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OPERATOR: Good afternoon ladies and gentlemen and thank you for standing by. Welcome to the Jazz Air Income Fund Third Quarter 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 star followed by zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Thursday November 8th, 2007, at 12:30 p.m. Eastern Time.

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

NATHALIE MEGANN: (Director of Corporation Relations and Communications, Jazz Air Income Fund): Thank you operator. Hello and thank you for joining us today for our Third Quarter 2007 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 and 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'll now turn the call over call to Joe Randell.

JOE RANDELL (President and Chief Executive Officer, Jazz Air Income Fund): Thank you Nathalie and good day everyone. I am very pleased with our results for the third quarter. Our operational and financial performance are definitely benefiting from our efforts and the investments we've made in our information technology, maintenance infrastructure, process improvements and cost containment.

Let's start by reviewing some of the financial highlights for the quarter. We have operating revenue of 383.8 million, up 3.9 percent. EBITDA up 78.2 million which is down 1.14, sorry, 1.4 percent. Our operating income of 40.9 million, up 4.2 percent, our net income up 39.7

million, up 1.5 percent and our distributable cash of 43.5 million, up 26.5 percent.

Our operational performance this quarter was very good and we continue to be the leader for arrival performance within 15 minutes amongst the publicly traded regionals in North America. We met our A level CPA targets for flight completion and on-time performance. As such, we earned $5 million in performance incentives or 2.1 percent of our scheduled flight revenue, the maximum we can earn in this area is 2.36 percent, so overall, very good performance.

When comparing controllable on-time performance for the third quarter of this year to last, we attained an overall increase of 4 percentage points, up to 86.6 percent in 2007 versus 82.6 percent in 2006. This increase is especially significant considering that we had just under 40, 5,300 additional departures and at the same time over 3,600 fewer delays network wide during the summer months.

Controllable flight completion has improved significantly year-over-year with just under 1,400 fewer flights cancelled. The improvement up 2 percentage points seems small but the achievement of a 99.5 percent controllable flight completion rate for the quarter is no small feat.

Successes like these do not just happen on their own; the hard work put in by all operational departments is illustrated in a variety of ways. Most departments saw a decrease in controllable delays with the greatest reductions in aircraft servicing at our airports as well as a large reduction in delays in our maintenance branch, and finally, other airport related delays associated with towing, rooming, fueling and planning decreased dramatically.

The implementation of our Integrated Safety Management System or ISMS is progressing well. Transport Canada conducted onsite validation sessions across the country interviewing employees and reviewing our internal documents relating to safety management. This process evaluated whether our policies and procedures are in place and are being used in order to ensure that legislative requirements are met. On August 16th, we received Transport Canada's official acceptance letter, confirming that the information contained in Jazz's approved manuals has been validated and found to be acceptable.

The acceptance letter allows Jazz to proceed with phase three of ISMS which is proactive safety management. In this phase, we will concentrate on proactive approaches to improve safety by focusing on the identification and management of risks and hazards. On September 28th, we submitted to Transport Canada the documentation required for phase three for their review and approval and expect a response before the end of the year, which will be followed up by an onsite review in the second quarter of next year.

On the business development side, we've had talks with several potential new customers that are located outside of North America. We don't have anything specific to announce and cannot provide any further information at this time for confidentiality reasons, but I mention it to let you know that this area continues to be one of serious focus and we are making progress.

We're tracking well according to our plan and performing better than last year. We want to see this trend continue and will do everything we can to ensure that it does.

So thank you for listening and I'd like to turn the call now over to Allan to take you through the financials for the last quarter. Allan.

ALLAN ROWE (Senior Vice President and Chief Financial Officer, Jazz Air Income Fund): Thank you Joe and hello. The Jazz team delivered a good third quarter and are very pleased with our performance.

We're reporting net income of $39.7 million. Here's how it breaks down for the third quarter 2007.

Operating revenue increased from 369.3 million in 2006 to 383.8 million in 2007 representing an increase of $14.5 million or 3.9 percent for the quarter. The increase in revenue is attributable to an increase of 5.3 percent in the block hours flown and a $3 million in passed through costs. Other revenue increased from $2 million to $2.7 million. Other revenue results from charter flights, maintenance repair and overhaul operations and ancillary activities, such as ground handling and fight simulator training.

