



**NOTICE OF
2012 ANNUAL MEETING OF SHAREHOLDERS
AND MANAGEMENT PROXY CIRCULAR**

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CHORUS AVIATION INC.

Letter from the Chairman and the President and Chief Executive Officer

Dear Shareholder:

You are cordially invited to the annual meeting of shareholders of Chorus Aviation Inc. It will be held on Tuesday, May 15, 2012 at 9:00 a.m. (Atlantic Time), at Neptune Theatre, 1593 Argyle Street, Halifax, Nova Scotia, B3J 2B2.

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

During the meeting, we will also present the highlights of our 2011 achievements. We look forward to continuing to build on our strengths and capabilities, and delivering value to our shareholders.

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

Sincerely,



Richard H. McCoy
Chairman



Joseph D. Randell
President and Chief Executive Officer

CHORUS AVIATION INC.

NOTICE OF 2012 ANNUAL SHAREHOLDER MEETING

When

Tuesday, May 15, 2012 at 9:00 a.m. (Atlantic Time)

Where

Neptune Theatre
1593 Argyle Street
Halifax, Nova Scotia, B3J 2B2

Webcast

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

Business of the 2012 Annual Shareholder Meeting

Four items will be covered at the meeting:

1. placement before the shareholders of the consolidated financial statements of Chorus Aviation Inc. for the year ended December 31, 2011, including the auditors' report thereon;
2. election of the directors of Chorus Aviation Inc. who will serve until the end of the next annual shareholder meeting unless a director leaves the board prior to such time;
3. appointment of auditors of Chorus Aviation Inc.; and
4. consideration of such other business, if any, that may properly come before the meeting or any adjournment or postponement thereof.

You are entitled to receive notice of, and vote at, our annual shareholder meeting or any adjournment or postponement thereof if you were a shareholder on April 10, 2012.

Your vote is important

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

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

By Order of the Board of Directors of Chorus Aviation Inc.



Barbara Snowdon
General Counsel and Corporate Secretary
Enfield, Nova Scotia
March 29, 2012

CHORUS AVIATION INC.

PROXY CIRCULAR

In this proxy circular (“**circular**”), *you* and *your* refer to a shareholder of Chorus. *We, us, our* and *Chorus* refers to, as the context may require, Chorus Aviation Inc. and its current and former subsidiaries, collectively (including, but not limited to Jazz Aviation LP, Jazz Air LP, Aviation General Partner Inc. (“**Aviation GP**”), Jazz Air Holding GP Inc. (“**Jazz GP**”), Chorus Leasing I Inc., Chorus Leasing II Inc., Chorus Leasing III Inc. and 7503695 Canada Inc.). Unless otherwise stated, all dollar amounts contained in this circular are expressed in Canadian dollars.

This circular is for our annual shareholder meeting to be held on May 15, 2012 (such meeting, and any adjournment or postponement thereof, the “**meeting**”). As a shareholder of Chorus, you have the right to vote your shares in respect of the election of the directors, the appointment of the auditors and on any other items that may properly come before the meeting.

To help you make an informed decision, please read this circular. This circular describes the meeting, the nominee directors, the proposed auditors, our corporate governance practices, the compensation of our directors and certain officers, and other matters. Financial information regarding Chorus is provided in the consolidated financial statements of Chorus and the management’s discussion and analysis for the year ended December 31, 2011.

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

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

Approval of this Circular

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

Date of Circular

This circular is dated March 29, 2012, and all information was current as at that date, unless otherwise stated.



Barbara Snowdon
General Counsel and Corporate Secretary
Enfield, Nova Scotia
March 29, 2012

CHORUS AVIATION INC.

VOTING YOUR SHARES

Your vote is important

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

Voting

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

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

How to vote – registered shareholders

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

If you are not sure whether you are a registered shareholder, please contact Canadian Stock Transfer Company Inc. as administrative agent for CIBC Mellon Trust Company, ("**Canadian Stock Transfer**") at 1-800-387-0825.

By proxy

By facsimile or by mail

Complete a form of proxy and return it by facsimile to (416) 368-2502 or return it in the envelope we have provided or by delivering it to one of Canadian Stock Transfer's principal Offices in Halifax, Montreal, Toronto, Vancouver or Calgary **for receipt before 9:00 a.m. (Atlantic time) on May 11, 2012**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays). A list of addresses for the principal Offices of Canadian Stock Transfer is set forth on page 50 of this circular.

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

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

In person at the meeting

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

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

CHORUS AVIATION INC.

How to vote – non-registered shareholders

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

If you are not sure whether you are a non-registered shareholder, please contact Canadian Stock Transfer at 1-800-387-0825.

These securityholder materials are being sent to both registered and non-registered shareholders of Chorus. If you are a non-registered shareholder and these materials were sent directly to you by Chorus or its agent, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding shares on your behalf.

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

By proxy

Your nominee is required to ask for your voting instructions before the meeting. Please contact your nominee if you did not receive a voting instruction form in this package.

On the Internet

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

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

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

The cut-off time for voting over the Internet is 9:00 a.m. (Atlantic time) on May 10, 2012, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

By facsimile or by mail

Alternatively, non-registered shareholders may vote their shares by completing the voting instruction form and returning it by facsimile to (905) 507-7793 or to (514) 281-8911 or in the enclosed business reply envelope **for receipt before 9:00 a.m. (Atlantic time) on May 10, 2012**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

In person at the meeting

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

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

CHORUS AVIATION INC.

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

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

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

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

By proxy

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

On the Internet

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

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

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

The cut-off time for voting over the Internet is 9:00 a.m. (Atlantic time) on May 10, 2012, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

By mail

Alternatively, you may vote your shares by completing the voting instruction form and returning it in the enclosed business reply envelope **for receipt before 9:00 a.m. (Atlantic time) on May 10, 2012**, or, if the meeting is adjourned or postponed, not later than 48 hours prior to the adjourned or postponed meeting (excluding Saturdays, Sundays and statutory holidays).

In person at the meeting

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

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

Completing the Proxy and Voting Instruction Form

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

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

CHORUS AVIATION INC.

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

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

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

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

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

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

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

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

Changing Your Vote

A registered shareholder may revoke a previously submitted proxy by an instrument in writing executed by the shareholder or the shareholder’s attorney authorized in writing and deposited either at the Montreal office of Chorus’ transfer agent, Canadian Stock Transfer, 2001 University Street, Suite 1600, Montreal, Québec, or at Chorus’ registered office, 100 King Street West, 1 First Canadian Place, Suite 6100, P.O. Box 50, Toronto ON M5X 1B8, at any time up to 5:00 p.m. (Atlantic time) on May 14, 2012 (or 5:00 p.m. (Atlantic time) on the last business day preceding the date set for any adjourned or postponed meeting), or with the chair of the meeting on the day of the meeting.

A non-registered shareholder may revoke previously submitted voting instructions given to a broker, securities dealer, trust company or other intermediary at any time prior to 9:00 a.m. (Atlantic time) on May 10, 2012 by providing written notice to them (or in the case of a desire to change your vote, by re-submitting voting instructions by Internet, telephone or mail).

CHORUS AVIATION INC.

Voting Requirements

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

Canadian Stock Transfer counts and tabulates the votes.

Voting Shares and Quorum

As of March 29, 2012 there were 12,929,253 Class A Variable Voting shares and 111,086,218 Class B Voting shares of Chorus issued and outstanding. Shareholders of record on April 10, 2012 are entitled to receive notice of and vote at the meeting. The list of shareholders entitled to vote at the meeting will be available for inspection on and after April 11, 2012 during usual business hours at the Montreal office of Chorus' transfer agent, Canadian Stock Transfer, 2001 University Street, Suite 1600, Montreal, Québec, at Chorus' registered office, 100 King Street West, 1 First Canadian Place, Suite 6100, P.O. Box 50, Toronto ON M5X 1B8, and at the meeting.

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

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

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

Restrictions on Voting Securities

As of March 29, 2012, the applicable provisions of the Act require that holders of domestic, scheduled international and non scheduled international licenses be "Canadian" as defined in the Act ("**Canadian**"). In the case of each licence holder, this requires that at no time may non-Canadians (i) control the corporation in fact or (ii) hold or beneficially own or control, directly or indirectly, such number of shares entitling them to more than 25% (or any higher percentage as the Governor in Council may by regulation specify) of the votes attached to all outstanding shares. The Articles of Chorus contains restrictions to ensure that Chorus remains Canadian under the Act. The definition of the term "Canadian" under section 55(1) of the Act may be summarized as follows:

- (a) Canadian citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada);
- (b) a government in Canada or an agent of such a government; or
- (c) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75% (or such lesser percentage as the Governor in Council may by regulation specify) of the voting interests are owned and controlled by Canadians.

Chorus has two classes of shares: (i) Class B voting shares and (ii) Class A variable voting shares.

CHORUS AVIATION INC.

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 Government of Canada's Bill C-10, the *Budget Implementation Act 2009*, contains provisions whereby the Act would be amended to provide the Governor in Council with flexibility to increase the foreign voting interests ownership limit from the existing 25% level to a maximum of 49%.

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

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

CHORUS AVIATION INC.

Principal Shareholders

As of March 29, 2012, to the knowledge of the directors of Chorus, the following 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.

Name of shareholders	Number of Shares	% of Class	% of All Outstanding Shares
Fairfax Financial Holdings Limited ⁽¹⁾	1,776,800 Class A shares 17,356,500 Class B shares	13.7% of outstanding Class A shares 15.6% of outstanding Class B shares	15.4% of all outstanding shares
Belcorp Industries Inc. ⁽²⁾	12,404,500 Class B shares	11.2% of outstanding Class B shares	10.0% of all outstanding shares

(1) Based on information received by Chorus, Fairfax Financial Holdings Limited owns and controls 1,776,800 Class A shares and 17,356,500 Class B shares of Chorus in the investment portfolios of its insurance companies.

