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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to the Jazz Air Income Fund Third Quarter 2006 Results Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press * 0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Friday, November 10, 2006, at 12:30 p.m. Eastern time.

I will now turn the conference over to Nathalie Megann, Director, Corporate Communications. Please go ahead.

NATHALIE MEGANN (Director, Corporate Communications): Thank you, Operator. Good afternoon, and thank you for joining us today in our Third Quarter conference call and audio webcast.

With me today, from Jazz, are Joe Randell, President and Chief Executive Officer, and Allan Rowe, Senior Vice President and Chief Financial Officer.

We'll start by giving a brief overview of the results, and then go on to questions from the analyst community.

Because some of the discussion in this call may be forward-looking, I'm going to read some standard cautionary language, in that certain statements made in this call may be forward-looking and subject to important risks and uncertainties. The results indicated in these statements may differ materially from actual results for a number of reasons, including risk factors and uncertainties outlined in publicly-filed documents. Any forward-looking statements made in this call represent expectations of Jazz as of this current date, and are subject to change after such date. Jazz disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

I will now turn the call over to Joe Randell.

JOSEPH D. RANDELL (President and Chief Executive Officer, Jazz Air): Thank you, Nathalie, and good afternoon, everyone.

I'm pleased to report that we continue to be on track with our business plan, and we are delivering strong results. Solid cost control and continuously seeking means to operate more efficiently have enabled us to attain better-than-planned results.

We've completed our fleet plan, and now have 133 aircraft operating under our Capacity Purchase Agreement with Air Canada, as well as two Dash 8's dedicated to charter work.

The third quarter is typically the most difficult, from an operations perspective, because of factors like weather, heavy passenger demand, and high load factors.

This quarter was no different, as we encountered a number of operational challenges. Our performance incentives reached 0.7 percent of scheduled flight revenue, as we under-achieved on performance targets set in the CPA.

The reduction in incentive revenue was caused by an unanticipated increase in controllable cancellations. The increase was a result of higher aircraft utilization, a brief computer outage at Jazz that affected the network, and increased security measures.

The demands on the fleet lessened Jazz's ability to recover in the event of maintenance-related requirements. There were also supply-chain challenges related to aircraft parts availability.

We are committed to bringing our operational performance back in line with the successful levels achieved in the first and second quarters of this year. Several initiatives are under way which bring additional focus on risk management and improved processes. Operational performance in the last quarter of this year is improving, as the benefits of these initiatives materialize.

Once again, I have to recognize the hard work and dedication of our employees. The summer was difficult, but our people never lost focus on safety and customers. I'm honoured to work with this group of professionals.

Overall, we are very pleased with the way we've managed our growth and our costs.

As discussed in previous conference calls, we expect that block hour growth this year will fall short of our 385,000 block hour target level. In our MD&A, we've provided guidance that we'll have approximately 369,000 block hours for this year.

It's important to note that even though block hours will come in below plan, our financial performance is expected to outperform. The controllable and non-controllable flight cancellations are contributing factors. However, we are also flying to schedule with actual block times that are running under the planned levels.

With continued solid financial performance, and our expectation that our operational performance will improve in the fourth quarter, we are confident that we will exceed our target level of $154 million EBITDA.

As a result of our continued strong financial performance, the decision has been made to increase our monthly cash distributions for the Jazz Air Income Fund. Effective January 1st of next year, Jazz Air Income Fund will increase monthly cash distributions to unitholders from the current level of $0.0729 per Fund unit to $0.0838 per Fund unit.

This is equivalent to just over $1.00 per unit, on an annualized basis, and represents an increase of 15 percent.

This news should please our unitholders and it is expected that the Board of Directors of Jazz Air Holding G.P. Inc., and the Trustees of the Fund, will periodically review cash distributions, taking into account the current and prospective performance of Jazz.

So, with that, I'd like now to turn the call over to Allan, to take you through the financials for this just-past quarter. Allan?

ALLAN ROWE (Senior Vice President and Chief Financial Officer, Jazz Air): Thank you, Joe, and good afternoon.

As Joe mentioned, we've had another strong quarter, and are reporting a net income of $39.1 million. Here's how it breaks down for the third quarter of this year.

Operating revenue increased from $274 million to $369 million, representing an increase of $95 million, or 35 percent.

The increase is revenues is attributable to a net increase of 24 aircraft operated by Jazz; a 25 percent increase in the block hours flown; and a $50 million increase in pass-through costs, including fuel costs, which are reimbursed by Air Canada on an at-cost basis.

