder** has the meaning provided in Section 8.6(a)(iii);
- (k) **non-business day** means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);
- (l) **Non-Canadian** means a person who is not a Canadian;
- (m) **Notice Date** has the meaning provided in Section 8.6(c)(i);
- (n) **officer** means an officer of the Corporation as defined in the Act; and

- (o) **person**”includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative.

## **1.2 Interpretation**

In this by-law and all other by-laws of the Corporation:

- (a) words importing the singular include the plural and vice-versa; and words importing gender include all genders;
- (b) all words used in this by-law and defined in the Act shall have the meanings given to such words in the Act or in the related Parts thereof; and
- (c) a reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, a reference to a statute or regulation includes any statute or regulation that amends, supplements or supersedes any such statute or any such regulation.

## **ARTICLE 2 GENERAL BUSINESS**

### **2.1 Registered Office**

The registered office of the Corporation shall be in the province within Canada specified in the articles and at such place and address therein as the board may from time to time determine.

### **2.2 Corporate Seal**

The Corporation may have a corporate seal which shall be adopted and may be changed by the board.

### **2.3 Financial Year**

Until changed by the board, the financial year of the Corporation shall end on the 31<sup>st</sup> day of December in each year.

### **2.4 Execution of Instruments**

- (a) The board may from time to time establish procedures relative to commitment and transaction authorizations and determine the officers or other persons by whom any instruments or documents, including, without limitation, deeds, transfers, assignments, contracts, obligations, proxies, share certificates and other instruments of the Corporation shall be executed and the manner of execution thereof, including the use of facsimile reproduction of any or all signatures and the use of the corporate seal, if any, or facsimile reproduction thereof.
- (b) Notwithstanding the foregoing, any officer or director may sign certificates and similar instruments (other than share certificates) on the Corporation's behalf with

respect to any factual matters relating to the Corporation's business and affairs, including certificates verifying copies of the articles, by-laws, resolutions and minutes of meetings of the Corporation.

## **2.5 Execution in Counterpart, by Facsimile, and by Electronic Signature**

- (a) Subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by means of secure electronic signature (as defined in the Act) or facsimile;
- (b) Any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document;
- (c) Subject to the Act, wherever a notice, document or other information is required under the Act or the by-laws to be created or provided in writing, that requirement may be satisfied by the creation and/or provision of an electronic document.
- (d) Notwithstanding the foregoing, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed.

## **2.6 Voting Rights in Other Bodies Corporate**

Any officer or director may execute and deliver proxies and take any other steps as in the officer's or director's opinion may be necessary or desirable to permit the exercise on behalf of the Corporation of voting rights attaching to any securities held by the Corporation. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## **2.7 Banking Arrangements**

- (a) The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.
- (b) All cheques, authorizations for electronic direct deposit, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the board of directors may from time to time designate by resolution.

## ARTICLE 3 BORROWING

### 3.1 Borrowing

Without limit to the powers of the board as provided in the Act, the board may from time to time on behalf of the Corporation:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) to the extent permitted by the Act, give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee to secure the performance of an obligation or otherwise; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

### 3.2 Delegation

Subject to the Act, the board may from time to time delegate to a director, a committee of directors, an officer or such other person or persons so designated by the board all or any of the powers conferred on the board by section 3.1 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

## ARTICLE 4 DIRECTORS

### 4.1 Duties of Directors

The board shall manage or supervise the management of the business and affairs of the Corporation.

### 4.2 Qualification

A majority of the directors of the Corporation must be Canadians.

### 4.3 Eligibility Requirements at Meetings

The board shall not transact business at a meeting, other than filling a vacancy in the board, unless ~~at least twenty-five percent~~ a majority of the directors present are resident Canadians, ~~or, if the Corporation has less than four directors, at least one of the directors present is a resident Canadian~~, except where

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and

- (b) ~~the required number~~ a majority of resident Canadian directors would have been present had ~~that~~the director specified in paragraph (a) above been present at the meeting.

#### 4.4 Quorum

The directors may establish the quorum of directors for the transaction of business. Until fixed as aforesaid, a majority of the number of directors in office shall constitute a quorum for the transaction of business. If the Corporation has fewer than three directors, all directors must be present at any meeting to constitute a quorum for the transaction of business. Notwithstanding vacancies, a quorum of directors may exercise all of the powers of the board, provided that a majority of the directors comprising such quorum shall be Canadians.

#### 4.5 Calling of Meetings

Meetings of the board shall be held from time to time at any place within or outside Canada (and, subject to the Act, if all of the directors of the Corporation consent the meeting need not be held at any place but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to section 4.10), on such day and at such time as the board, the chairperson of the board, if any, the president, if any, or any two directors may determine.

#### 4.6 Notice of Meetings

Notice of the time and place of each meeting of the board shall be given to each director not less than 48 hours before the time when the meeting is to be held and need not be in writing. A notice of meeting need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities;
- (d) issue shares of a series under section 27 of the Act;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission referred to in section 41 of the Act;
- (h) approve a management proxy circular referred to in Part XIII of the Act;
- (i) approve a take-over bid circular or directors' circular referred to in Part XVII of the Act;

- (j) approve any financial statements referred to in section 155 of the Act; or
- (k) adopt, amend or repeal by-laws.

#### **4.7 First Meeting of New Board**

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting following the meeting of shareholders at which such board is elected.

#### **4.8 Chairperson and Secretary**

The chairperson of the board or, if he/she declines or is unable to act, the president or, if he/she declines or is unable to act, a director designated by the directors present, shall be the chairperson of any meeting of the board. The secretary of the Corporation shall act as secretary at any meeting of the board and, if the secretary of the Corporation is absent, the chairperson of the meeting shall appoint a person who need not be a director to act as secretary of the meeting.

#### **4.9 Votes to Govern**

At all meetings of the board any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes the chairperson of the meeting shall not be entitled to a second or casting vote. Any question at a meeting of the board shall be decided by a show of hands unless a ballot is required or demanded.

#### **4.10 Participation by Telephonic, Electronic or other Communication Facility**

Subject to the Act, if all of the directors of the Corporation consent, a director may participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility and, for the avoidance of doubt, such meeting may be held entirely by means of a telephonic, electronic or other communication facility. A director's consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board held while the director holds office. A director participating in a meeting by such means shall be deemed to be present at that meeting.