(2) Based on publicly available early warning reports, Belcorp Industries Inc., a wholly owned subsidiary of Belkin Enterprises Ltd., owns 12,404,500 Class B shares of Chorus.

CHORUS

General

Chorus is the successor to Jazz Air Income Fund (the “**Fund**”) following the completion of the conversion of the Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (“**CBCA**”) on December 31, 2010 (the “**Arrangement**”). Chorus was incorporated on September 27, 2010 under the CBCA and did not carry on any active business prior to the Arrangement.

Under the Arrangement, units of the Fund were exchanged for shares in the capital of Chorus on a one-for-one basis. Unitholders who confirmed they were Canadians (as defined in the Act) were issued Class B voting shares in the capital of Chorus and unitholders who confirmed they were not Canadians received Class A variable voting shares in the capital of Chorus. The shares provide the same voting rights and economic interests to holders that such holders had prior to the effective time of the Arrangement.

Chorus holds all the limited partner units of Jazz Aviation LP, the operating limited partnership formed on November 18, 2010 pursuant to the laws of Ontario and the terms of a limited partnership agreement dated November 18, 2010. On January 5, 2011, substantially all of the assets of Jazz Air LP were transferred to Jazz Aviation LP, represented by its general partner, Aviation General Partner Inc. (“**Aviation GP**”). The airline business previously carried on by Jazz Air LP, is now carried on by Jazz Aviation LP. As a result of this reorganization, Jazz Air LP was liquidated and dissolved and the Fund and the Trust were wound-up.

Chorus also holds all of the common shares in the capital of Aviation GP, the general partner of Jazz Aviation LP. Aviation GP holds all the general partner units of Jazz Aviation LP.

During the second quarter of 2010, Chorus incorporated 7503695 Canada Inc. to acquire and hold an indirect investment in Pluna Líneas Aéreas Uruguayas S.A. through a direct investment in Latin American Regional Aviation Holding Corp. (“**LARAH**”).

On February 28, 2011, Chorus incorporated three wholly-owned subsidiaries under the CBCA, Chorus Leasing I Inc., Chorus Leasing II Inc., and Chorus Leasing III Inc. The entities were established for the sole purpose of acquiring 15 Q400 NextGen turboprop aircraft.

CHORUS AVIATION INC.

BUSINESS OF THE MEETING

Four items will be covered at the meeting:

1. placement before the shareholders of the consolidated financial statements of Chorus for the year ended December 31, 2011, including the auditors' report thereon;
2. election of the directors of Chorus who will serve until the end of the next annual shareholder meeting unless a director leaves the Board prior to such time;
3. appointment of auditors of Chorus; and
4. consideration of such other business, if any, that may properly come before the meeting.

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

1. Placement of financial statements of Chorus

The consolidated financial statements of Chorus for the year ended December 31, 2011, including the auditors' report thereon, are available on our website at www.chorusaviation.ca and on SEDAR at www.sedar.com. Copies of such statements will also be available at the meeting.

2. Election of the directors of Chorus

Nine (9) directors are to be elected to the Board of Directors. Please see "The Nominated Directors" for more information. Each director elected at the meeting will serve until the end of the next annual shareholder meeting unless he or she leaves the Board prior to such time.

All of the individuals to be nominated as directors are currently members of the Board of Directors. Eight of these individuals, Karen Cramm, Gary M. Collins, Benjamin C. Duster, IV, Sydney John Isaacs, G. Ross MacCormack, Richard H. McCoy, John T. McLennan and Joseph D. Randell, were elected at the annual meeting of shareholders of Chorus held on June 1, 2011. Richard D. Falconer was appointed to the Chorus board by the other directors on March 1, 2012. Please see "The Nominated Directors" in this circular for additional information relating to each such director standing for nomination.

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

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

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

CHORUS AVIATION INC.

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, as auditors of Jazz Air Income Fund since its creation on November 25, 2005 and of Chorus since its creation on September 27, 2010. The auditors appointed at the meeting will serve until the end of the next annual shareholder meeting or until their successors are appointed.

Fees payable for the years ended December 31, 2011 and December 31, 2010 to PricewaterhouseCoopers LLP and its affiliates are \$969,342 and \$1,166,181, respectively, as detailed below:

	Year ended December 31, 2011	Year ended December 31, 2010
Audit fees	\$305,814	\$306,967
Audit-related fees	\$207,896	\$215,054
Tax fees	\$455,632	\$641,340
All other fees	\$0	\$2,820
Total	\$969,342	\$1,166,181

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of Chorus and its affiliates' annual financial statements, for the reviews of quarterly reporting by Chorus and for services normally provided in connection with statutory and regulatory filings or engagements, including costs incurred in 2010 in connection with the proxy circular associated with the Arrangement.

Audit-related fees. Audit-related fees were paid for professional services related to pension plan audits, the translation of financial statements and related documents of Chorus, work completed in connection with the transition to International Financial Reporting Standards ("IFRS") and in 2010 a due diligence review completed in relation to the investment in LARAH.

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

All other fees. Other fees paid were for miscellaneous administrative products and services.

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

4. Consideration of other business

We will:

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

CHORUS AVIATION INC.

THE NOMINATED DIRECTORS

Nine (9) directors are to be elected at the meeting, each of whom is to hold office until the end of the next annual meeting of shareholders unless he or she leaves the Board prior to such time.

All nominees have established their eligibility and willingness to serve as directors. If, prior to the meeting, any of the listed nominees becomes unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder. The table below sets out, among other things, the names of the proposed nominees, together with their municipality of residence, the date they became directors (if applicable), their principal occupation and other principal directorships and committee memberships. Also indicated is the number of securities of Chorus beneficially owned, or over which control was exercised, directly or indirectly, as of March 29, 2012 and the value of those securities as of March 29, 2012 based on a market value of \$3.35 per Class A share and \$3.36 per Class B share.

Biographies

GARY M. COLLINS

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



Gary M. Collins is Senior Vice President of Belcorp Industries Inc.¹, a position he has held since April 2007. 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.

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

Vancouver, British Columbia

Age: 48

Independent

Securities Held or Controlled

Class B Shares: 5,000
Deferred Share Units: 19,330

Total Class B Shares and Deferred Share Units: 24,330
Total Market Value of Class B Shares and Deferred Share Units: \$81,749

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

Current Board Memberships: Lantic Inc. (Rogers Sugar), Liquor Stores North America Inc.

Other Board Membership During the Last Five Years: Catalyst Paper Corporation

Public Board Overlap: No interlocking outside public company directorships.

¹ Belcorp Industries Inc. owns 12,404,500 Class B shares of Chorus as of March 29, 2012 according to publicly filed reports.

CHORUS AVIATION INC.

KAREN CRAMM

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



Halifax, Nova Scotia

Age: 61

Independent

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

Chair of Audit, Finance and Risk Committee

Securities Held or Controlled

Class B Shares: 0

Deferred Share Units: 11,015

Total Class B Shares and Deferred Share Units: 11,015

Total Market Value of Class B Shares and Deferred Share Units: \$37,010

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

Current Board Memberships: None.

Other Board Membership During the Last Five Years: Izaak Walton Killam Hospital, Art Gallery of Nova Scotia, Dalhousie University, Mount Saint Vincent University

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

BENJAMIN C. DUSTER, IV

Director of Chorus and its predecessors or subsidiaries since March 25, 2010



Benjamin C. Duster, IV is a corporate director and he is a senior advisor of Watermark Advisors LLC. He specializes as an independent director on the boards of public companies undergoing or contemplating transforming organizational change requiring the development and/or implementation of new managerial, operational and strategic initiatives. From 2002 until its sale to Essar Steel in 2007, Mr. Duster served as Chairman of the Board of Algoma Steel, Inc., an integrated steel producer based in Sault Ste. Marie, Ontario. From 1997 to 2001, Mr. Duster was Managing Director at Wachovia Securities, responsible for building and leading its mergers and acquisitions advisory practice. From 1989 to 1997, Mr. Duster was Vice President, Mergers and Acquisitions at Salomon Brothers, specializing in bankruptcy reorganizations, financial restructurings and troubled company acquisitions.

Member of the Audit, Finance and Risk Committee

Member of the Human Resources and Compensation Committee

Atlanta, Georgia, United States

Age: 51

Independent

Securities Held or Controlled

Class A Shares: 0

Deferred Share Units: 9,339

Total Class A Shares and Deferred Share Units: 9,339

Total Market Value of Class A Shares and Deferred Share Units: \$31,379

Experience: Executive Leadership, Board Experience, Accounting and Finance, Human Resources/Compensation and Strategic Planning

Current Board Memberships: Accuride Corporation, Ormet Corporation, Inc., Netia SA (Poland) and WBL Corporation (Singapore)

Other Board Membership During the Last Five Years: Catalyst Paper Corporation, Algoma Steel Inc., RCN Corporation

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

RICHARD D. FALCONER

Director of Chorus since March 1, 2012



Richard D. Falconer retired from CIBC in 2011 after 40 years with the bank. At the time of retirement, Mr. Falconer was Vice Chairman and Managing Director, CIBC World Markets Inc. Mr. Falconer has extensive corporate finance and M&A experience in numerous industries including agriculture, energy, financial forest products, media and telecom, mining, retail, technology, transportation. Mr. Falconer holds a Master of Business Administration from York University and a Bachelor of Arts (Honours) from the University of Toronto. Mr. Falconer is a Chartered Financial Analyst.

Mississauga, Ontario

Age: 67

Independent

Securities Held or Controlled

Class B Shares: 15,000

Deferred Share Units: 704

Total Class B Shares and Deferred Share Units: 15,704

Total Market Value of Class B Shares and Deferred Share Units: \$52,765

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

Current Board Memberships: Resolute Forest Products (formerly AbitibiBowater Inc.), Bridgepoint Health Foundation

Other Board Membership During the Last Five Years: None.