Other Revenue increased from $2.1 million to $2.3 million. Other Revenue results from charter flights; maintenance, repair, and overhaul operations; and other activities such as ground handling services and flight simulator revenue.

We continue to focus on developing other business opportunities, and will look to expand our charter operations with our fully operational fleet.

Operating expenses increased by $94 million, or 40 percent. Fuel expense, which is a pass-through cost to Air Canada, increased by $33 million, or 63 percent, due to an increase of $8.6 million in the price of fuel, and $24 million in fuel usage, which results from the 25 percent increase in block hours flown.

Aircraft rent increased by $13 million, or 59 percent, due mainly to the 6 CRJ-200s, 3 CRJ-705s, and 19 CRJ-100s that were received in the last three quarters of 2005, and the first half, 2006.

The aircraft rent expenses were offset by the termination of four Dash 8 operating aircraft leases of $600,000, and foreign exchange gain of $1.7 million.

Capacity, as measured by available seat miles, increased by 46 percent. Operating expenses, or cost per available seat mile, is an important unit cost metric, which indicates how effectively we are managing our growth and our costs. I am pleased to report that cost per available seat mile decreased by 4.3 percent, or 5.6 percent when fuel is excluded.

Unit cost reductions were achieved in all expense categories excepting fuel and aircraft rent. Unit aircraft rental costs increased, reflecting the new regional jet deliveries since 2005.

EBITDAR was $79 million, compared to $64 million, an increase of $15 million, or 24 percent, which is the result of increased capacity, and cost control.

That brings us to an operating income of $39 million, an improvement of $1 million, or 3 percent.

Non-operating expenses amounted to $100,000, a decrease of $1.1 million. The cost savings are mainly due to the restructuring of long-term debt of Jazz Air LP, after the Initial Public Offering of Jazz Air Income Fund, and increased interest income on short-term investments, offset by a gain on disposal of fixed assets in the prior period.

As mentioned earlier, net income was $39 million, compared to $36 million recorded in the third quarter of 2005, an improvement of $2 million, or 6 percent, from last year. The increase is due to the larger fleet, and effective cost control.

Estimated distributable cash was $37 million, and, for the third successive quarter as a public entity, the Jazz Air Income Fund has exceeded the target level of planned, regular, quarterly distributions of $26.9 million.

I'd like to draw your attention to an important observation in respect of the third quarter results.

As Joe described, our operation experienced a number of challenges, as is typical in our third quarter. However, while these challenges resulted in under-attainment of potential incentive revenue, the fundamental CPA margin was very good, due to continued cost control.

For example, the third quarter CPA controllable margin, at 16.6 percent, was in fact better than the year-to-date CPA controllable margin of 15.3 percent.

Note that the 16.6 percent third quarter margin is, after having accounted for $3 [inaudible] million of margin adjustment in favour of Air Canada.

That concludes my overview of the financials. Now, let me turn the call back to Joe for some additional comments.

JOSEPH D. RANDELL: Thank you, Allan. I have a couple more comments. The first is on the labour front. On October 31st, Arbitrator Michel Picher released his wage reopener award for our flight attendants, as represented by Teamsters Canada. Aside from modest fixed adjustments to the scales applicable to employees hired after July 31st, 2003, the award granted Teamsters-represented employees a 1 percent wage increase, effective June 1st, 2006; 1.75 percent, effective June 1st, 2007; and 1.75 percent, effective June 1st, 2008.

The award also resolved the outstanding issue of profit-sharing for our flight attendants, who are now eligible to receive the full profit-sharing payout.

The last bargaining unit to complete this process is the Canadian Airline Dispatchers Association, which represents our flight dispatchers. We've been in discussions, but have not yet concluded an agreement.

As you may already know, our pilots are excluded from this process, and their collective agreement is in place until 2009.

My last comment is in response to the proposed federal legislation to change the tax rules surrounding Income Trusts. Like the rest of the country, we were surprised by this announcement, and we continue to assess the full implications of the proposed legislation.

However, I still would like to emphasize the stability inherent in our business model, and our ability to deliver on our cash distributions. We've demonstrated solid performance over the last three quarters, and are confident in our future success.

So, thank you for listening in, and, Operator, we can now open the call to questions from the analyst community, whenever you are ready.

OPERATOR: Thank you. One moment, please. Ladies and gentlemen, we will now conduct the question-and-answer session. Your questions will be polled in the order they are received. Please ensure you lift the handset, if you are using a speakerphone, before pressing the keys.