#### **4.11 Electronic Voting**

Subject to the Act, a director participating in a meeting by telephonic, electronic or other communication facility in accordance with section 4.10 may vote by means of such facility.

#### **4.12 Conflict of Interest**

A director or officer of the Corporation who is a party to a material transaction or material contract, or proposed material transaction or material contract with the Corporation, is a director or an officer of, or acts in a capacity similar to a director or officer of, or has a material interest in any person who is a party to a material transaction or material contract or proposed material transaction or material contract with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided in the Act. Except as provided in the Act, no such director of the Corporation shall vote on any resolution to approve any transaction. If a material transaction or material contract is made between the Corporation and one or more of its directors or officers, or between the Corporation and another person of which a director or officer of the

Corporation is a director or officer or in which he has a material interest, the transaction is neither void nor voidable by reason only of that relationship, or by reason only that a director with an interest in the transaction or contract is present at or is counted to determine the presence of a quorum at a meeting of directors or committee of directors that authorized the transaction, if the director or officer disclosed his interest in accordance with the provisions of the Act and the transaction or contract was approved by the directors or the shareholders and it was reasonable and fair to the Corporation at the time it was approved.

## **ARTICLE 5 COMMITTEES**

### **5.1 Audit Committee**

The directors shall appoint from among their number an audit committee whose composition and function will conform with applicable law. The audit committee shall have the functions provided in the Act.

### **5.2 Other Committees**

The board may designate and appoint additional committees of directors and, subject to the limitations prescribed by the Act, may delegate to such committees any of the powers of the board.

### **5.3 Procedure**

Subject to the Act and unless otherwise determined by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairperson and to regulate its procedure.

## **ARTICLE 6 OFFICERS**

### **6.1 Appointment of Officers**

The board may from time to time designate the offices of the Corporation, appoint persons to such offices, specify their duties and, subject to any limitations prescribed in the Act, may delegate to them powers to manage the business and affairs of the Corporation. ~~A majority of the officers of the Corporation must be Canadians.~~

## **ARTICLE 7 PROTECTION OF DIRECTORS AND OFFICERS**

### **7.1 Limitation of Liability**

No director or officer shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other director, officer, employee or agent of the Corporation or any other person;

- (b) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by, for, or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be loaned out or invested;
- (c) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation, including any person, firm or corporation with whom any moneys, securities or other assets belonging to the Corporation shall be lodged or deposited;
- (d) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation;
- (e) any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or in relation thereto,

unless the same shall happen by or through the director's or officer's failure to exercise the powers and to discharge the duties of the director's or officer's office honestly and in good faith with a view to the best interests of the Corporation, and in connection therewith, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or relieve such director or officer from liability for a breach of the Act.

## **7.2 Indemnity of Directors and Officers**

- (a) The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such individual in respect of any civil, criminal or administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (b) The Corporation may not indemnify an individual under paragraph (a) unless the individual:
  - (i) acted honestly and in good faith with a view to the best interests of the Corporation or other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request, as the case may be; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful.

- (c) The Corporation shall advance moneys to such individual for the costs, charges and expenses of a proceeding referred to in paragraph (a) provided such individual agrees in advance, in writing, to repay the moneys if the individual does not fulfill the condition of paragraph (b).
- (d) If required by an individual referred to in paragraph (a), the Corporation shall seek the approval of a court to indemnify such individual or advance moneys under paragraph (c) in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which such individual is made a party because of the individual's association with the Corporation or other entity as described in paragraph (a), against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the conditions set out in paragraph (b).

### **7.3 Indemnification of Others**

Subject to the Act, the Corporation shall indemnify its employees and agents as the directors may determine.

### **7.4 Insurance**

The Corporation shall purchase and maintain insurance for the benefit of an individual referred to in section 7.2 against any liability incurred by such individual:

- (a) in the individual's capacity as a director or officer of the Corporation; or
- (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

### **7.5 Indemnities Not Exclusive**

Each of the provisions of this Article 7 shall be in addition to and not in substitution for or derogation from any rights to which any person referred to herein may otherwise be entitled.

## **ARTICLE 8 MEETINGS OF SHAREHOLDERS**

### **8.1 Annual Meetings**

Subject to the Act, the annual meeting of shareholders shall be held on such day and at such time in each year as the board, or the chairperson of the board, or the president in the absence of the chairperson of the board, may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

## **8.2 Special Meeting**

From time to time the board may call a special meeting of the shareholders to be held on such day and at such time as the board may determine. Any special meeting of shareholders may be combined with an annual meeting.

## **8.3 Place of Meetings**

Subject to the Act, meetings of shareholders shall be held at such place within Canada as the directors shall determine or at such place outside Canada as may be specified in the articles, or if the board so determines, need not be held at any place but may instead be held entirely by means of a telephonic, electronic or other communication facility pursuant to section 8.8.

## **8.4 Notice of Meetings**

Subject to the Act, notice of the time, place and, if any, purpose of each meeting of shareholders, and, if a meeting of shareholders is to take place through a communication facility by which shareholders and proxyholders may be deemed to be present in person, the means to access such communication facility and vote at such meeting, shall be sent not less than 21 days nor more than 60 days before the meeting to each shareholder entitled to vote at the meeting, to each director and to the auditor of the Corporation. Any previously scheduled annual meeting of shareholders may be postponed, and any meeting of shareholders other than an annual meeting of shareholders may be postponed or cancelled, by the Corporation by public notice given to the shareholders prior to the time previously scheduled for such meeting of shareholders.

## **8.5 Advance Notice for Proposals**

- (a) No business may be transacted at an annual meeting of shareholders, other than business that is either:
  - (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board;
  - (ii) otherwise properly brought before the annual meeting by or at the direction of the board; or
  - (iii) otherwise properly brought before the annual meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in this section 8.5. For business to be properly brought before an annual meeting by a shareholder of the Corporation, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall be submitted to the Corporation in accordance with the requirements set forth in section 8.6. The Corporation shall set out the proposal in the management proxy circular or attach the proposal thereto, subject to the exemptions and bases for refusal set forth in the Act.