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

SYDNEY JOHN ISAACS

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



Sydney John Isaacs is a consultant to ACE Aviation Holdings Inc. and holds the position of Senior Vice President, Corporate Development and Chief Legal Officer, for ACE Aviation Holdings Inc., a position he has held since November 2004. From September 2000 to October 2004, Mr. Isaacs held a number of senior management positions at Air Canada in business development, mergers & acquisitions and restructuring. Prior to that, Mr. Isaacs was a partner at Stikeman Elliott LLP, where his practice was focused on mergers and acquisitions and corporate finance.

Member of the Governance and Nominating Committee

Westmount, Québec

Age: 55

Independent

Securities Held or Controlled

Class B Shares: 5,000

Deferred Share Units: 10,353

Total Class B Shares and Deferred Share Units: 15,353

Total Market Value of Class B Shares and Deferred Share Units: \$51,586

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

Current Board Memberships: None.

Other Board Membership During the Last Five Years: None.

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

G. ROSS MACCORMACK

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



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

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

Newport, Vermont, United States

Age: 70

Independent

Securities Held or Controlled

Class A Shares: 2,000

Deferred Share Units: 17,719

Total Class A Shares and Deferred Share Units: 19,719

Total Market Value of Class A Shares and Deferred Share Units: \$66,236

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

Current Board Memberships: Newport City Renaissance Corporation, Premier Aviation Overhaul Centre Group (Chair and Advisory Board)

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

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

RICHARD H. MCCOY

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



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

Chairman of the Board of Directors

Toronto, Ontario

Age: 69

Independent

Securities Held or Controlled

Class B Shares: 16,294

Deferred Share Units: 26,632

Total Class B Shares and Deferred Share Units: 42,926

Total Market Value of Class B Shares and Deferred Share Units: \$144,231

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

Current Board Memberships: Aberdeen Asia-Pacific Income Fund, Inc., Uranium Participation Corporation and Pizza Pizza Royalty Income Fund

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

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

JOHN T. MCLENNAN

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



John T. McLennan is a corporate director. Mr. McLennan was Vice-Chairman and Chief Executive Officer of Allstream from May 2000 until June 2004. Prior to that position, he served as AT&T Canada's Vice Chairman and Chief Executive Officer. He was also the founding President of Jenmark Consulting Inc., President and Chief Executive Officer of Bell Canada, President of Bell Ontario as well as Chairman, President and Chief Executive Officer of BCE Mobile Communications Inc. Mr. McLennan has also served as President and Chief Executive Officer of Cantel Wireless and Executive Vice President of Mitel Communications Inc.

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

Mahone Bay, Nova Scotia

Age: 66

Independent

Securities Held or Controlled

Class B Shares: 13,238

Deferred Share Units: 9,339

Total Class B Shares and Deferred Share Units: 22,577

Total Market Value of Class B Shares and Deferred Share Units: \$75,859

Experience: Executive Leadership, Board Experience, Accounting and Finance, Human Resources/Compensation and Strategic Planning

Current Board Memberships: Amdocs Ltd., Emera Inc. and Nova Scotia Power Inc., a wholly owned subsidiary of Emera Inc.

Other Board Membership During the Last Five Years: MTS Allstream Inc. (formerly AT&T), ACE Aviation Holdings Inc., Air Canada, Aeroplan

Public Board Overlap: No interlocking outside public company directorships.

CHORUS AVIATION INC.

JOSEPH D. RANDELL

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



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

Wellington, Nova Scotia

Age: 58

Management

Securities Held or Controlled

Class B Shares: 439,197

Restricted Share Units: 555,974

Total Class B Shares and Restricted Share Units: 995,171

Total Market Value of Class B Shares and Restricted Share Units: \$2,098,391 ⁽¹⁾

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

Current Board Memberships: Discovery Air Inc., National Airlines Council of Canada (NACC), Regional Airline Association (RAA)

Other Board Membership During the Last Five Years: Airline Transport Association of Canada (ATAC)

Public Board Overlap: No interlocking outside public company directorships.

(1) Based on market value of Class B shares of Chorus at March 29, 2012 of \$3.36 per share. The amounts for the restricted share units are shown as the minimum payouts reflecting the 1/3 of restricted shares granted that will vest on a time basis.

CHORUS AVIATION INC.

REMUNERATION OF DIRECTORS

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

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

Directors (other than the Chairman and executive director) receive an annual retainer of \$65,000. The Chairman receives an annual retainer of \$110,000.

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

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

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

SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS

Effective January 1, 2011, the Board has adopted share ownership guidelines according to which non-executive directors are required to own securities of Chorus with a value equal to three times their base annual retainer through shares and/or DSUs which would mean a requirement to hold securities with a minimum value of \$195,000 for non-executive directors and \$330,000 for the Chairman. The value of securities for this purpose is the greater of the market value of the securities and the aggregate purchase price of the securities. Such ownership must be achieved by the later of five years from January 1, 2011 or the date of the director’s appointment. As of March 29, 2012, no director has reached the date by which his/her security holdings must meet the guidelines. For share ownership requirements for the executive director, please refer to the details in the “Executive Compensation” section of this circular.

CHORUS AVIATION INC.

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 for:

- (a) John T. McLennan was the Chief Executive Officer of AT&T Canada when AT&T Canada filed for protection under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) on October 15, 2002;
- (b) Joseph D. Randell was the President and Chief Executive Officer of Jazz Air Inc. when it filed for protection under the CCAA on April 1, 2003;
- (c) G. Ross MacCormack was an officer of Air Canada when it filed for protection under the CCAA on April 1, 2003; and
- (d) Benjamin C. Duster, IV was a member of the board of Catalyst Paper Corporation when it filed for protection under the CCAA on January 31, 2012.

STATEMENT OF GOVERNANCE PRACTICES

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

Board of Directors

Independence

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

Chairman of the Board

The nominated Chairman of the Board is independent.

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

Board Size

The Board was comprised of nine (9) directors on December 31, 2011. Nine (9) nominees are being proposed in this circular as directors. The Board is of the view that such size and composition is adequate and allows for the efficient functioning of the Board.

“In camera” Sessions of Board of Directors

At Board of Directors meetings, time is reserved for non-management directors to hold “in camera” sessions, in the absence of the members of management and any non-independent management director. The Board of Directors meets without management and without the non-independent management director at each regularly scheduled meeting, and at all other meetings, the directors consider whether an “in camera” meeting would be appropriate in the circumstances. Questions and comments formulated during “in camera” sessions are then passed on to the members of management who were excluded from the “in camera” sessions. During the year ended December 31, 2011, four such in-camera sessions were held in the absence of management. In addition, the non-management directors held four sessions in the absence of the non-independent director, Mr. Randell.

Attendance Record

The attendance records of the directors for each of the meetings of the board of directors and the committees is reflected in the following charts.

Record of Attendance by the Directors of Chorus for the Period from January 1, 2011 to December 31, 2011

Director	Number of meetings attended	
	Board	Standing Committees
Karen Cramm	10 of 10	4 of 4
Gary M. Collins	10 of 10	8 of 8
Benjamin C. Duster, IV	10 of 10	8 of 8
David L. Emerson, P.C.	9 of 10	6 of 8
Sydney John Isaacs	10 of 10	4 of 4
G. Ross MacCormack	10 of 10	8 of 8
Richard H. McCoy	10 of 10	N/A
John T. McLennan	9 of 10	6 of 8
Joseph D. Randell	10 of 10	N/A

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Summary of Board and committee meetings held for the period from January 1, 2011 to December 31, 2011

Board of Directors of Chorus	10
Audit, Finance and Risk Committee	4
Human Resources and Compensation Committee	4
Governance and Nominating Committee	4

Board Mandates

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

Position Descriptions

President and Chief Executive Officer

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

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

Chair of each Committee

The Chairs of the Audit, Finance and Risk Committee, the Governance and Nominating Committee, and the Human Resources and Compensation Committee, are respectively, Karen Cramm, Gary M. Collins and G. Ross MacCormack.

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

Orientation and Continuing Education

Chorus has in place an orientation program for new directors. New directors are invited to attend orientation sessions with members of senior management of Chorus, including the CEO, to improve their understanding of Chorus’ business. Each new director is also asked to review the Charter of the Board, the Charter of each Committee and the position descriptions of the Chairman of the Board, the President and Chief Executive Officer and the Chair

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of each Committee in order to fully understand the role he or she is expected to play as a director and/or Committee member.

As part of its mandate, the Governance and Nominating Committee is also responsible for providing a continuous education program for the directors. Chorus has in place a continuous education program. Chorus provides directors with regular reports on the operations and finances of the corporation. Management periodically provides directors with analyst studies, industry studies and benchmarking information. At each regular board meeting, the directors are provided with updates and summaries of relevant information. Documentation and selected articles and presentations are also provided to directors to keep current their knowledge and understanding of Chorus' business and issues facing Chorus. Furthermore, facility tours are periodically provided to directors so they can enhance their understanding of the operational aspects of Chorus' business.

Skills Matrix

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

	Cramm	Collins	Duster	Falconer	Isaacs	MacCormack	McCoy	McLennan	Randell
Executive Leadership (a)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Board Experience (b)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accounting and Finance (c)	✓	✓	✓	✓	✓		✓	✓	✓
Aviation / Transportation Industry Knowledge (d)	✓	✓		✓	✓	✓	✓		✓
Human Resources / Compensation (e)		✓	✓		✓	✓	✓	✓	✓
Legal (f)					✓				
Strategic Planning (g)	✓	✓	✓	✓	✓	✓	✓	✓	✓

- (a) Experience as senior executive/officer of a publicly listed company or major organization.
- (b) Served as a board member of a public, private or non-profit entity.
- (c) Knowledge of and experience with financial accounting and reporting, corporate finance and familiarity with internal financial/accounting controls, Canadian or US Generally Accepted Accounting Principles and/or IFRS.
- (d) Knowledge of the aviation/transportation industry.
- (e) Experience with benefit, pension and compensation programs (in particular, executive compensation programs).
- (f) Experience as a lawyer either in private practice or in-house with a publicly listed company or major organization.
- (g) Experience in the development and implementation of a strategic direction for a large organization.