Your first question comes from Cameron Doerksen of Versant Partners. Please go ahead.

CAMERON DOERKSEN: Good afternoon.

JOSEPH D. RANDELL: Good afternoon.

CAMERON DOERKSEN: I guess I wanted to get a little more detail on some of the operational disruptions you experienced during the quarter, specifically with regards to some of the maintenance issues. Maybe if you could just describe, in a little more detail, what that was all about. And I'm just wondering, in addition to that, is there a need for additional spare aircraft in peak times? How does that work, with the CPA with Air Canada? Does the number of aircraft you fly include some spare aircraft that would help prevent some of the maintenance problems?

JOSEPH D. RANDELL: Well, first of all, it was really the third quarter when we really got up to our full fleet, our full run-rate. As you know, we'd taken delivery of many airplanes over the last 12 to 18 months, and as we took delivery of these aircraft, of course, what was most important is that they were safely introduced. We had a lot of training programs to put in place, and really ramping up for full operation.

And although we're very de-seasonalized, in terms of our total production, there is still a peak in the third quarter. And in the third quarter, Cameron, we do have extra aircraft and spare aircraft, but the utilization that we plan is actually higher than in the other quarters.

And, of course, what that means is, when things go wrong, or things need to be addressed, from a maintenance perspective, then because we have a tighter schedule, fewer options, in terms of our recovery, so, therefore, there's a higher likelihood that a flight will be affected.

And as we've expanded the schedule -- and, of course, there have been a number of new routes and destinations that we've introduced as well -- we did have some supply-chain issues with respect to some parts that we didn't have readily available, and of course, that created an issue for us as well.

And so, I think it was really the tightness of the schedule was a factor. It was a tough summer, as well, in the uncontrollable side, and that sometimes spills over by putting pressure on the system in terms of crews, and being stuck out of base, etc. There were a lot of weather issues, for instance, during the summer.

And surprisingly, the summer is one of the worst times of year, in terms of weather, not because of snow, of course, but because of ground delay programs. We had a lot of thunderstorms this year, and we were affected by that as well.

Then we had, in August, the security issues -- and we were actually traveling ourselves that day -- that, as well, disrupted things, and put, again, more pressure on the system, in terms of baggage.

We did have a very good summer in terms of passenger demand and loads, which was good for Air Canada and ourselves, but as well, that puts pressure on the system.

And then we had an unfortunate failure of a main communications switch on September 5th, which caused some disruption, as we not only are very dependent, of course, on the Internet -- our telephone system is actually a voice-over-IP system as well -- and we had a double switch failure, which was very unfortunate, which we've addressed.

So it was really, as in most cases when an operation comes under stress, a combination of many factors that contribute, in the end, to less-than-ideal performance.

CAMERON DOERKSEN: Okay. That's helpful. I guess my second question is just on the block hours. You provided an update for this year. Is there any change to your plan for 2007? I think it was at 410,000 block hours.

JOSEPH D. RANDELL: No. Next year looks very good to us, and we're sticking with that plan.

And, as well, one of the things I should have mentioned, as we got into the summer, of course, that was our peak demand on our staff, and we'd done a lot of staffing-up and training, etc.

And, I think, going into 2007 and with the strength of the economy and the schedules that we're seeing from Air Canada and that sort of thing, we're confident in our block hour estimate for next year.

CAMERON DOERKSEN: Okay. And just, finally, for me, just on the wage rate increases of the arbitration awards. Generally speaking, were these in line with what you had anticipated in your budgets for this year and next?

JOSEPH D. RANDELL: Very close to what we anticipated, and we don't see these having any type of a negative effect on us whatsoever.

CAMERON DOERKSEN: Okay, that's all I had. Thanks very much.

JOSEPH D. RANDELL: Thank you.

OPERATOR: Your next question comes from Mike Linenberg of Merrill Lynch. Please go ahead.

MIKE LINENBERG: Is there anything with respect--... I guess, two questions. One, on the fleet, the 133 plus the 2 charter airplanes -- is that sort of the steady-state fleet, going forward? And, I guess, sort of as a corollary to that, when we look at your Dash 8 fleet, I think some of the airplanes in that fleet are maybe a little bit older than, certainly, some of the regional jets. At what point do some of those airplanes either come off lease, or do they start phasing out? Is that later this decade, early next decade, Joe?

JOSEPH D. RANDELL: Well, first of all, we do own, actually, quite a number of our own Dash 8's, and we continually look at opportunities to either profitability replace the existing fleet or to grow the fleet.