- (b) At a special meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting only pursuant to and in compliance with section 8.6.

## 8.6 Advance Notice for Nomination of Directors

- (a) Only individuals who are nominated in accordance with the procedures set out in this section 8.6 and who, at the discretion of the board, satisfy the qualifications of a director as set out in the Act and the by-laws of the Corporation shall be eligible for election as directors of the Corporation at any meeting of shareholders of the Corporation. Nominations of individuals for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
- (i) by or at the direction of the board, including pursuant to a notice of meeting;
  - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the Act or a requisition of the shareholders made in accordance with the Act; or
  - (iii) by any person (a **Nominating Shareholder**):
    - (A) who, at the close of business on the date of the giving of the notice provided for below in this section 8.6 and on the record date for notice of such meeting, is a registered holder of shares carrying the right to vote at such meeting on the election of directors; and
    - (B) who complies with the notice procedures set forth in this section 8.6.
- (b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof and in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation as set forth below.
- (c) To be timely, a Nominating Shareholder's notice to the Corporate Secretary must be made:
- (i) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the **Notice Date**) on which the first public announcement of the date of the annual meeting was made, notice by the

Nominating Shareholder may be made not later than the 10<sup>th</sup> day following the Notice Date; and

- (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- (d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary must set forth:
- (i) if the Nominating Shareholder is not the beneficial owner of the shares, the identity of the beneficial owner and the number of shares held by that beneficial owner;
  - (ii) as to each individual whom the Nominating Shareholder proposes to nominate for election as a director:
    - (A) the name, age, business address and residential address of the individual;
    - (B) the principal occupation or employment of the individual;
    - (C) the class or series and number of securities in the capital of the Corporation which are beneficially owned, or over which control or direction is exercised, directly or indirectly, by such individual as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
    - (D) any other information relating to the individual that would be required to be disclosed in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws; and
  - (iii) as to the Nominating Shareholder and any beneficial owner respecting which the notice was given, the names of such person(s) and:
    - (A) the class or series and number of securities in the capital of the Corporation which are controlled, or over which control or direction is exercised, directly or indirectly, by such person(s) and each person acting jointly or in concert with any of them (and for each such person any options or other rights to acquire shares in the capital of the Corporation, derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any such shares, hedging transactions,

short positions and borrowing or lending arrangements relating to such shares) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

- (B) any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder or beneficial owner has a right to vote any shares in the capital of the Corporation on the election of directors;
  - (C) in the case of a special meeting of shareholders called for the purpose of electing directors, a statement as to whether the Nominating Shareholder intends to send an information circular and form of proxy to any shareholders of the Corporation in connection with the individual's nomination; and
  - (D) any other information relating to such Nominating Shareholder or beneficial owner that would be required to be made in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities laws.
- (e) A Nominating Shareholder's notice to the Corporate Secretary must also state:
- (i) whether, in the opinion of the Nominating Shareholder and the proposed nominee, the proposed nominee would qualify to be an independent director of the Corporation under Sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, Section 303A.02 of the New York Stock Exchange Company Manual and the commentary relating thereto and Rule 10A-3(b) under the Securities Exchange Act of 1934; and
  - (ii) whether with respect to the Corporation the proposed nominee has one or more of the relationships described in Sections 1.4(3), 1.4(8) and 1.5 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, Section 303A.02(b) of the New York Stock Exchange Company Manual and the commentary relating thereto and Rule 10A-3(b) under the Securities Exchange Act of 1934 and, if so, which ones.
- (f) Except as otherwise provided by the special rights or restrictions attached to the shares of any class or series of the Corporation, no individual shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the by-laws of the Corporation; provided, however, that nothing in this section 8.6 shall preclude discussion by a shareholder or proxy holder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed

nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. A duly appointed proxy holder of a Nominating Shareholder shall be entitled to nominate at a meeting of shareholders the directors nominated by the Nominating Shareholder, provided that all of the requirements of this section 8.6 have been satisfied. If the Nominating Shareholder or its duly appointed proxy holder does not attend at the meeting of shareholders to present the nomination, the nomination shall be disregarded notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

- (g) In addition to the provisions of this section 8.6, a Nominating Shareholder and any individual nominated by the Nominating Shareholder shall also comply with all of the applicable requirements of the Act, applicable securities legislation and applicable stock exchange rules regarding the matters set forth herein.
- (h) For purposes of this section 8.6, "public announcement" shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its issuer profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
- (i) Notwithstanding any other provision of the Corporation's by-laws, notice given to the Corporate Secretary of the Corporation pursuant to this section 8.6 may only be given by personal delivery (at the principal executive offices of the Corporation) or by e-mail (at the e-mail address set out in the Corporation's issuer profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com)), and shall be deemed to have been given and made only at the time it is so served by personal delivery to the Corporate Secretary of the Corporation or sent by e-mail to such e-mail address (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Halifax time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (j) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 8.6.

## **8.7 Participation in Meeting by Electronic Means**

Subject to the Act and such guidelines and procedures as the board may adopt, any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means shall be deemed to be present at the meeting.

## **8.8 Electronic Meetings**

Subject to the Act and such guidelines and procedures as the board may adopt, if the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A shareholder or proxyholder participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

## **8.9 Chairperson and Secretary**

Unless otherwise determined by the board, the chairperson of the board or, if he/she declines or is unable to act, the chief executive officer and/or president or, if he/she declines or is unable to act, a vice-president shall be chairperson of any meeting of shareholders. If none of these officers are present within 15 minutes after the time appointed for holding the meeting, the persons present and entitled to vote shall choose a chairperson from amongst themselves. The secretary of the Corporation shall act as secretary at any meeting of shareholders or, if the secretary of the Corporation be absent, the chairperson of the meeting shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by resolution or by the chairperson with the consent of the meeting.

## **8.10 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be those persons entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

## **8.11 Quorum**

A quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if the holders of 25% of the shares entitled to vote at the meeting are present in person or represented by proxy, provided that a quorum shall not be less than two persons. A quorum need not be present throughout the meeting provided a quorum is present at the opening of the meeting.

## **8.12 Shareholder Representatives**

A body corporate or association which is a shareholder of the Corporation may be represented at a meeting of shareholders by any individual authorized by a resolution of its directors or governing body and such individual may exercise on behalf of the body corporate or association which such individual represents all the powers it could exercise if it were an individual shareholder.