Corporate Policy and Guidelines on Business Conduct

Chorus has adopted a Corporate Policy and Guidelines on Business Conduct which was first approved by the board of directors of Jazz GP and the board of trustees of the Fund on August 10, 2006. An amended and restated Corporate Policy and Guidelines on Business Conduct (the "Code") was approved by the Board of Directors and the board of trustees on November 5, 2008 and a further amended and restated Code was approved by the Chorus Board of Directors on November 7, 2011. The Code applies to all directors of Chorus and officers and employees of Chorus and its subsidiaries. A copy of the Code can be obtained on SEDAR at www.sedar.com or on Chorus' website at www.chorusaviation.ca. The Code addresses, among other things, the following matters:

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

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

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

Nomination of Directors

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

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interest of Chorus;
- (c) devote sufficient time to the affairs of Chorus and exercise care, diligence and skill in fulfilling their responsibilities both as board members and as Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and challenge the key business plans and the strategic direction of Chorus;

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- (f) raise questions and issues to facilitate active and effective participation in the deliberation of the Board and of each Committee;
- (g) make all reasonable efforts to attend all meetings of the Board and Committee meetings; and
- (h) review the materials provided by management in advance of the meetings of the Board.

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

Compensation

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

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

Assessments

It is the role of the Chair of the Governance and Nominating Committee to assess, on an annual basis, the contribution of each individual director, the effectiveness of the Board and the effectiveness of the Committees. For this purpose, the Chair of the Governance and Nominating Committee conducts private meetings with each director. During those meetings, the Chair of the Governance and Nominating Committee reviews with each director his or her assessment of the effectiveness of the Board and its Committees and personal contributions. Thereafter, a presentation is made to the Board. Also, on a quarterly basis, the Chair of each committee reports to the Board on the activities of the Committee. If appropriate, the Board will then consider procedural or substantive changes to increase the effectiveness of the Board and its Committees.

Directorships of Other Reporting Issuers

Gary M. Collins, Benjamin C. Duster, IV, Richard D. Falconer, Richard H. McCoy, John T. McLennan and Joseph D. Randell are presently directors of several public entities:

- Gary M. Collins is currently a director of Lantic Inc. (Rogers Sugar) and Liquor Stores North America Inc.
- Benjamin C. Duster, IV is currently a director of Ormet Corporation, Accuride Corporation, Netia, SA and WBL Corporation.
- Richard D. Falconer is currently a director of Resolute Forest Products (formerly AbitibiBowater Inc.).
- Richard H. McCoy is currently a director of Aberdeen Asia Pacific Income Fund, Inc., Uranium Participation Corporation and Pizza Pizza Royalty Income Fund.
- John T. McLennan is currently a director of Amdocs Ltd. and a director and Chairman of Emera Inc.
- Joseph D. Randell is currently a director of Discovery Air Inc.

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

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COMMITTEES

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

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

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

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

Audit, Finance and Risk Committee

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

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

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

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

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

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

The Audit, Finance and Risk Committee met four (4) times during the period from January 1, 2011 to December 31, 2011.

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

Members: Karen Cramm, Chair
 Gary M. Collins
 John T. McLennan
 Benjamin C. Duster, IV

Additional information respecting the Audit, Finance and Risk Committee is set out in our 2011 Annual Information Form under “Directors and Officers - Audit, Finance and Risk Committee”.

Governance and Nominating Committee

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

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

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

- Review and develop position descriptions for the Board of Directors, the Chairman of the Board of Directors and the President and Chief Executive Officer.
- Ensure that appropriate structures and procedures are in place so that the Board of Directors can function independently of management.
- Put in place an orientation and continuing education program for new directors on the Board of Directors.
- Ensure corporate compliance with applicable legislation including, directors’ and officers’ compliance.
- Review proposed amendments to Chorus’ by-laws.

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

The Governance and Nominating Committee met four (4) times during the period from January 1, 2011 to December 31, 2011.

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

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

David L. Emerson, P.C. was a member of the Human Resources and Compensation Committee until January 14, 2012.

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Human Resources and Compensation Committee

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

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

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

- Develop compensation philosophy and guidelines.
- Review and approve corporate goals, objectives and business performance measures relevant to the compensation of the President and Chief Executive Officer, evaluate the President and Chief Executive Officer's performance in light of those goals, objectives and business performance measures, and make recommendations to the Board of Directors with respect to the President and Chief Executive Officer's compensation level based on this evaluation.
- Make recommendations to the Board of Directors with respect to officer's compensation, incentive compensation and equity-based plans.
- Review and make recommendations to the Board of Directors with respect to incentive compensation plans and equity based plans and any amendments thereto.
- Review and approve, on behalf of the Board of Directors, salary ranges for all positions including executive management.
- Administer the equity-based plans.
- Review executive compensation disclosure before public dissemination, including the review of the annual report of senior management compensation for inclusion in Chorus' proxy circular, in accordance with applicable rules and regulations.
- Review on an ongoing basis management's organization plans and essential elements of succession plans for executive management of Chorus and its subsidiaries so as to ensure that successors have been identified and that their career development is appropriate in the context of the challenges facing the organization.
- Review and approve the training, monitoring and development of senior officers.
- Review and approve the senior management organizations and reporting structure.
- Review and approve the contingency plans in the event of the disability of key executives.
- Approve the design of, and amendments to, pension plans and, on recommendation of the Chief Executive Officer, approve the appointment of members of the pension committee and trustees of pension plans.
- Monitor the pension communication strategy for compliance with disclosure requirements.

The Human Resources and Compensation Committee met four (4) times during the period from January 1, 2011 to December 31, 2011.

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The Human Resources and Compensation Committee is currently composed of the following independent directors:

Members: G. Ross MacCormack, Chair
 Benjamin C. Duster, IV
 John T. McLennan

David L. Emerson, P.C. was a member of the Human Resources and Compensation Committee until January 14, 2012.

The members of the HRCC bring many years of relevant experience to their role and duties on the HRCC. The Chair of the HRCC has extensive executive aviation experience and has been a director of Chorus or its predecessors since the initial public offering of the Fund in 2006 and has been Chair of the HRCC since that time. In that role the Chair has worked with external consultants and with Chorus' human resources professionals. Mr. Duster is currently the chair of two human resource/compensation committees of public issuers (Accuride Corporation and Netia, SA) and is a member of the human resource/compensation committee for Ormet Corporation, another public issuer. Mr. Duster also formerly served as chair of the human resource/compensation committee of Algoma Steel Inc. While Mr. Duster was the chair of the Algoma Steel Inc. board of directors he was involved with the implementation of a new compensation and human resource appraisal system for that company. Mr. McLennan has many years of experience in the human resource/compensation field as both a senior executive of publicly traded companies (Allstream, Bell Canada, Cantel Wireless and Mitel Communications Inc.) and later as a board member and chairman of the board of Emera Inc., a public issuer.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

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

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

- share ownership guidelines for executives;
- a balanced mix of fixed to variable and short to long term compensation;
- payout limits in the Annual Incentive and Long Term Incentive Plans;
- a balance of financial and individual measures in the incentive plans; and
- an element of discretion in the Annual Incentive Plan through the individual performance factor, as well as that applied in the assessment of performance under the restricted share unit ("RSU") plan, which allows for discretion and judgement to be applied in determining overall payout levels.

The Human Resources and Compensation Committee (the "HRCC") has direct access to consultants specializing in compensation and benefits. Chorus management have used the services of Mercer (Canada) Limited ("Mercer") since 2006 to provide compensation and benefits advice. The Board and the HRCC have used Hugessen Consulting Inc. ("Hugessen") since 2009 to provide independent advice to the Board and the HRCC regarding Chorus' compensation plans and related market standards and practices. Since January 1, 2011 until the date hereof, neither the Board nor the HRCC have incurred any fees related to such consultants. The decisions made by the HRCC are

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its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by these consultants.

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

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

Mr. Allan Rowe retired on February 28, 2011, at which time Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer. In consideration for his agreement to provide services during a transitional period, and his past services, the Board, acting on the recommendation of the HRCC and external legal counsel, granted Mr. Rowe a retiring allowance of fifteen months of base salary and bonus and the continuance of select benefits.

Share Ownership Guidelines

Share Ownership Guidelines were approved effective January 1, 2011 to promote share ownership by executives and to better align executives’ interests with those of Chorus’ shareholders. Based on a market review, the following guidelines were approved by the Board in November 2010, based on the recommendation of the HRCC, to be achieved within five years commencing on the later of January 1, 2011 or the participant’s date of hire or promotion to a higher executive level: ownership of Chorus shares with a value equal to three times salary for the President and CEO, two times salary for Senior Vice Presidents (CFO, COO and CAO) and one times salary for Vice Presidents (which includes the position of General Counsel and Corporate Secretary).

Class B Voting shares and RSUs are included when determining whether an executive satisfies the applicable minimum ownership requirement. 100% of any time-based RSU, and 50% of any performance based RSU, are included for such purposes. The value of such securities is calculated by reference to the greater of the market and grant share price. As at January 1, 2012 all Executives were in compliance with their share ownership guideline in that they had either already attained or they still have time left to achieve the required level of share ownership.

There are no restrictions on the purchase by named executive officers or directors of financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the named executive officer or director. A named executive officer or director would be required to report any such purchase under applicable securities laws.