Operating expenses increased from 330 million in 2006 to $342.9 million in 2007, an increase of $12.9 million or 3.9 percent. Salaries, wages and benefits, depreciation, airport and navigation fees and aircraft maintenance increased $16.4 million resulting in unit cost increases of 6.2 percent quarter-over-quarter as measured by CASM or cost per available seat mile. These unit cost increases are reflective of the change in fleet mix as a majority of the quarter-over-quarter increase in block hours is attributable to the regional jet fleet.

Maintenance unit cost increase was driven by heavy maintenance work on the DASH-8 fleet, the heavy check cycle on the CRJ705 fleet and the fact that the majority of the new CRJ's in the fleet were still under warranty in the prior year. Airport and navigational fees are passed through costs under the CPA.

All of these line item unit cost increases were more than offset by a decrease achieved in all other areas, resulting in an overall net decrease of 0.8 percent as measured by CASM, cost per available seat mile.

Fuel expense decreased by 0.3 million due to a decrease of $4.7 million for price offset by a $0.4 million increase in fuel usage, which corresponds to the 5.3 percent increase in block hours flown and increased fuel burn as a result of the change in the fleet composition from turboprop to jet aircraft.

Aircraft rent decreased by approximately $4.2 million, due mainly to lower US dollar exchange rates and new lease arrangements with respect to certain aircraft.

That brings us to operating income of $40.9 million compared to 39.2 million recorded in the third quarter of last year. As mentioned earlier, net income was $39.7 million compared to 39.1 million recorded in the third quarter last year, an improvement of 0.6 million.

Distributable cash was $43.5 million for the quarter, compared to $34.4 million last year. The controllable adjusted actual margin of 14.93 percent for the third quarter of 2007 exceeds the target margin of 14.09 percent as established under the CPA by 84 basis points or approximately $2 million. This compares to the third quarter of 2006 controllable adjusted actual margin of 16.59 percent which was approximately $5.6 million better than the target level.

During the quarter, we earned 91 percent of the available incentives, or $5 million versus last year's incentives at 30 percent attainment or $1.6 million. Incentives for the comparable period last year were lower as a result of an increase in controllable cancellations which resulted from higher aircraft utilization, a computer system outage and increased security measures.

That concludes my overview of the financials. Thank you for listening in. Operator, we can open the call to questions from the analyst community when you're ready.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press the star followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speaker phone before pressing any keys. One moment please for your first question.

Your first question comes from Aaron Duxbury from National Bank Financial. Please go ahead.

AARON DUXBURY: Hey guys.

JOE RANDELL: Good afternoon.

AARON DUXBURY: Just first off, looking at the CAPEX that came in quite a bit lower than the run-rate. Can you just talk about what was going on in the quarter and if can expect a catch-up in Q-4?

ALLAN ROWE: Let me take that.

JOE RANDELL: Sure.

ALLAN ROWE: Hello Aaron.

AARON DUXBURY: Hi.

ALLAN ROWE: I think, you know, timing switches from quarter-to-quarter. It's not a level CAPEX program quarterly. We are a little behind where we expected to be, to be honest with you. Our original capital expenditure budget for the year was $27 million. I believe we gave guidance earlier in the year that that will probably be reduced to an outlook of something like $25 million and you know, we may indeed come up a little bit short of that, but at this point, I don't have any basis to change our guidance.

AARON DUXBURY: Probably more looking like 25 to 27 again in '08 though?

ALLAN ROWE: No. I anticipate we'll be lower in '08, probably a number in the low 20's.

AARON DUXBURY: Okay. Just next up; I think we talked about this last time, but the cash position on the balance sheet seems to keep growing, which is a good story up to 159 million now, what are your thoughts on uses of that cash? Would you look to do a special dividend or maybe a buy back? What are your thoughts on that?