### **8.13 Time for Deposit of Proxies**

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours, exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it shall have been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting. Notwithstanding any specified time limits for the deposit of proxies by shareholders, the chairperson of any meeting or the chairperson of the board may, but need not, at his, her or their sole discretion, waive the time limits for the deposit of proxies by shareholders, including any deadline set out in the notice calling the meeting of shareholders or in any proxy circular and any such waiver made in good faith shall be final and conclusive. A proxy ceases to be valid one year from its date.

### **8.14 Access to Proxies**

Unless otherwise determined by the board in its sole discretion, no shareholder will be provided with access to any proxy materials relating to a meeting of shareholders prior to such meeting taking place. Upon the request of a shareholder not earlier than one day following a meeting of shareholders, the Corporation shall provide such shareholder with access to the proxies deposited with the Corporation in connection with such meeting.

### **8.15 Voting**

Any question at a meeting of shareholders shall be decided by a show of hands unless a ballot is required or demanded. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution.

### **8.16 Ballots**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairperson may require, or any shareholder or proxyholder entitled to vote at the meeting may demand, a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which each person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon that question.

### 8.17 Electronic Voting

- (a) Notwithstanding section 8.15, any person participating in a meeting of shareholders by telephonic, electronic, or other communication facility in accordance with section 8.7 and entitled to vote at the meeting may vote by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.
- (b) Any vote referred to in section 8.15 or 8.16 may be held entirely by means of a telephonic, electronic or other communication facility if the Corporation makes available such a communication facility, provided, in each case, that the facility:
  - (i) enables the votes to be gathered in a manner that permits their subsequent verification; and
  - (ii) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

### 8.18 Casting Vote

In case of an equality of votes at any meeting of shareholders either upon a show of hands or upon a ballot, the chairperson of the meeting shall not be entitled to a second or casting vote.

### 8.19 Adjournment

The chairperson at the meeting of shareholders may adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

## ARTICLE 9 SHARES/SECURITIES

### 9.1 Issuance

Subject to the Act and the articles, the board may from time to time issue or grant options to purchase, or authorize the issue or grant of options to purchase, any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine or authorize, provided that no share shall be issued until it is fully paid.

### 9.2 Non-Canadian Ownership

- (a) The rights of Non-Canadians with respect to the shares are limited by the [articles as well as the Canada Transportation Act](#) and directions by the federal cabinet to the Canadian Transportation Agency (the **CTA Limitation**). ~~At no time may Non-Canadians (i) control the Corporation in fact or (ii) hold or beneficially own~~

~~or control, directly or indirectly, such number of shares entitling them to more than 25% (or any higher percentage that the Governor in Council may by regulation specify) of the votes attached to all outstanding shares.~~

- (b) Prior to any subscription for shares being accepted and every registration or transfer of shares effected or recorded on the register of shareholders, the directors may require the proposed shareholder to submit to the Corporation a declaration, ~~substantially in the form set out in Schedule 'A' hereto~~ as approved by the general counsel or corporate secretary of the Corporation from time to time, indicating whether the proposed shareholder is a Canadian.
- (c) The directors may take such actions as are required to ensure that such restrictions are not contravened, including, without limitation, one or more of the following actions: ~~(i)~~
- (i) perform searches of shareholder mailing address lists and take such other steps specified by the directors, at the cost of the Corporation, to determine or estimate to the extent practicable, the Canadian or Non-Canadian status of the shareholders; ~~(ii)~~
- (ii) require declarations from shareholders as to whether such shares are held by or for the benefit of Non-Canadians or declarations from shareholders or others as to the Canadian or Non-Canadian status of beneficial owners of the shares and for that purpose enter into an appropriate ownership monitoring agreement with CDS; ~~(iii)~~ and
- (iii) place such other limits on share ownership by Non-Canadians as the directors may deem necessary in their sole discretion. ~~Each share that is owned and controlled by a Canadian will entitle the holder thereof to one vote. Each share that is not owned and controlled by a Canadian will entitle the holder thereof to one vote, except in the following circumstances:~~
- ~~(a) If more than 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of outstanding shares (determined on a fully diluted basis) are not owned and controlled by Canadians, the vote attaching to each share that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes attaching to all outstanding shares that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of outstanding votes attaching to all outstanding shares; and~~
- ~~(b) If the aggregate number of votes that could be cast at any meeting in respect of shares that are not owned and controlled by Canadians would exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of votes that could be cast at such meeting, the vote attaching to each share that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number~~

~~of votes that may be cast at such meeting in respect of all outstanding shares that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of votes that can be cast at such meeting by all shareholders.~~

- (d) Unless and until the directors shall have been required to do so under the terms hereof, the directors shall not be bound to do or take any proceeding or action with respect to this section 9.2 by virtue of the powers conferred on them hereby. The directors shall have the sole right and authority to make any determination required or contemplated under this section 9.2 including considering shareholders who do not complete a nationality declaration to be Non-Canadians. The directors shall make all determinations necessary for the administration of the provisions of this section 9.2 and, without limiting the generality of the foregoing, if the directors consider that there are reasonable grounds for believing that a contravention of the CTA Limitation has occurred or will occur, the directors shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the directors. In any situation where it is unclear whether shares are held for the benefit of Non-Canadians, the directors may exercise their discretion in determining whether such shares are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of this section 9.2. Notwithstanding the foregoing, the directors may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Corporation or such other person or persons to whom the directors may generally delegate their powers and authority. The directors shall not be liable for any violation whatsoever of the CTA Limitation.

### 9.3 Securities Records

The Corporation shall maintain a register of shares and other securities in which it records the shares and other securities issued by it in registered form, showing with respect to each class or series of shares and other securities:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- (b) the number of shares or other securities held by each holder; and
- (c) the date and particulars of the issue and transfer of each share or other security.

### 9.4 Transfer Agents and Registrars

The directors may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers. One person may be appointed both registrar and transfer agent and the board may at any time terminate any such appointment.

## **9.5 Non-recognition of Trusts**

Subject to the Act, the Corporation may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect thereof and otherwise to exercise all the rights and powers of an owner of a share.