Benchmark Group

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

For the purposes of executive and director compensation in 2011, the benchmark group used was based on a review by Mercer in 2010. Companies chosen for the benchmark group are headquartered in Canada, are in the industrial sector and have revenues approximately one-quarter to four times that of Chorus. In addition, companies selected were of similar business complexity. Based on these characteristics, the companies in the benchmark group were Transat A.T. Inc., WestJet Airlines Ltd., Superior Plus Corp., Transcontinental Inc., TransForce Income Fund, Toromont Industries Ltd., Aecon Group Inc., CAE Inc., Stantec Inc., Emera Inc., Wajax Income Fund, IESI-BFC Ltd. and Algoma Central Corp. The HRCC also monitors and considers executive and director compensation levels at certain US-based regional airlines.

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

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Aligning Risk and Compensation

Chorus' compensation oversight and risk management are closely aligned. The HRCC considers, on a regular basis and in consultation with its external consultants as appropriate, the risks associated with Chorus' executive compensation program. In order to minimize emphasis on short-term results, Chorus' compensation programs are evolving such that greater emphasis is placed on longer-term share-based compensation.

The HRCC is satisfied that:

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

Executive Compensation Program

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

Chorus' Executive Compensation Program is made up of five principal elements: (1) base salary; (2) variable cash compensation in the form of an annual incentive plan; (3) share based long-term incentives in the form of equity plans; (4) benefits; and (5) perquisites. These five elements are evaluated together to determine the appropriate compensation level for Chorus executives, and are described below.

1) Base Salary

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

2) Variable Cash Compensation

Prior to 2011, Chorus had two cash-based variable compensation plans: an annual incentive plan and a profit sharing plan. As further described below, effective January 2011, benefits under the profit sharing plan were replaced by benefits under newly-enhanced Ensemble (now known as "Ensemble Plus") and employee share ownership programs.

Annual Incentive Plan

The level of participation in the annual incentive plan is formula based, such that individuals were eligible to be paid a target bonus amount equal to 30% of base earnings at the Vice President level, 50% of base earnings at the Senior Vice President level, which includes the Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Administrative Officer (CAO), and 85% of base earnings for the President and Chief Executive Officer. Annual incentive plan payouts are based on: (1) performance against financial targets in Chorus' business plan for the relevant year, which, for 2011, consisted of Operating Income ("OI") and Free Cash Flow ("FCF"); and (2) individual performance-based on performance assessments. All members of management participate in the annual incentive plan at target bonus percentages commensurate with their management level. With regards to performance against financial targets, participants in the annual incentive plan were eligible to receive payouts between 0% and 200% of their target bonus amount, based on the achievement of between 80% and 120% of OI and FCF. OI and FCF targets were given equal weighting. Participants were eligible to be paid 100% of their target bonus amount under the annual incentive plan if 100% of OI and FCF targets were met. Participants were eligible to be paid a

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lesser amount than 100% of their target bonus if less than 100% of OI and FCF targets were met. The relationship is linear such that if 90% of OI and FCF targets were met, participants were eligible to be paid 50% of their target bonus amount. Participants were eligible to be paid more than 100% of their target bonus if more than 100% of OI and FCF targets were met, up to 200% of their target bonus amount for achieving 120% of OI and FCF targets. Participants receive no payments under the plan if less than 80% of those financial targets were met.

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

Based on the 2011 executive compensation review, and the HRCC's objective to increase the variable component of the compensation mix in a manner consistent with market practice, the target bonus amounts were increased to 60% of base earnings at the Senior Vice President level (CFO, COO and CAO), and 100% of base earnings for the President and Chief Executive Officer, which was considered to be in line with market practices. The target bonus amount of 30% for the Vice President level was considered to be competitive and no adjustment was made. These changes are effective for the 2012 financial year.

Ensemble Plus

Ensemble Plus is designed to provide quarterly payments to eligible employees if Chorus achieves pre-determined monthly operational and customer service goals. The Ensemble Plus plan was offered to all eligible employees (including the named executive officers) on the same basis to allow them to share in Chorus' success and to ensure they worked together to achieve corporate goals. The maximum annual payout pursuant to Ensemble Plus is \$2,700 per eligible employee. In 2011, the average annual total payment under the Ensemble Plus was \$1,113 per eligible employee.

3) Equity Plans

Chorus does not have a stock option plan, but instead has two share-based long-term incentive plans: the Chorus Aviation Inc. long-term incentive plan (the "**Chorus LTIP**") and a legacy long-term incentive plan (the "**Jazz LTIP**"). Chorus executives and other key employees as approved by the Board from time to time are eligible to participate in the Chorus LTIP and the Jazz LTIP, although there will be no further grants made under the Jazz LTIP. Final grants of restricted units under the Jazz LTIP were made in 2010, and those restricted units will vest in 2013 (subject to the satisfaction of the applicable conditions). Chorus also has an Employee Share Ownership Plan (the "**ESOP**") which permits employees to buy common shares of Chorus through payroll deductions. Chorus' equity-based plans are designed to align the interests of executives and employees more closely with the interests of Chorus' shareholders.

The Chorus LTIP mirrors the legacy Jazz LTIP. The Chorus LTIP was adopted in connection with the Arrangement and became effective as of January 5, 2011.

The HRCC makes its compensation decisions every year with input as it deems necessary from its external consultants. As Chorus' equity compensation plans are largely formula-based, previous grants do not impact the allocation of new grants.

Chorus LTIP

The purpose of the Chorus LTIP is to provide eligible participants with incentive compensation that enhances Chorus' ability to attract, retain and motivate key personnel, and to reward officers and key employees for performance that results in Chorus meeting specified performance targets.

The Chorus LTIP is a "restricted share unit" plan under which participants may be granted restricted share units that vest for common shares of Chorus over time or if certain performance goals established at the time of grant are achieved. Restricted share units entitle the participant to receive common shares of Chorus on a one-for-one basis. Additional restricted share units representing the value of quarterly dividends paid on corresponding common shares

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of Chorus accrue for the benefit of participants. Unvested restricted share units held by participants are forfeited in the event of certain events, such as termination for cause and resignation prior to the applicable vesting date.

In the event of a retirement, long-term disability or termination by Chorus without cause, any unvested RSUs would be pro-rated, and the Chorus LTIP participant would be entitled to time-based units that vest within 45 days and performance-based units in respect of the applicable performance cycle if targets are achieved. In the event of a change of control, all unvested RSUs would have vested on the date of the change of control.

The Chorus LTIP aligns the interests of its participants more closely with the interests of Chorus' shareholders, because the value of the restricted share units is tied to Chorus' financial and share trading performance. The Chorus LTIP focuses executives on long-term value creation, and also supports the retention of executives because restricted share units vest or accrue over a number of years.

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

The level of participation in the Chorus LTIP is formula-based, such that individuals are eligible to be granted an annual award of restricted share units equal to 45% of base salary at the Vice President level, 65% of base salary at the Senior Vice President level (which includes the CFO, COO and CAO), and 120% of base salary for the President and Chief Executive Officer. Base salaries are determined as of January 1 of the relevant year. Grants of restricted share units under the Chorus LTIP vest over a three-year cycle.

Performance vesting conditions include financial, business, personal or other performance criteria as established at the time of grant. Effective with 2011 grants under the Chorus LTIP, the financial measures to be considered when determining vesting for performance-based grants of restricted share units include free cash flow, earnings per share and return on capital employed.

Jazz LTIP

The Jazz LTIP was the long-term incentive plan of Jazz that was in effect prior to the Arrangement. The Jazz LTIP became effective as of January 1, 2007 and has remained in effect following the Arrangement. Upon the Arrangement, the terms of the restricted units previously granted under the Jazz LTIP were modified such that restricted units under the Jazz LTIP now entitle the participant to receive common shares of Chorus on a one-for-one basis, rather than units of the former income trust on a one-for-one basis. The terms and conditions of the Jazz LTIP are otherwise substantially the same as those of the Chorus LTIP. For the final two cycles of the Jazz LTIP (the 2009 and 2010 Jazz LTIP grants), free cash flow will be used as a comparable financial measure in reviewing actual performance against distributable cash targets for the portion of the performance cycle after the Arrangement.

On February 9, 2010, the board of trustees of the Fund approved amendments to the Jazz LTIP in order to allow for the time-based vesting of restricted units. Previously, the vesting of restricted units was solely dependent on the achievement of distributable cash targets. The Jazz LTIP was amended to remove the achievement of distributable cash targets as a vesting condition from 1/3 of the unvested restricted units granted in 2009. The remaining 2/3 of those unvested restricted units continue to vest over a three year performance cycle if performance targets are met. The minimum threshold for vesting of those restricted units is 80% of target performance to a maximum of 100% vesting if performance meets or exceeds target. At 80% target performance, vesting of those restricted units is 80%. These amendments were made to recognize and retain key talent and to align the Jazz LTIP with general market practice. Under the terms of the Jazz LTIP, Fund unitholder approval was not required for these amendments.

Employee Share Ownership Program

Chorus' former employee unit purchase plan was amended and restated and is now referred to as the ESOP. The ESOP permits employees to buy common shares of Chorus through payroll deductions. The ESOP was originally established in connection with the initial public offering of the Fund. The purpose of the ESOP is to permit eligible employees to invest up to 6% of their salary for the purchase of common shares of Chorus on the secondary market.

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Chorus has previously matched at 33.33% the investments made by the employees under the plan and used such funds to purchase units (now common shares of Chorus) on the secondary market on behalf of such participants. The percentage of matching contributions and the base threshold amounts are established and are subject to adjustment by the Board or the HRCC. In future years, the Board may use its discretion to set the employer match at or above 33.33%. With the introduction of the ESOP, employees were eligible to receive a special 100% employer match of employee contributions made in 2011. In November 2011, the Board approved a 60% match for contributions made to the ESOP in 2012.