ALLAN ROWE: Okay. I think first, a point of clarification. You need to understand the timing of our payment cycle from Air Canada in respect of our CPA contract. They make an advance payment to us to cover the following month's anticipated expenses under our contract. So there's a kind of a bump we receive that's reported in our balance sheet but we grind that cash level down with expense requirements in the following month. So there's probably, at any month end, about $60 million which is a pre-payment under our CPA contract on a monthly basis. There's not as much available cash as one would anticipate at first flush, looking at our balance sheet.

However, with that clarification, yes, we are modestly accruing cash on balance sheet. We have no plans for a special distribution. We are in the process of finalizing our business planning in respect of 2008 and our longer range outlook, and when we complete that exercise, we'll be reviewing the level of distributions with our board.

AARON DUXBURY: Okay and just finally, it looks like there could be a pretty sizable fleet of Q400's that may become available out of Europe. Could you just talk about how you would think, like is Jazz interested in those and if so, how the process worked between yourselves and Air Canada if you did want to add those to the fleet.

JOE RANDELL: Well, first of all, if it is in our, if it's covered under our CPA with Air Canada, the covered fleet, which excludes our charter, our other operation, any change in the covered fleet under the CPA would have to be agreed with Air Canada as it's a condition of the contract. And we continue to look with Air Canada on various fleet options going forward, in terms of opportunities in the market, in terms of fleet replacement and the availability of Q400's would be included in that. Again, there are no plans, there's nothing specific. For us, the Q400 has been and remains an interesting aircraft in terms of our operation and its capabilities. And so, it certainly is an aircraft which could have appeal to Jazz in the future. But we are looking at a number of alternatives and will be with respect to the fleet going forward as part of our ongoing discussions and negotiations with Air Canada.

We are presently in the process of finalizing arrangements and finalizing the acquisition of an additional 705 and which we hope to have completed in the near future as well. That would be a covered aircraft and part of the 133 aircraft, and we are also in the process of finalizing arrangements to bring 250 seat Dash 8-300's for our charter operation, which is of course outside of our CPA with Air Canada.

AARON DUXBURY: Any timing on those Dash 8's?

JOE RANDELL: We would hope to see these aircrafts in service by the first quarter of next year.

AARON DUXBURY: Fine, that's it for me, thanks.

JOE RANDELL: You're welcome.

OPERATOR: Your next question comes from Nick Martin (sp?) of (inaudible) Capital Markets. Please go ahead.

NICK MARTIN: Hello. Last time we heard from you, you were talking about an interesting idea, developing a management consulting business I think, in the regional airline world using your expertise maybe, and the hint was sort of in the developing world. I'm wondered how that's going?

JOE RANDELL: Well I, first of all, I don't think we would characterize it as a management consulting business. However, we do have certainly expertise, knowledge and access to those resources which can be a benefit in other parts of the world. When you look at the rate of growth of the aviation business in Asia particularly, in China, in India and in the Middle East, it is, it is very significant. And the Chinese government, for instance, recently announced as one of their priorities, the development and further growth of the regional airline business in that country.

So we certainly have a number of opportunities that we've been looking at and evaluating in those areas. As I mentioned in my comments, I can't really be specific today, but we look to leverage our resources without at all, negatively impacting our CPA with Air Canada, to access opportunities in those markets for which we would be compensated, potentially through, through fees, but also through potentially, a potential equity interest.

NICK MARTIN: Okay, so it's more than management consulting, it's potentially investing in an existing or start-up airline in perhaps Asia?

JOE RANDELL: Potentially, but we're not, we're not looking to invest a significant amount of cash in these opportunities. It's really leveraging what we have and benefiting from that.

NICK MARTIN: Okay. This charter business, how many planes do you have now for the charter? Is it two or three?

JOE RANDELL: Presently we have two Dash 8 100's.

NICK MARTIN: Okay. And is there potential to grow this into, you know, reasonably big operation? Could you have 10 or 15 planes in the charter world, or how does that work?

JOE RANDELL: Well we're taking our time with it obviously, but you know, we've, we look to significant growth on a small base for next year. The margins are very good. We're certainly able to leverage our infrastructure et cetera and we'll be there to take advantage of that as those opportunities present themselves. And we see good demand in the resource industry, particularly in Western Canada and from corporations. So the Dash 8 is a very well suited aircraft to that and we feel, we feel good about the demand. We have no specific plans to increase the charter fleet at this time, but we'll continue to look at opportunities as they arise.