## **9.6 Security Certificates**

Security certificates shall be signed by at least one of the following persons:

- (a) any director or officer of the Corporation;
- (b) a registrar, transfer agent or branch transfer agent of the Corporation or an individual on their behalf; or
- (c) a trustee who certifies it in accordance with a trust indenture.

Signatures may be printed or otherwise mechanically reproduced on the security certificates and every such signature shall for all purposes be deemed to be the signature of the person whose signature it reproduces and shall be binding upon the Corporation. If a security certificate contains a printed or mechanically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the Corporation, and the security certificate is as valid as if the person were a director or an officer at the date of its issue.

## **ARTICLE 10 DIVIDENDS AND RIGHTS**

### **10.1 Dividends**

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

### **10.2 Dividend Cheques**

A dividend payable in cash shall be paid either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at such holder's address recorded in the Corporation's securities register, unless in each case such holder otherwise directs. In the case of joint holders any cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their address recorded in the securities register of the Corporation. The mailing of such cheque, in such manner, unless the cheque is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### 10.3 Non-receipt of Cheques

In the event of non-receipt or loss of any dividend cheque by the person to whom it is sent, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt or loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

### 10.4 Unclaimed Dividends

Any dividend unclaimed after a period of two years from the date on which the dividend has been declared to be payable shall be forfeited and shall revert to the Corporation.

## ARTICLE 11 MISCELLANEOUS

### 11.1 Notice to Directors, Officers and Auditors

Whenever under the Act, the regulations, the articles or these by-laws any notice, document or other information is required to be sent to a director, officer, auditor or member of a committee of the board, such notice may be sent either:

- (a) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery; or
- (b) by means of fax, e-mail or other form of electronic transmission.

A notice to a director, officer, auditor or member of a committee of the board will be deemed to be received as follows:

- (c) if given by hand delivery, when actually received by the director, officer, auditor or member of a committee of the board;
- (d) if sent through the mail addressed to the director, officer, auditor or member of a committee of the board at such individual's address appearing on the records of the Corporation, at the time it would be delivered in the ordinary course of mail;
- (e) if sent for next day delivery by a nationally recognized overnight delivery service addressed to the director, officer, auditor or member of a committee of the board at such individual's address appearing on the records of the Corporation, when delivered to such service;
- (f) if sent by fax, when sent to the fax number for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation and evidence of delivery confirmation is received by sender's fax device;
- (g) if sent by e-mail, when sent to the e-mail address for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation; or

- (h) if sent by any other form of electronic transmission, when sent to the address, location or number (as applicable) for such director, officer, auditor or member of a committee of the board appearing on the records of the Corporation.

## 11.2 Notice to Shareholders

Unless the Act or these by-laws provide otherwise, any notice, document or other information required or permitted by the Act, the regulations, the articles or these by-laws to be sent to a shareholder, may be sent by any one of the following methods:

- (a) by hand delivery, through the mail, or by a nationally recognized overnight delivery service for next day delivery;
- (b) by means of fax, e-mail, or other form of electronic transmission;
- (c) by providing or posting the notice, document or other information on or making it available through a generally accessible electronic source and providing notice of the availability and location of the notice, document or other information to the shareholder via any of the methods specified in (a) and (b) above, including by mail, delivery, fax, e-mail or other form of electronic transmission; or
- (d) by any other method permitted by applicable law.

A notice to a shareholder shall be deemed to be received as follows:

- (e) if given by hand delivery, when actually received by the shareholder;
- (f) if sent through the mail addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, at the time it would be delivered in the ordinary course of mail;
- (g) if sent for next day delivery by a nationally recognized overnight delivery service addressed to the shareholder at the shareholder's address appearing on the share register of the Corporation, when delivered to such service;
- (h) if faxed, when sent to a number at which the shareholder has consented to receive notice and evidence of delivery confirmation is received by sender's facsimile device;
- (i) if by e-mail, when sent to an e-mail address at which the shareholder has consented to receive notice;
- (j) if sent by any other form of electronic transmission, when sent to the shareholder;
- (k) if sent by posting it on or making it available through a generally accessible electronic source referred to in subsection 11.2(c), on the day such person is sent notice of the availability and location of such notice, document or other information is deemed to have been sent in accordance with (e) through (j) above; or

- (1) if sent by any other method permitted by applicable law, at the time that such person is deemed to have received such notice pursuant to applicable law. If a shareholder has consented to a method for delivery of a notice, document or other information, the shareholder may revoke such shareholder's consent to receiving any notice, document or information by fax or e-mail by giving written notice of such revocation to the Corporation.

### **11.3 Notices to Others**

Any notice or document required or permitted to be sent by the Corporation to any other person may be:

- (a) delivered personally to such person;
- (b) addressed to such person and delivered to his/her/its recorded address;
- (c) mailed by prepaid Canadian mail in a sealed envelope addressed to such person at his/her/its recorded address; or
- (d) addressed to such person and sent to his/her/its recorded address by telegram, telex or any other means of legible communication then in business use in Canada.

A notice or document so mailed or sent shall be deemed to have been received by the addressee when deposited in a post office or public letter box (if mailed) or when transmitted by the Corporation on its equipment or delivered to the appropriate communication agency or its representative for dispatch, as the case may be (if sent by telegram, telex or other means of legible communication).

### **11.4 Waiver of Notice**

Any shareholder (or such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive the provision of any notice or document, or waive or abridge the time for any notice or document, required to be provided to such person under any provision of the Act, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the provision or in the timing of such notice or document, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board, which may be given in any manner. Attendance of a director at a meeting of directors or of a shareholder or any other person entitled to attend a meeting of shareholders is a waiver of notice of the meeting except where such director, shareholder or other person, as the case may be, attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **11.5 Omissions and Errors**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any

error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise based thereon.

**11.6 Invalidity**

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

**ENACTED** by the directors of the Corporation in accordance with the provisions of the *Canada Business Corporations Act* on ~~March 20~~ \_\_\_\_\_, ~~2017~~2019.

*signed Dennis Lopes*

Dennis Lopes

Corporate Secretary

**CONFIRMED** by the shareholders of the Corporation in accordance with the provisions of the *Canada Business Corporations Act* on ~~May 12~~ \_\_\_\_\_, ~~2017~~2019.