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

4) Benefits

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

5) Perquisites

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

Compensation of Named Executive Officers

All named executive officers, other than the President and Chief Executive Officer, receive performance reviews based on a common set of evaluation criteria. These criteria are grouped into the following categories: job responsibilities; leadership; progress on department plans and commitment to Six Sigma tools and Lean philosophies. The results of these performance reviews form the basis for determining the personal performance factor for annual incentive plan purposes. For 2011, a personal performance factor of 1.25 (out of a maximum of 1.5 and a minimum of 0.75) was applied to the COO, CAO, and Vice President of Maintenance and Engineering, based on the results of their performance reviews. The personal performance factor for the CFO was 1.5 for the two months of his performance in the position of Vice President Finance, and 1.25 for his performance in the position of CFO.

The HRCC, in consultation with the Board, assesses the performance of the President and Chief Executive Officer annually based on financial and non-financial measurements to determine an appropriate level of compensation. However, the formulas used and program parameters for variable compensation and the Jazz LTIP and the Chorus LTIP are those approved by the Board for all executives. The annual performance review of the President and Chief Executive Officer takes into account a number of factors. Overall leadership performance is also evaluated with consideration given to the achievement of the annual business plan, which includes short term initiatives to meet annual targets and long-term strategic initiatives aimed at growing shareholder value. In 2011, factors considered by the HRCC included: (1) financial results, including cost containment; (2) strong operational performance and industry leading safety programs and practices; (3) introduction of a new Q400 fleet type; (4) building long term share value through business development opportunities, including participating on the LARAH board in connection with the investment in Pluna SA and continuing development of the relationship with Thomas Cook and the Flight Services Agreement; (5) leadership and performance through extraordinary events, (6) achievement of planned strategic initiatives, including the transition to the Air Canada Express brand; (7) the conversion to IFRS; (8) performance in special reviews and audits; (9) charity and community involvement; and (10) industry and business community involvement.

The following recommendations on compensation for the named executive officers were made by the HRCC and were approved by the Board in relation to the 2011 financial year: (i) a payout under the annual incentive plan of 103% of target bonus amount for each named executive officer; (ii) the vesting of all time based restricted shares granted in 2009 under the Jazz LTIP and 100% vesting of the performance-based restricted shares plus their associated additional restricted shares in relation to cash distributions and dividends on shares of Chorus; (iii) a grant

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of restricted shares units in respect of 2011 under the Chorus LTIP at the regular formula amount applicable to the particular named executive officer; and (iv) base salary increases effective January 1, 2011 based on a general 2% increase plus market adjustments for the CAO and COO calculated based on the review by Mercer Consulting. There was no increase for the President and CEO for the 2011 year. The CFO received a compensation increase at the time of his promotion from Vice President Finance.

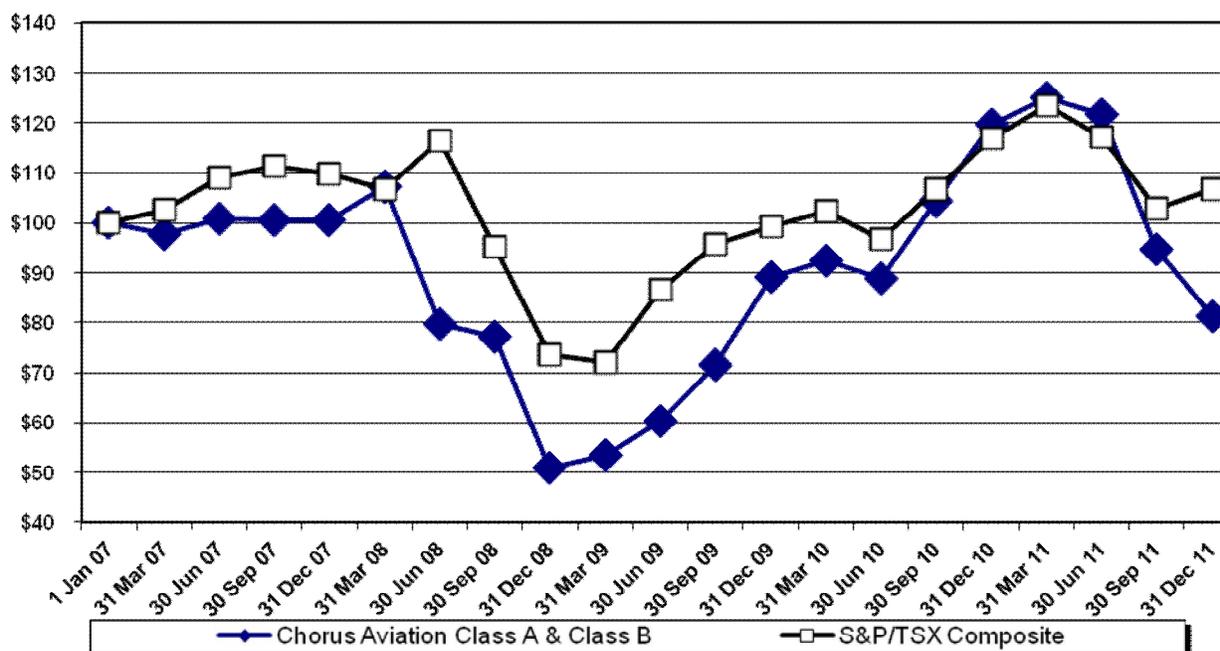
The annual incentive plan payout of 103% of target bonus amount was based on achievement of operating income and free cash flow performance in excess of the combined targets. Actual operating income performance was \$107.6 million against a target of \$109.2 million, while actual free cash flow performance was \$112.6 million against a target of \$109.6 million. The Annual Incentive Plan expense is excluded from the actual and target results for purposes of this calculation.

Performance Graph

The following graph compares the total cumulative return of a \$100 investment in the units of the Fund (now shares of Chorus) made on January 1, 2007, with the cumulative return of the S&P/TSX Composite Index for the period beginning on January 1, 2007 and ended December 31, 2011.

The trend shown in the graph generally corresponds to the trend in the compensation of the named executive officers, excluding the impact of individual performance factors and increases in compensation due to promotion. The dollar value of variable compensation in the form of payouts under Chorus' cash-based variable compensation plan has varied as the financial performance of Chorus has varied over the period. Further, since a significant component of executive compensation is comprised of grants under long-term incentive plans, the compensation of management has been affected by changes in the market price of the shares. For example, the value of awards under the 2008 grants under the Jazz LTIP which vested in 2011 was \$4.97 per share at the time of vesting (compared to \$8.18 per unit as of their date of grant in 2008). The value of awards under the Jazz and Chorus LTIP was impacted by the 40% reduction in the amount of monthly distributions by the Fund announced in July 2009 which was effective with the distribution payment made in September 2009.

**Comparison of Total Return of Chorus Aviation Inc.¹ Shares
with S&P/TSX Composite Index January 1, 2007 to December 31, 2011**



(1) Prior to December 31, 2010, Chorus traded as Jazz Air Income Fund.

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Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Non-equity incentive plan compensation ⁽¹⁾ (\$)		Pension value ⁽²⁾ (\$)	All other compensation (\$)	Total compensation (\$)
			Value of Restricted Shares Granted ⁽³⁾	Annual Incentive Plan	Profit Sharing Plan			
Joseph Randell President and Chief Executive Officer	2011	578,881	694,800	633,513	1,113	16,164	64,703 ⁽⁴⁾	1,989,174
	2010	578,706	694,657	415,000	16,725	(100,523)	7,858	1,612,423
	2009	567,039	681,036	281,776	31,244	179,040	10,500	1,750,635
Richard Flynn Chief Financial Officer Promoted to CFO March 1, 2011 ⁽⁵⁾	2011	239,192	162,500	152,984	1,113	236,459	15,133 ⁽⁶⁾	807,381
	2010	179,765	81,000	91,151	5,629	303,865	15,000	670,247
	2009	164,644	74,160	54,038	10,179	26,973	22,344	352,338
Jolene Mahody Chief Operating Officer Promoted to COO September 17, 2009	2011	299,231	195,000	192,630	1,113	41,606	18,159 ⁽⁷⁾	747,739
	2010	259,846	169,000	145,520	8,088	162,292	20,000	764,746
	2009	220,903	136,500	71,793	12,172	134,587	31,248	607,203
Colin Copp Chief Administrative Officer Promoted to CAO September 17, 2009	2011	289,231	188,500	186,192	1,113	40,238	17,554 ⁽⁸⁾	722,828
	2010	249,846	162,500	142,920	7,943	161,995	51,429	776,633
	2009	211,564	130,552	68,758	11,657	123,164	27,997	573,692
Richard Steer Vice President, Maintenance and Engineering	2011	203,322	91,529	78,533	1,113	38,425	8,524 ⁽⁹⁾	421,446
	2010	199,350	89,735	77,746	5,762	33,887	25,482	431,962
	2009	195,434	87,975	47,637	10,768	41,853	32,001	415,668

(1) Payments under the annual incentive plan for a particular financial year are actually made in the following financial year when corporate and personal performance factors are available. Amounts shown represent payments for performance relating to the particular financial year.

(2) This column includes the compensatory changes reflected in both the pension plan and supplemental executive retirement plan tables.

(3) Represents value of restricted share units granted in the financial year shown. Value of restricted share units granted is based on fair market value per share as of the date of grant of \$4.97 for 2011, \$4.20 for 2010, \$4.34 for 2009.

Pursuant to the Jazz LTIP and the Chorus LTIP, additional restricted share units are credited to the participant in respect of quarterly dividends on corresponding shares of Chorus (or, prior to 2011, on monthly distributions on corresponding units of the Fund). Quarterly dividends were \$0.15 per share effective January 1, 2011. Monthly cash distributions were \$0.0838 per unit from January 2007 to August 2009 and \$0.05 per unit from September 2009 to December 2010.

(4) Amount for 2011 represents dividends accrued on the RSUs granted in 2011. Perquisites in 2011, 2010, and 2009 for Mr. Randell did not exceed the lesser of 10% of base salary and \$50,000.

(5) Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer following the retirement of Mr. Allan Rowe on February 28, 2011.

(6) Amount for 2011 represents dividends accrued on the RSUs granted in 2011. Perquisites in 2011 and 2010 for Mr. Flynn did not exceed the lesser of 10% of base salary and \$50,000.