The thing about the Dash 8 -- and we do have some of the older 100's -- is that the more we look at them, the harder it is to justify a replacement. We look to upgrade and refurbish the existing airplanes, but they have proven to be very reliable, generally. Certainly, the Dash 8's, I believe, are amongst the most reliable airplanes you find. We certainly know them very well, because we've been operating them for 20-plus years. And as well, now, of course, they're actually very sought-after, so the older 100's, even.

And, of course, now, our 300's are very productive, and we see keeping those airplanes in our fleet for some time. They are somewhat younger, but 50-seat turboprops are actually in very short demand, and if you go out tomorrow and look for a Dash 8-300 capability, it's not easily found.

So, you know, with refurbishment and continued good standards of maintenance on the Dash 8's, we see a continued use, good utilization, and very good reliability on those airplanes.

We now are, as a result of all the RJ's that we've taken, generally flying them on shorter routes, which, of course, they're more ideally suited for than some of the longer ones. But that just reinforces the use of those airplanes and their good economics, with high fuel prices, on short-haul routes.

MIKE LINENBERG: Okay. And then my second question -- getting back to some of the operational issues -- is there anything you can give us on the actual metrics? Maybe where completion factor was, or things like baggage delivery, where they were in the third quarter, maybe versus third quarter a year ago, and then, maybe anything on how things are trending of late, into October-November. And I realize that we're going from a seasonal peak period to sort of [inaudible] off-peak, so, obviously, I would presume that your baggage delivery would be much better in, say, October-November, just given the lighter loads. But any colour on that would be great.

JOSEPH D. RANDELL: Sure, Michael. Well, first of all, in the first half of this year, we generally did very well on every one of the operational metrics, I think, as everyone is aware, and the third quarter was a bump for us. Where we suffered the greatest decline was in flight completion, which is, as I mentioned to you before, is affected by our ability to respond and to have a spare airplane available if we have an issue and problem with an aircraft. That's where we took the greatest decline.

Our controllable on-time performance did decline as well, but not to the same extent.

And, actually, where we fared better was with our baggage, which is rather surprising, and in the first half, the baggage measure was the one item that we weren't very happy with, and we actually did a lot of focus programs to decrease the weight on the airplanes, procedures to reduce the number of what we call PAWOB's, or "passengers arriving without bags."

And then, the good news is, when we ended up with those security issues in August, I don't think we had the same extent of issues as some of the other regionals that I've heard. And yes, we did have an increase in checked baggage and high load factors, etc., but generally, our numbers were respectable for that particular metric.

In our agreement with Air Canada, that one doesn't have quite the same weight as the two major ones, which are controllable flight completion and on-time performance, but nevertheless, that one fared better. And, again, we continue to focus on that.

On the point that you ask about the fourth quarter, we've seen things improve significantly. We are, I think, really back in the area where we should be. We feel there's always room for improvement, and ways we can improve, and we're focused on that. And of course, the utilization does drop somewhat, this time of year.

But we do have a very comprehensive program in place, because what the third quarter's utilization did was uncover certain process improvements and things that we can do better when there's a heavy demand on the schedule. So we've taken that away -- we've got our Six Sigma resources working on that, and a team of great people that are focused on making our on-time performance and flight completion numbers better.

As compared to the U.S. carriers, for instance, when you look at flight completion and the numbers that we have here, we are clearly in the pack, and actually, probably in the top half of the publicly traded reporting regionals that we see. So, although it fell, it is still very good and very respectable, relative to our peers in the industry.

MIKE LINENBERG: Okay. Thank you very much.

JOSEPH D. RANDELL: You're welcome.

OPERATOR: Your next question comes from Michael Mills of Beacon Securities. Please go ahead.

MICHAEL MILLS: Hi, there, guys.

JOSEPH D. RANDELL: Hi, Michael.

MICHAEL MILLS: Just getting back to your controllable operating income -- 16.6, pretty impressive. Is my math correct? So that's about $37.4 million in controllable operating income? Does that seem about right?

ALLAN ROWE: Yes, within one digit of rounding, I'd say, you're on my number, Michael.

MICHAEL MILLS: Allan, I think I missed it -- how much did--... I know you split 50-50 the gains, so how much did you have to remit to Air Canada?

ALLAN ROWE: It was, in the quarter, was $3.9 million, which represents, if you will, 50 percent of our out-performance, under the contract.

MICHAEL MILLS: Okay. And I believe you restated the way, or changed the way, that you outline your distributable cash. I'm just wondering the reason behind that.