*signed Dennis Lopes*

Dennis Lopes

Corporate Secretary

**SCHEDULE "A"**

**CHORUS AVIATION INC.**

**Declaration for Registration of Shares**

**INSTRUCTIONS**

~~\_\_\_\_\_ A separate declaration is to be completed by the proposed shareholder or his agent for each transfer of shares.~~

~~\_\_\_\_\_ If the declarant is not also the proposed shareholder of the shares, the declarant must make reasonable inquiries of the proposed shareholder, as the case may be, to confirm that the statements made in the declaration as they pertain to the shareholder are true.~~

~~\_\_\_\_\_ If the declarant, is a corporation, partnership, association, trust or other organization, this declaration must be signed by a responsible officer or partner thereof or other duly authorized representative.~~

~~\_\_\_\_\_ All statements set out in this Declaration must be completed.~~

~~\_\_\_\_\_ PLEASE REFER TO THE DEFINITIONS ATTACHED TO THIS DECLARATION TO DETERMINE STATUS AS CANADIAN OR NON-CANADIAN.~~

~~\_\_\_\_\_ IF YOU DO NOT COMPLETE THIS DECLARATION FOR REGISTRATION OF SHARES OR IF IT IS DETERMINED BY THE DIRECTORS OR THE TRANSFER AGENT OF THE CORPORATION THAT YOU INCORRECTLY INDICATED (THROUGH INADVERTENCE OR OTHERWISE) THAT THE~~

~~SHARES REPRESENTED HEREIN ARE OWNED AND CONTROLLED BY A CANADIAN, THE SHARES REPRESENTED BY THIS DECLARATION FOR REGISTRATION OF SHARES WILL BE DEEMED TO BE OWNED AND CONTROLLED BY A PERSON THAT IS NON-CANADIAN.~~

~~TO: CHORUS AVIATION INC. (the Corporation)~~

~~In response to a request made by the Corporation to facilitate compliance with the restrictions on issue, transfer and ownership of, and exercise of voting rights attaching to, the shares of the Corporation pursuant to the Canada Transportation Act and directions by the federal cabinet to the Canadian Transportation Agency (the CTA Limitation), and the Certificate of Incorporation of the Corporation and in connection with the registration of \_\_\_\_\_ shares,~~

~~I [Insert Name] \_\_\_\_\_~~

~~of [Insert Full Address] \_\_\_\_\_~~

~~HEREBY DECLARE THAT, within the meaning of the definitions contained in the Canada Transportation Act and the Certificate of Incorporation of the Corporation, as summarized on the reverse side hereof, as at the date hereof:~~

The proposed registered holder of the shares is:

~~\_\_\_\_\_ a Canadian \_\_\_\_\_ a Non Canadian~~

The proposed beneficial owner of the shares is:

~~\_\_\_\_\_ a Canadian \_\_\_\_\_ a Non Canadian~~

The proposed person controlling such shares is:

~~\_\_\_\_\_ a Canadian \_\_\_\_\_ a Non Canadian~~

~~If I am not the proposed registered holder of the shares, I have asked for and received the proposed registered holder's authority and advice to execute this Declaration on his or her behalf.~~

~~DECLARED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20 \_\_\_\_\_.~~

\_\_\_\_\_

\_\_\_\_\_

Signature of Declarant

\_\_\_\_\_

~~If the declarant is a corporation, partnership, association, trust or other organization, provide the name and title of signatory~~

\_\_\_\_\_

Address of Declarant (please print)

### **Summary of Definitions**

The following definitions are qualified in their entirety by the definitions contained in the Certificate of Incorporation of the Corporation and the *Canada Transportation Act*.

**Canadian** means:

- (a) a Canadian citizen or a Permanent Resident;
- (b) a government in Canada or an agent of such a government; or
- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy five per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

**Canada Transportation Act** means the *Canada Transportation Act* (Canada), R.S.C. 1996, c. 10 and the regulations thereunder, in each case as may be amended from time to time.

**CTA Limitation** means limitations on the rights of Non-Canadians with respect to the shares pursuant to the *Canada Transportation Act* and directions by the federal cabinet to the Canadian Transportation Agency.

**Non-Canadian** means a person who is not a Canadian.

**Permanent Resident** means a person who has acquired permanent resident status and has not subsequently lost that status under section 46 of the *Immigration and Refugee Protection Act*.

**person** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and government and agencies and political subdivisions thereof.

APPENDIX F  
INTERIM ORDER

Court File No. CV-19-00614409-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE )  
JUSTICE *Raffillo* )

*Tuesday*, THE  
*19<sup>th</sup>* DAY OF *February*, 2019



**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED;**

**AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE;**

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF CHORUS AVIATION INC.**

**INTERIM ORDER**

**THIS MOTION** made by the Applicant, Chorus Aviation Inc. (“Chorus”), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Notice of Application issued on February 13, 2019 and the affidavit of Dennis Lopes, Senior Vice President, General Counsel and Corporate Secretary of Chorus, sworn February 14, 2019 (the “Lopes Affidavit”), including the Plan of Arrangement, which will be attached as Appendix “C” to the information circular of Chorus (the “Information Circular”), an excerpt of which is attached as Exhibit “A” to the Lopes Affidavit,

and on hearing the submissions of counsel for Chorus and on being advised that the Director appointed under the CBCA (the “Director”) does not consider it necessary to appear.

**Definitions**

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

**The Meeting**

2. **THIS COURT ORDERS** that Chorus is permitted to call, hold and conduct an annual and special meeting (the “Shareholder Meeting”) of the holders of Chorus’ Class B Voting Shares (“Voting Shares”) and Class A Variable Voting Shares (“Variable Voting Shares” and, together with the Voting Shares, the “Shares”) (collectively, the “Shareholders”) on May 8, 2019 to consider and, if determined advisable, pass special resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “Arrangement Resolutions”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “Notice of Meeting”) and the articles and by-laws of Chorus, subject to what may be provided hereafter and subject to further order of this Honourable Court.