(7) Amount for 2011 represents dividends accrued on the RSUs granted in 2011. Perquisites in 2011 and 2010 for Ms. Mahody did not exceed the lesser of 10% of base salary and \$50,000.

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- (8) Amount for 2011 represents dividends accrued on the RSUs granted in 2011. Perquisites in 2011 for Mr. Copp did not exceed the lesser of 10% of base salary and \$50,000
- (9) Amount for 2011 represents dividends accrued on the RSUs granted in 2011. Perquisites in 2011 for Mr. Steer did not exceed the lesser of 10% of base salary and \$50,000.

Long-Term Incentive Plans

2011 Outstanding share-based awards at fiscal year end

The table below shows the awards of restricted share units granted to the named executive officers and the market value of those restricted share units on December 31, 2011. Pursuant to the Jazz LTIP and Chorus LTIP, participants could have between 80% and 100% of their restricted performance share units vested or none at all. Performance vesting conditions apply to two thirds of the units. In February 2012, the HRCC approved the vesting of 100% of the restricted shares granted in 2009 under the Jazz LTIP. See “—Compensation of Named Executive Officers” above. Those units vested in 2012, and therefore are not treated as having vested in 2011 for the purposes of the table below.

Name	Share-based Awards		
		Number of shares that have not vested (#) ⁽¹⁾	Market value of share based awards that have not vested (\$) ⁽²⁾
Joseph Randell	2011 Grant (Chorus LTIP)	139,799	147,721
	2010 Grant (Jazz LTIP)	164,610	173,938
	2009 Grant (Jazz LTIP)	156,840	497,183
	Aggregate	461,249	818,842
Richard Flynn ⁽³⁾	2011 Grant (Chorus LTIP)	32,696	34,549
	2010 Grant (Jazz LTIP)	19,194	20,282
	2009 Grant (Jazz LTIP)	17,078	54,137
	Aggregate	68,968	108,968
Jolene Mahody	2011 Grant (Chorus LTIP)	39,235	41,458
	2010 Grant (Jazz LTIP)	40,047	42,316
	2009 Grant (Jazz LTIP)	31,435	99,649
	Aggregate	110,717	183,423
Colin Copp	2011 Grant (Chorus LTIP)	37,928	40,077
	2010 Grant (Jazz LTIP)	38,507	40,689
	2009 Grant (Jazz LTIP)	30,065	95,306
	Aggregate	106,500	176,072
Richard Steer	2011 Grant (Chorus LTIP)	18,416	19,460
	2010 Grant (Jazz LTIP)	21,264	22,469
	2009 Grant (Jazz LTIP)	20,260	64,224
	Aggregate	59,940	106,153

- (1) Amounts represent number of restricted share units awarded under the Jazz LTIP and Chorus LTIP, in each case on the date of grant. Additional restricted share units have been credited to the named executive officers on account of quarterly dividends on shares of

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Chorus (or, prior to 2011, monthly distributions on units of the Fund) in accordance with the terms of the Chorus LTIP and Jazz LTIP. The total numbers of additional restricted share units credited in respect of the aggregate number of restricted share units that have not vested are as follows: Mr. Randell (136,117), Mr. Flynn (16,793) Ms. Mahody (29,997), Mr. Copp (28,775) and Mr. Steer (17,618).

- (2) Based on market value of shares of Chorus at December 31, 2011 of \$3.17 per share. The amounts for the 2010 and 2011 LTIPs are shown as the minimum payouts reflecting the 1/3 of restricted shares granted that will vest on a time basis. The market value for the 2009 LTIP grant reflects the fact that vesting was determined in February 2012 to be 100% for the performance-based shares.
- (3) Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer following the retirement of Mr. Allan Rowe on February 28, 2011.

Incentive plan awards – value vested or earned during 2011.

Name	Share based awards — Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation — Value earned during the year (\$)
Joseph Randell	668,131	634,626
Richard Flynn ⁽²⁾	76,409	154,097
Jolene Mahody	80,702	193,743
Colin Copp	89,045	187,305
Richard Steer	85,848	79,646

- (1) Represents value of all restricted shares vested in 2011 determined on the date of delivery of shares or cash in lieu of shares. The HRCC typically approves the vesting of time-based restricted shares and performance-based restricted shares in February of each year, in respect of performance cycles ending at the end of the previous calendar year. For example, on February, 2011, the Board approved the vesting of restricted shares granted in 2008 under the Jazz LTIP reflecting performance targets achieved over the three year performance cycle ending December 31, 2010. The vesting of these restricted shares is reflected in this table.

On February 20, 2012, the HRCC approved the vesting of 100% of all restricted performance shares granted in 2009 under the Jazz LTIP. Since these restricted shares did not vest in 2011, they are not reflected in this table.

- (2) Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer following the retirement of Mr. Allan Rowe on February 28, 2011.

Pension Benefits

Named executive officers of Chorus currently participate in a registered defined contribution pension plan (the “**Pension Plan**”) under which Chorus contributes the maximum allowable amount under the *Income Tax Act* (the “**Tax Act**”). They also participate in a partially funded supplemental executive retirement plan (the “**SERP**”) for designated executives.

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. This deemed benefit is calculated by accumulating contributions made to the Pension Plan with the interest rate on 5-year GICs, and converting this deemed account balance to a pension at retirement.

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

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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.

Pension Plan

The table below summarizes the accumulated balances in each named executive officer's defined contribution account at December 31, 2010 and December 31, 2011 as well as the factors that have caused the balance to change during 2011. 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 (\$)
Joseph Randell	182,244	22,970	188,142
Richard Flynn ⁽¹⁾	183,720	22,970	186,762
Jolene Mahody	176,675	22,970	157,113
Colin Copp ⁽²⁾	292,408	22,970	289,883
Richard Steer	139,314	22,970	148,999

- (1) Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer following the retirement of Mr. Allan Rowe on February 28, 2011.
- (2) The accumulated balances in Mr. Copp's defined contribution account in the table above reflect Mr. Copp's participation over a number of years in the defined contribution pension plan that was the predecessor to the Chorus Pension Plan.

Supplemental Executive Retirement Plan

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

- years of credited service as at December 31, 2011;
- estimated annual benefit accrued, or earned, for service up to December 31, 2011 and up to the age of 65; and
- a reconciliation of the accrued obligation from December 31, 2010 to December 31, 2011.

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

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Name	Number of years credited service	Annual benefits payable (\$)		Accrued obligation at start of year ⁽¹⁾ (\$)	Compensatory change ⁽²⁾ (\$)	Non-compensatory change ⁽³⁾ (\$)	Accrued obligation at year end ⁽⁴⁾ (\$)
		At year end ⁽⁵⁾	At age 65 ⁽⁶⁾				
Joseph Randell	26.00	270,099	340,019	2,853,523	(6,806)	829,454	3,676,171
Richard Flynn ⁽⁷⁾	25.67	64,064	76,651	996,920	213,489	148,799	1,359,208
Jolene Mahody	19.25	69,675	130,283	974,022	18,636	174,474	1,167,132
Colin Copp	19.67	69,356	124,206	938,501	17,268	166,209	1,121,978
Richard Steer	6.75	14,469	39,832	170,974	15,455	34,523	220,952

- (1) The accrued obligation is the value of the projected pension earned for service to December 31, 2010. The values have been determined, based on the 2010 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, 2010 as disclosed in the notes to the 2010 consolidated financial statements as presented by Chorus under IFRS.
- (2) The values shown under the column headed "Compensatory change" include the value of the projected pension earned for service in the year plus the differences between actual and assumed compensation for the year.
- (3) The values shown under the column headed "Non-Compensatory Change" included 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, 2011. The values have been determined, based on the 2011 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, 2011 as disclosed in the notes to the 2011 consolidated financial statements.
- (5) The annual lifetime pension payable at age 65 based on the named executive officer's earnings and credited service as at December 31, 2011.
- (6) The annual lifetime pension payable at 65 based on the named executive officer's earnings as at December 31, 2011 but with credited service projected to age 65.
- (7) Mr. Richard Flynn assumed the responsibilities of Chief Financial Officer following the retirement of Mr. Allan Rowe on February 28, 2011.

Equity Compensation Plan Information

The maximum number of shares of Chorus which may be issued from treasury under the Chorus LTIP is 7,371,000 shares (representing approximately 6.0% of Chorus' issued and outstanding Shares), less the number of shares issuable upon vesting, if any, of restricted units granted under the Jazz and Chorus LTIPs, together with the additional restricted units credited on account of dividends paid on shares. As of December 31, 2011, the number of outstanding restricted units under (i) the Jazz LTIP, which are settled through treasury issuances of shares of Chorus, is 636,771 (representing approximately 0.5% of Chorus' issued and outstanding shares), and (ii) the Chorus LTIP, which are settled through treasury issuances and secondary market purchases of shares of Chorus, is 542,506 (representing approximately 0.4% of Chorus' issued and outstanding shares).

The total number of shares of Chorus issued from treasury to insiders within any one year period pursuant to the Chorus 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, shall not exceed 10% of Chorus' total issued and outstanding shares of Chorus. In addition, the total number of shares of Chorus issuable from treasury to insiders under the Chorus LTIP, at any time, together with the shares of Chorus issuable from treasury to insiders

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under all of Chorus' other treasury share based compensation arrangements, shall not exceed 10% of Chorus's total issued and outstanding shares

The table below sets out information about the equity plans as at December 31, 2011.