NICK MARTIN: Okay. My last question; just going back to that question about increasing the distribution; when might you decide that, the timing of that and how do you feel about that?

ALLAN ROWE: We haven't established any specific timing objectives.

NICK MARTIN: Okay and do you have any view about increasing the distribution prior to, you know, being forced to convert to a corporation in 2011?

ALLAN ROWE: No specific timing objectives.

NICK MARTIN: Okay, well I thought I'd ask. Thank you, bye, bye.

JOE RANDELL: Okay.

OPERATOR: Your next question comes from Cameron Doerksen of Versant Partners. Please go ahead.

CAMERON DOERKSEN: Good afternoon. I guess I just wanted to follow-up briefly on – you mention the CRJ 705 coming into the fleet. I guess two questions on that. Is that a used aircraft and secondly, I assume that's just to replace the CRJ 100 in the covered fleet, the one that had, had a bit of landing accident?

JOE RANDELL: It is, it is an aircraft that we are acquiring from Bombardier. It is has a limited number of hours on the aircraft – it's essentially a new aircraft. And it is a replacement for the CRJ 100, you are correct Cam.

CAMERON DOERKSEN: Okay. Just secondly, I'm not sure where you are in the process with, you know, discussing schedule with Air Canada for next year, but you've maintained your block hour forecast for this year. I'm just trying to get, kind of an early look into 2008, what your expectation is there.

JOE RANDELL: We're not really changing our guidance at this point that we provided in the past, which has been in the order of about 400,000 block hours.

CAMERON DOERKSEN: Okay. Just on the maintenance expense, you know, is this something we should see kind of at a similar level than we saw in Q-3, should we see that kind of at a similar level going forward, or do you expect some modest increases in the next year. You mentioned that some of the planes are coming off warranty now. Is there going to be an increase as a result of that?

ALLAN ROWE: I think, you know, not significant increases beyond this level; the bump we have experienced was anticipated by us Cameron, and really relates to the start of, this year, the start of a heavy check cycle on the 705.

CAMERON DOERKSEN: Okay. On the pilot fund, there's, I think we talked about this in the last quarter, but just wondered if there's a sort of update. I mean, are you, are you still okay on the pilot side? Are you seeing any increases in turnover at all with the heavy demand for pilots globally?

JOE RANDELL: Well first of all, being in the regional airline sector there's a natural turnover of pilots that occurs. I think our turnover is generally within the normal industry level. We are very busy continually training new classes of pilots and recruiting new pilots and we've been able to do so to crew our operation. So, you know, it's going reasonably well and however, accessing human resources is a challenge we all face now in North America in a number of areas. But we're I think, in reasonable shape.

CAMERON DOERKSEN: Okay good. Just one last one for me, just on the, I guess the counter claim by Porter Airlines. I mean, I know that this issue is really more of an Air Canada issue than it is Jazz, but one of the things that they've put in their claim is that the relationship between Air Canada and Jazz in anti-competitive. I know that Gary meant that this is their standard relationship in North America between regional airlines and their parents, but I just wondered if you had any more comments on why you guys don't think that it's anti-competitive, the relationship you have?

JOE RANDELL: Well first of all, we've had a CPA with Air Canada since 2004, even prior to the IPO, so the CPA relationship goes back for some time. And while we're proud of our CPA relationship and its transparency, and how it's been working, it is really modeled around industry norms and there's nothing really that's different from the relationship that exists amongst independent regional's in the US and their partners. So unless you feel the whole industry is outside, off bounds with respect to relationships, you know, I find it really hard to understand the substance of the argument.

And as a matter of fact, other carriers have relationships with regionals that they support and pay the regionals through pro-rated systems et cetera, and people involved with Porter have actually been involved in those operations themselves. So, you know, I fail to see how it is anti-competitive and I think it causes me to think back about what is truly anti-competitive here.