4. **THIS COURT ORDERS** that the record date (the “Record Date”) for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be at the close of business on March 22, 2019.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Chorus;
- c) the Director; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Chorus may transact such other business at the Meeting as may be contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

**Quorum**

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Chorus and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders, together holding or representing by proxy not less than 25% of the votes attached to the Shares.

**Amendments to the Arrangement and Plan of Arrangement**

8. **THIS COURT ORDERS** that Chorus is authorized to make, subject to paragraph 9 below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented, shall be the Arrangement and Plan of

Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolutions. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8 above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolutions, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by e-mail, press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Chorus may determine.

#### **Amendments to the Information Circular**

10. **THIS COURT ORDERS** that Chorus is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

#### **Adjournments and Postponements**

11. **THIS COURT ORDERS** that Chorus, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such

method as Chorus may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

**Notice of Meeting**

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Chorus shall deliver, or give access to, the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting and the form of proxy (or voting instruction form), along with such amendments or additional documents as Chorus may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “Meeting Materials”), to the following:

- a) the registered Shareholders at the close of business on the Record Date at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Chorus, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Chorus;
  - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above;
  - iii) by email, facsimile or other electronic transmission to any Shareholder, who is identified to the satisfaction of Chorus, who requests such

transmission in writing, and if required by Chorus, who is prepared to pay the charges for such transmission; or

- iv) by mailing (unless the Shareholder has chosen to receive proxy materials electronically) a notice of notice-and-access and the proxy form.
  
- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials, or by mailing (unless the Shareholder has chosen to receive proxy materials electronically) a notice of notice-and-access and the proxy form, to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
  
- c) the respective directors of Chorus, to the Director appointed under the CBCA, and to the auditors of Chorus, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail, or, with the consent of the person, by facsimile or electronic transmission;

A copy of the Meeting Materials shall be posted on Chorus' website ([www.chorusaviation.ca](http://www.chorusaviation.ca)) at the same time the notice of notice-and-access is mailed. Compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that accidental failure or omission by Chorus to give notice of the meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Chorus, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any

resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Chorus, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

14. **THIS COURT ORDERS** that Chorus is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials, as Chorus may determine in accordance with the terms of the Plan of Arrangement (“Additional Information”), and that notice of such Additional Information may, subject to paragraph 9 above, be distributed by e-mail, press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Chorus may determine.

15. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

**Solicitation and Revocation of Proxies**

16. **THIS COURT ORDERS** that Chorus is authorized to use the proxies substantially in the form of the drafts accompanying the excerpt of the Information Circular, with such amendments and additional information as Chorus may determine are necessary or desirable. Chorus and Purchaser are authorized, at their expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain

for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Chorus may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Chorus deems it advisable to do so.

17. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s. 148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of Chorus as set out in the Information Circular; and (b) any such instruments must be received by Chorus not later than 9:00 a.m. (Atlantic Time) on the second business day immediately preceding the meeting (or any adjournment or postponement thereof).

#### **Voting**

18. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolutions, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolutions.

19. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of a single class vote whereby each holder of Shares is entitled to one vote per Share (subject to any restrictions on voting set forth in the articles of Chorus that may be applicable), and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable

Court, the Arrangement Resolutions must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds (66<sup>2</sup>/<sub>3</sub>%) of the votes cast on the Arrangement Resolution by Shareholders, present in person or represented by proxy at the Meeting. Such votes shall be sufficient to authorize Chorus to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

20. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Chorus (other than in respect of the Arrangement Resolutions), each holder of Shares is entitled to one vote per Share held (subject to any restrictions on voting set forth in the articles of Chorus that may be applicable).

**Hearing of Application for Approval of the Arrangement**

21. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Chorus may apply to this Honourable Court for final approval of the Arrangement.

22. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 23.

23. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Chorus as soon as reasonably practicable, and, in any event, no less than 5 days before the hearing of this Application at the following addresses:

**Craig Lockwood and Lauren Harper**  
**OSLER, HOSKIN & HARCOURT LLP**  
Box 50, 1 First Canadian Place  
Toronto, Canada M5X 1B8

Tel: (416) 362-2111  
Fax: (416) 862-6666  
Lawyers for Chorus Aviation Inc.

24. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Chorus;
- ii) the Director; and
- iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

25. **THIS COURT ORDERS** that any materials to be filed by Chorus in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

26. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 23 shall be entitled to be given notice of the adjourned date.

**Precedence**

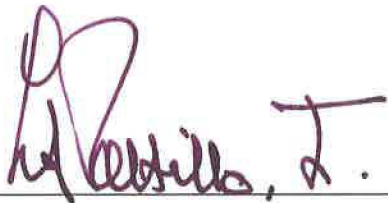
27. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares, or the articles or by-laws of Chorus, this Interim Order shall govern.

**Extra-Territorial Assistance**

28. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

**Variance**

29. **THIS COURT ORDERS** that Chorus shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.



\_\_\_\_\_

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

FEB 19 2019

PER / PAR: *RW*

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.  
1985, c. C-44, AS AMENDED;  
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE;  
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF CHORUS AVIATION INC.**

**CHORUS AVIATION INC., APPLICANT/MOVING PARTY**

Court File No. CV-19-00614409-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**PROCEEDING COMMENCED AT  
TORONTO**

**INTERIM ORDER**

**OSLER, HOSKIN & HARCOURT LLP**

Box 50, 1 First Canadian Place  
Toronto, Canada M5X 1B8

Craig Lockwood (LSO#: 46668M)

Lauren Harper (LSO#: 70606L)

Tel: (416) 362-2111

Fax: (416) 862-6666

Lawyers for the Applicant/Moving Party,  
Chorus Aviation Inc.

Matter No: 1194952

APPENDIX G  
NOTICE OF APPLICATION

CV-19-00614409-00CL  
Court File No.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE  
*CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS  
AMENDED;

AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL  
PROCEDURE;

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF CHORUS  
AVIATION INC.



CHORUS AVIATION INC.