ALLAN ROWE: I believe the presentation is simply adopting the new reporting standard, where we reconcile back to cash flow rather than operating income, Michael.

MICHAEL MILLS: Okay. That's all I have. Thank you.

ALLAN ROWE: Thanks.

OPERATOR: Your next question comes from Jacques Kavafian of Research Capital. Please go ahead.

JACQUES KAVAFIAN: Hi, good afternoon. The depreciation seems to vary from quarter to quarter. It was $6.5 million, then $5.1 million. What kind of number shall we--... can we model?

ALLAN ROWE: The depreciation is obviously driven by our timing of capital expenditures, Jacques, so the one change that happened in the last quarter, that might have caught you off-stride was the fact that two of our Dash 8 leases came to term, and we exercised the purchase option, which we thought was far more favourable than a lease renewal arrangement.

JACQUES KAVAFIAN: Okay, so what's a normal depreciation rate, each quarter? $6.5 million?

ALLAN ROWE: I'd say roughly $6 million.

JACQUES KAVAFIAN: Okay, thank you. Another question is, how many employees do you think you'll have by the end of the year? Will you be adding more? You had 4,100 full-time equivalent in the quarter, but is that--

JOSEPH D. RANDELL: We will be adding some more. In terms of the full-time equivalents, as of the end of September, we were at about 4,235. And there will be some marginal increase, but nothing of really great significance.

JACQUES KAVAFIAN: Okay. And the final question is relating to the block hours. You had--... Before, you were mentioning that block hours in 2007 would increase 7 percent, give or take. Now, it might be a little more, because your target, in absolute terms, it's still the same, but the 2006 number is a little lower.

ALLAN ROWE: Right.

JACQUES KAVAFIAN: Can you--... I assume that the growth will be more in the first quarter, first two quarters, than the last two quarters. Is that...?

JOSEPH D. RANDELL: Yes, that's correct. That's correct, because, of course, we have a larger fleet size than we had last year in the first two quarters.

JACQUES KAVAFIAN: Okay. And, really, this is the last question. You mentioned about how great you did in the quarter, but, you know, you had 25 percent more block hours, but profits, net earnings, only went up 6 percent. You had all these operational challenges. How much did that cost you?

JOSEPH D. RANDELL: Okay, well, first of all, when you compare year-over-year, the thing that we have to remember is that there was a significant difference in our CPA rates that are charged to Air Canada, year-over-year. The new rates that we charge Air Canada reflected the new CPA agreement that came in effect on January 1st of this year.

So, to compare the financial results and to look at the relative size of the operation, you really need to consider that the rates that we charged were adjusted as of January 1st.

With respect to the incentive side... Allan, did you want to speak to...?

ALLAN ROWE: Yes. You know, I really think, because the contract changed January 1, the only thing that's really directly comparable, year-over-year, was the measurement of our incentive performance, and, clearly, our performance slipped in comparison to the levels we had in the third quarter last year.

For example, we earned, in the third quarter this year, $1.6 million of incentive revenue, or 0.7 percent of our scheduled flights revenue.

In comparison, on essentially the same metrics in the third quarter of last year -- last year, we earned $3.4 million, or 1.9 percent of scheduled flights revenue.

So, that difference is really what I feel we underperformed on the quarter this year.

JACQUES KAVAFIAN: Okay. Thank you very much, gentlemen.

JOSEPH D. RANDELL: You're welcome.

OPERATOR: Your next question comes from Nick Morton of RBC Capital Markets. Please go ahead.

NICK MORTON: Hi. It's Nick here. Just wondering if you have any plans for revenue growth from charter operations, or maintenance, repair, and overhaul?

JOSEPH D. RANDELL: In terms of the charter operations, we continue to look for opportunities there, especially on the Corporate side of the business, and so we are pursuing that. And generally, we see good opportunities in the charter side, particularly as it pertains to Corporate shuttles, and it's an area that we're pursuing.

With respect to the maintenance, repair, and overhaul side, we're not pursuing that in the near term, because, frankly, our lines are very full with our own requirements, as we not only have our regular maintenance programs, but we continue to upgrade and invest in our fleet.

So, our capability right now is... we really have limited capability. Going forward is something that we'll be looking at further, but nothing in the near term.

NICK MORTON: Could you enter something like the freight business -- postal delivery, or package delivery? Could you go into an area like that?

JOSEPH D. RANDELL: Yes, absolutely, and we're seeing, as well, greater interest in the conversion of RJ's into freighter services. And generally, when there is a surplus of any particular size of airplane or type of aircraft, you often see those airplanes being converted and operated as cargo aircraft. And obviously, I think, now, that's an opportunity for CRJ's.