Plan Category	(a) Number of securities to be issued upon vesting of restricted share units	(b) Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	1,179,277	6,191,723
Equity compensation plans not approved by securityholders	Nil	Nil
Total	1,179,277	6,191,723

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

Termination and Change of Control Benefits

In January 2012, Chorus entered into termination and change of control agreements with each of the President and CEO, the CFO, the COO and the CAO. The fifth named executive officer does not have a termination and change of control agreement. Pursuant to the agreements, the executives become entitled to certain benefits in the event of (i) a termination without cause, or (ii) a change of control followed by "good reason" (as defined in the termination and change of control agreement). Upon the occurrence of a triggering event:

- The President and CEO would be entitled to: 24 months of annual compensation (salary, short term incentive, and select benefits) plus one additional month of compensation per year of service to a maximum combined severance of 36 months. As of December 31, 2011, Mr. Randell would be entitled to a cash severance payment of \$1,737,000 and a short term incentive plan payment of \$1,107,337. 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 Annual Incentive Plan.
- The CFO, COO and CAO would each be entitled to: 12 months of annual compensation (salary, short term incentive, and select benefits) plus one additional month of compensation per year of service to a maximum combined severance of 24 months. As of December 31, 2011, the cash severance payments to which the CFO, COO and CAO would be entitled to are as follows: Mr. Flynn (\$500,000), Ms. Mahody (\$600,000) and Mr. Copp (\$580,000). As of December 31, 2011, the short term incentive plan payments to which the CFO, COO and CAO would be entitled to are as follows: Mr. Flynn (\$187,500), Ms. Mahody (\$225,000) and Mr. Copp (\$217,500). The short term incentive plan payments represents the number that is the product of (A) the number of months of the severance period divided by 12 and (B) the greater of the average bonus payment for the previous two calendar years and 75% of the target bonus under the Annual Incentive Plan.

In addition, upon the occurrence of a triggering event, the named executive officers would no longer be eligible for RSU grants under the Chorus LTIP. The vesting of RSUs held by the named executive officers for shares of Chorus in the event of termination without cause or a change of control will be in accordance with the Chorus LTIP described on pages 38 to 39 and the treatment of the named executive officers in such circumstances will be the same as all other Chorus LTIP participants. As of December 31, 2011, the range of values for each of the named executive officers of the total number of incremental RSUs awarded under the Jazz LTIP and the Chorus LTIP on a termination without cause (based on the closing market price of Chorus' shares on December 31, 2011) is as follows: Mr. Randell (\$451,842-\$1,355,526), Mr. Flynn (\$57,049-\$171,147), Ms. Mahody (\$101,016-\$303,048),

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Mr. Copp (\$96,947-\$290,842) and Mr. Steer (\$58,506-\$175,518). These values are net of any defaulted RSUs (determined based on the percentage of the completed performance cycle as of December 31, 2011). As of December 31, 2011, the value for each of the named executive officers of the total number of incremental RSUs awarded under the Jazz LTIP and the Chorus LTIP in the event of a change of control (based on the closing market price of Chorus' shares on December 31, 2011) is as follows: Mr. Randell (\$1,893,654), Mr. Flynn (\$271,866), Ms. Mahody (\$446,067), Mr. Copp (\$428,826) and Mr. Steer (\$245,860).

An executive will be deemed to remain in continuous service for purposes of determining their benefits under the SERP for a period of twenty-four months (thirty-six months in the case of the President and CEO) and will be entitled to retiree travel privileges in accordance with the retiree travel privilege plan then in effect. As of December 31, 2011, the value of the incremental annual pension benefit payable to the named executive officers pursuant to their termination and change of control agreements, determined by assuming that each executive would receive two years (three years in the case of Mr. Randell) of additional pension service credits under the SERP as at the date of termination, is as follows: Mr. Randell (\$35,348), Mr. Flynn (\$31,883), Ms. Mahody (\$24,868) and Mr. Copp (\$24,881). 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. Steer is not subject to any contract, agreement, plan or arrangement that provides for payment of salary or variable cash compensation at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Chorus or a change in Mr. Steer's responsibilities. Mr. Steer may, depending on the circumstances, have entitlements under statute and other applicable laws in the event of a termination of his employment in the future.

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

A change of control for the above purposes 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.

Director Compensation

Name	Director Annual retainer ⁽¹⁾ (\$)	Committee annual retainer(s) ⁽²⁾ (\$)	Chair-person's retainer(s) ⁽³⁾ (\$)	Share based awards ⁽⁴⁾ (\$)	Other ⁽⁵⁾ (\$)	Total (\$)
Gary M. Collins	65,000	5,000	7,500	30,000	7,753	115,253
Karen Cramm	65,000	-	15,000	30,000	7,046	117,046
Benjamin C. Duster, IV	65,000	7,500	-	30,000	6,904	109,404
David L. Emerson, P.C. ⁽⁶⁾	65,000	5,000	-	30,000	8,438	108,438
Sydney John Isaacs	65,000	2,500	-	30,000	6,904	104,404
G. Ross MacCormack	65,000	2,500	7,500	30,000	7,616	112,616
Richard H. McCoy	110,000	-	-	40,000	8,544	158,544
John T. McLennan	65,000	7,500	-	30,000	6,904	109,404

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

Effective March 31, 2011, directors had the option to elect to have all or a portion of their annual retainer and committee retainer(s) paid in DSUs. For the period March 31, 2011 to December 31, 2011, Mr. McCoy elected to receive 50% of his total fees paid in DSUs, Mr. Emerson elected to receive 100% of his total fees paid in DSUs, Mr. MacCormack elected to receive 50% of his annual director retainer paid in DSUs, Mr. Collins elected to receive 50% of his total fees paid in DSUs and Ms. Cramm elected to receive 10% of her annual director retainer paid in DSUs. The value of these DSUs in lieu of cash is reflected in the values shown in the column headed “Director Annual retainer”.

- (5) Directors receive an annual grant of travel reward miles. As these travel reward miles are a taxable benefit, they receive a payment to address the related income tax. Mr. Randell does not receive this grant of travel reward miles. The value of the travel reward miles is included as other income.

Directors receive, in respect of their DSUs, an amount equivalent to the amount of any dividends paid on the shares in the form of additional DSUs. This amount is included as other income.

- (6) Mr. Emerson resigned from the Board effective January 14, 2012.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

OTHER IMPORTANT INFORMATION

Directors’ and Officers’ Liability Insurance

Chorus maintains directors’ and officers’ liability insurance for the benefit of the directors and officers of Chorus and its subsidiaries. The coverage limit of such insurance is \$70,000,000 per claim and \$70,000,000 in the annual aggregate. The current policy is effective from October 1, 2011 to October 1, 2012 and protects the directors and officers for allegations of alleged “wrongful acts” in the conduct of their activities as directors and officers.

Indebtedness of directors and officers

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

CHORUS AVIATION INC.

Mail service interruption

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

Calgary, Alberta

600 The Dome Tower
6th Floor
333 – 7th Avenue S.W.
Calgary, Alberta

Toronto, Ontario

320 Bay Street
Banking Hall
Toronto, Ontario

Halifax, Nova Scotia

1660 Hollis Street
Suite 406
Halifax, Nova Scotia

Vancouver, British Columbia

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

Montreal, Québec

2001 University Street
Suite 1600
Montreal, Québec

RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Any shareholder who intends to present a proposal at our 2013 Annual Meeting of Shareholders must send the proposal to Chorus, Attention: Corporate Secretary at 310 Goudey Drive, Enfield, Nova Scotia, B2T 1E4. In order for the proposal to be included in the proxy materials sent to shareholders for that meeting, the proposal must be received by Chorus no later than December 31, 2012, 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, 2011, together with the accompanying auditors' report and the management discussion and analysis related to such consolidated financial statements;
- any interim financial statements of Chorus that were filed after its financial statements for the year ended December 31, 2011, together with the management discussion and analysis related to such interim financial statements; and
- the Annual Information Form of Chorus for the year ended December 31, 2011.

Please write to Chorus Investor Relations, 310 Goudey Drive, Enfield, Nova Scotia, B2T 1E4.

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

Receiving information electronically

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

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How to sign up – registered shareholders

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

If you are not sure whether you are a registered shareholder, please contact Canadian Stock Transfer at 1-800-387-0825.

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

How to sign up – non-registered shareholders

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

If you are not sure whether you are a non-registered shareholder, please contact Canadian Stock Transfer at 1-800-387-0825.

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

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

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

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

DIRECTORS' APPROVAL

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



Barbara Snowdon
General Counsel and Corporate Secretary
Enfield, Nova Scotia
March 29, 2012

SCHEDULE A - CHARTER OF THE BOARD OF DIRECTORS

CHORUS AVIATION INC.

CHARTER OF THE BOARD OF DIRECTORS

1. PURPOSE

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

2. ROLE

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

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

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

3. COMPOSITION

Selection

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

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

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which the Corporation operates. Directors selected should be able to commit the requisite time for all of the Board’s business. The Board will ensure, through the Governance and Nominating Committee, that an appropriate orientation and education program for new directors is in place.

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Chairman

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

Independence

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

Criteria for Board Membership

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

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

4. COMPENSATION

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

5. RESPONSIBILITIES

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

- (a) discussing and developing the Corporation's approach to corporate governance, with the involvement of the Governance and Nominating Committee;
- (b) declaring and approving dividends paid by the Corporation;
- (c) reviewing and approving management's strategic and business plans on an annual basis, including developing an in-depth knowledge of the business being served, understanding and questioning the plans' assumptions, and reaching an independent judgment as to the probability that the plans can be realized;

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

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

6. MEETINGS

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

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

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

7. DECISIONS REQUIRING PRIOR BOARD APPROVAL

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

- (a) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- (b) strategic plans, business plans and capital expenditure budgets;
- (c) raising of debt or equity capital and other major financial activities;
- (d) hiring, compensation and succession for the Chief Executive Officer and other senior executives which may be at the recommendation of the Human Resources and Compensation Committee;
- (e) major organizational restructurings, including spin-offs;

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- (f) material acquisitions and divestitures; and
- (g) major corporate policies.

8. BOARD COMMITTEES

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

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

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

9. COMMUNICATION WITH THE BOARD

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

10. ADVISERS

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

11. OTHER MATTERS

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

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

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