Applicant

NOTICE OF APPLICATION

**TO THE RESPONDENTS:**

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on May 13, 2019 at 9:30 a.m. or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

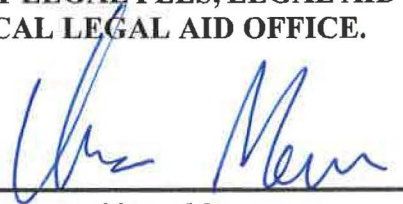
IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date **13 Feb**, 2019

Issued by



**Louise Manon**

**Registrar, Superior Court of Justice**

Address of court office 330 University Avenue  
Toronto, Ontario M5G 1R7

**TO: ALL SHAREHOLDERS OF CHORUS AVIATION INC.**

**AND TO: THE DIRECTORS OF CHORUS AVIATION INC.**

**AND TO: THE DIRECTOR APPOINTED UNDER THE CANADA BUSINESS CORPORATIONS ACT**

## APPLICATION

### 1. THE APPLICANT, CHORUS AVIATION INC. (“Chorus”), MAKES APPLICATION FOR:

- (a) an order abridging the time and dispensing with the requirements for service of the application materials herein;
- (b) an interim order for advice and directions under section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”), in connection with a proposed arrangement (the “Arrangement”) of Chorus;
- (c) a final order approving the Arrangement, pursuant to sections 192(3) and 192(4) of the CBCA; and
- (d) such further and other relief as this Court may deem just.

### 2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) Chorus is a corporation incorporated pursuant to the CBCA, with its registered office located in Toronto, Ontario;
- (b) Chorus wholly-owns Jazz Aviation LP (“Jazz”) and Voyageur Aviation Corp. (“Voyageur”), each of which is an air carrier that holds a domestic service operating license pursuant to the *Canada Transportation Act*, SC 1996, c 10 (the “CTA”);
- (c) Chorus is a reporting issuer pursuant to the securities laws of each province and territory of Canada;
- (d) The purpose of the Arrangement is to amend Chorus’ restated articles of incorporation (the “Articles”) and the applicable by-laws to ensure compliance with recent amendments to the CTA (the “CTA Amendments”);
- (e) Chorus currently has two classes of outstanding shares, the Common Voting Shares and the Variable Voting Shares. In order to comply with the foreign-ownership restrictions contained in the CTA prior to the CTA Amendments, the Articles

provide that Canadians (as defined in the CTA) automatically hold Voting Shares and non-Canadians automatically hold Variable Voting Shares. The Articles include a provision that reduces the voting power of the Variable Voting Shares to 25% of the aggregate votes attached to all outstanding Voting Shares “or any higher percentage that the Governor in Counsel may specify pursuant to the CTA”. If the number of Variable Voting Shares exceeds 25% of the total number of Voting Shares, then the collective number of votes associated with all Variable Voting Shares as a class is reduced to 25%, with the voting rights of such shareholders being reduced on a pro rata basis;

- (f) The CTA Amendments increased the aggregate permitted holdings of voting interests by non-Canadians from 25% to 49% (the “**Aggregate Limit**”) and introduced 25% restrictions on holdings of voting interests by individual non-Canadians and non-Canadian air carriers (the “**Sub Limits**”). The Sub Limits are not currently reflected in the Articles, except insofar as the existing 25% aggregate limit would be applicable;
- (g) If Chorus does not comply with the Aggregate Limit or Sub Limits, the Canadian Transportation Agency is required to suspend the domestic licenses of both Jazz and Voyageur;
- (h) The Arrangement would amend the variable voting mechanisms within the Variable Voting Shares class in order to comply with the CTA Amendments. In particular, the Arrangement proposes an amendment to the Articles to provide that, if a single non-Canadian shareholder (or affiliated shareholders) or non-Canadian air service (or affiliated air service groups) acquires 25% or more of the Variable Voting Shares, the voting rights of that shareholder (or affiliated shareholders) would be limited to 25%, and may be further reduced on a per share basis. This reflects the fact that any such shareholder (together with its affiliates) necessarily falls within the class of non-Canadians subject to and affected by the Aggregate Limit and also within one of the classes of non-Canadians subject to and affected by one of the Sub Limits. Such a shareholder (together with its affiliates) could

therefore be subject to prorating of voting rights necessary to respect both such limits;

- (i) If approved and completed, the Arrangement will result in continued compliance with the CTA;
- (j) The Arrangement is the most effective means of achieving Parliament's objectives for the CTA Amendments to increase foreign ownership in Canadian air carriers while simultaneously maintaining Canadian control of such carriers. The alternative, to create two new classes of non-resident voting shares, is impracticable, would thwart Parliament's objectives for the CTA Amendments, and is contrary to the interests of Chorus and its shareholders;
- (k) The Arrangement is an "arrangement" as defined in section 192(1) of the CBCA;
- (l) Chorus is not insolvent within the meaning of s. 192(2) of the CBCA;
- (m) It is not practicable for Chorus to effect a fundamental change in the nature of the Arrangement under any other provision of the CBCA;
- (n) All statutory conditions under the CBCA have been or will have been fulfilled or, by the final return date of this Application, will have been fulfilled for the granting of approval of the proposed Arrangement;
- (o) The Arrangement and application is put forward in good faith and for a valid business purpose;
- (p) The Arrangement is fair and reasonable to the parties affected;
- (q) Section 192 of the CBCA;
- (r) Certain of the holders of equity in Chorus and other interested persons are resident outside of Ontario and will be served at their addresses as they appear on the books and records of Chorus pursuant to rules 17.02(n) of the *Rules of Civil Procedure* and/or pursuant to the terms of any Interim Order this Court may grant;

- (s) National Instrument 54-101 of the Canadian Securities Administrators;
- (t) Rules 1.04, 3.02, 14.05(2), 37, 38, and 39 of the *Rules of Civil Procedure*; and
- (u) Such further and other grounds as counsel may advise and this Court may permit.

**3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) affidavit(s) to be sworn on behalf of Chorus, with exhibits thereto; and
- (b) such further and other materials as counsel may advise and this Court may permit.

February 13, 2019

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**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C.  
1985, c. C-44, AS AMENDED;  
AND IN THE MATTER OF RULE 14.05(2) OF THE RULES OF CIVIL PROCEDURE;  
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF CHORUS AVIATION INC.**

**CHORUS AVIATION INC., APPLICANT**

*Gr-1A-00614409-00CL*

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT  
TORONTO

**NOTICE OF APPLICATION**

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**Any questions and requests for assistance may be directed to  
Chorus Aviation Inc.'s Proxy Solicitation Agent:**

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