ALLAN ROWE: Yes. The only point of clarification I'd add to that, Nick, is, of course, the aircraft covered under the CPA -- we don't have incremental opportunities to do cargo revenue for Jazz. The cargo opportunities associated with covered aircraft under the CPA are for the account of Air Canada.

NICK MORTON: But you're free to add planes at your own cost.

JOSEPH D. RANDELL: Yes, we are. Yes.

NICK MORTON: Yes. So you could go into different business ventures, if you wanted to.

JOSEPH D. RANDELL: Yes, we can. Absolutely.

NICK MORTON: Okay, great. Thanks very much.

JOSEPH D. RANDELL: You're welcome.

OPERATOR: Ladies and gentlemen, if there are any further questions at this time, please queue up now. As a reminder, please lift the handset before pressing the keys. We have a question from Brian Morrison of TD Newcrest. Please go ahead. Mr. Morrison, please go ahead.

BRIAN MORRISON: My apologies. One quick question, if I may -- a follow-up to the reconciliation of the DCPU to the cash flow statement. Just with respect to this quarter versus last quarter, I'm just wondering, it appears to me, unless my calculations are incorrect, that the net change in non-cash working capital was included in the calculation of DCPU this quarter, while it doesn't appear to be included in the last quarter. Can we just maybe follow up on that, or let me know if I'm going down the wrong path here.

ALLAN ROWE: I’m just looking at the consolidated statement of cash flows for the LP now, Brian.

BRIAN MORRISON: Right.

ALLAN ROWE: We had non-cash working capital changes included in both this year and last year third quarters. I don't understand the question.

BRIAN MORRISON: Well, I just see the cash provided by operating activities in Q3 this year is 58.89, and then you subtract the capex, whereas last year, you start from GAAP operating income, work through to EBITDAR, and if I pull out the numbers in the cash flow from operations, you start at 42.585 last quarter, take out the capex, and you basically get to your estimated cash available for distribution without including the non-cash working capital.

ALLAN ROWE: I'll have to take that offline, Brian.

BRIAN MORRISON: That's fine, Allan. I could be incorrect on this, too. But why don't we follow up afterwards?

ALLAN ROWE: Sure thing.

BRIAN MORRISON: Thank you.

OPERATOR: We have a follow-up question from Jacques Kavafian of Research Capital. Please go ahead.

JACQUES KAVAFIAN: Yes. Allan, when you mentioned that you're on target to exceed your EBITDA target of $154 million, did you mean adjusted EBITDA, or normally...?

ALLAN ROWE: Reported EBITDA.

JACQUES KAVAFIAN: Reported EBITDA. Hang on a sec. Yes, okay, I'm sorry, I got confused. I'm sorry. Okay, thank you.

ALLAN ROWE: Okay.

OPERATOR: We have a question from Philip Bay [phon] of Canyon Capital. Please go ahead. Mr. Bay, please go ahead.

PHILIP BAY: Hi, thanks. Sorry. Just a quick question in relation to the block hours. That 369,000, which is lower than the 385 -- the difference, is it possible to get some color on how much of that is controllable and how much of that was uncontrollable, as defined on your CPA?

JOSEPH D. RANDELL: Sure. Well, first of all, the block hour difference is really driven by three prime factors. One, of course, are the controllable cancellations, and I indicated earlier the issues surrounding those, particularly in the third quarter.

The second that we've received an increase, or did increase, in terms of our block hour reduction were in uncontrollable cancellations, related to things like weather, ATC, etc. And, of course, under our CPA, we actually receive compensation for those uncontrollable cancellations.

And the third component is, we've actually been flying the schedule faster than the plan. In other words, a flight was planned for an hour and three minutes, and we've been flying at an average, for instance, of an hour and one. So there is a differential there.

If you look at the breakdown in what drives the differences, so far this year, roughly 40 percent is driven by the last item that I mentioned, which is actually the biggest change, is the fact that we've actually been flying the schedule faster than had been planned, or is actually in the consumer schedule.

And the other numbers are fairly equal, in terms of uncontrollable and controllable impact.

PHILIP BAY: Great. Thanks very much.

JOSEPH D. RANDELL: You're welcome.

OPERATOR: Gentlemen, we have no further questions at this time. Please continue.

NATHALIE MEGANN: All right. Well, thank you, Operator, and thank you, everyone, for being present on this call. We will look forward to speaking with you again soon.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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