And I would put forward that it is the relationship between the Toronto Port Authority and Porter Airlines that is the anti-competitive agreement, as we're not able to compete on certain routes, not able to operate any more than a certain number of fights and to me, that's the definition of keeping out competition. So, you know, that's why we say this is without merits and we will contest it and we really question the motives of Porter in doing what they've done, as it tends to deflect from what the real case is here, which is the argument of free and open and equal access to public facilities in Canada.

CAMERON DOERKSEN: Okay, that's very helpful, thanks very much.

JOE RANDELL: You're welcome.

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

MICHAEL MILLS: Good afternoon guys.

JOE RANDELL: Michael.

MICHAEL MILLS: Just wanted to delve into the US dollar and kind of the impact on rent. Obviously that's a positive for you, but in terms of what the impact is on your future or net margins and how that flows through, both to top line and bottom line?

ALLAN ROWE: Yes, I'll take that Michael, its Allan. Yes, there's mixed effects in our financial results as a result of the change in the US dollar, some good, some bad. Of course, things like aircraft rent expense, the purchase of spare parts for maintenance, are all typically denominated in US currency. So in effect, those Canadian dollar expenses are reduced for us. But as a result of that, we will suffer some margin erosion when we apply our markup on those reduced Canadian dollar costs. I've done some numbers in respect of the third quarter of this year, which we accounted for at an average 1.06 exchange rate versus the third quarter of last year which we accounted at an average of 1.12 exchange rate. And, you know, the margin erosion from that changing rate on our total US dollar expenses was probably $800,000 quarterly.

MICHAEL MILLS: Okay. And do you receive, in terms of the markup on say rental, sorry, yeah, aircraft rental, do you receive that in US dollars or is that Canadian dollars that you receive it in?

ALLAN ROWE: Our arrangements, our arrangements under the CPA contract, we undertook to naturally edge our transaction exposure. So, where we have a US dollar expense like an aircraft rent, we build that and recover from our customer, Air Canada, in US currency. So we have been naturally hedged. However, we haven't been able to effectively put a hedge against the margin erosion effect.

MICHAEL MILLS: Okay. And I see you've added a fairly substantial US in your MD&A in terms of the system, the new tax fairness plan. Any idea when we might have more clarity from the Department of Finance or CRA on that?

ALLAN ROWE: I can't speak for the timing of the CRA taking positions. But this is clearly an area that's getting a lot of attention both from business income trusts, the energy income trusts in particular. And we'll see where the ultimate rules are defined.

MICHAEL MILLS: And then finally, just going back to the aircraft maintenance, what's kind of a normalized quarterly run-rate for this area? I'm assuming we're seeing a bit above average with the 705 checks all coming in around the same time.

ALLAN ROWE: Yes, I would think we're going to continue to run at these kinds of levels. There are a whole of put's and takes here because, you know, as I said, we're getting the exchange benefit on all the maintenance materials we purchased in this area. So there have been a lot of variables here.

MICHAEL MILLS: Okay, thanks guys.

ALLAN ROWE: Okay.

OPERATOR: Your next question comes from Lily Ng of Merrill Lynch. Please go ahead.

LILY NG: Good afternoon everyone. My first question is, when you look at your budget for 2008 and I'm going through all your cost items, could you share with us maybe some of the areas that you think you're going to come in better than this year, and other areas that you might be seeing some cost pressures?

ALLAN ROWE: Lily, its Allan. We're really not prepared to provide any guidance in respect of 2008 outlook beyond the fact that we expect to do 400,000 block hours.

LILY NG: Okay. Allan, when is the, would you, I think in the past as this thing wrapped up right, you'd be able to tell us more next quarter?

ALLAN ROWE: Well our practice has been to indicate the anticipated flying activity rather than budgets or dollar targets.

LILY NG: Right. Okay. And then my other question is regarding to the 20 percent interest that ACIS (phon) hold right now in Jazz. Maybe this is a non-issue, but should they take it down completely, is there be any change at your corporate governance level, if they were no longer – hold any interest in Jazz. Any change on the board level or does it trip up any part of your CPA at all?

JOE REANDELL: Well in terms of the board itself, there will, even with ACIS present ownership of 20 percent be changes in the Jazz board going forward and of course, should it go below the 21, 20.1 percent, then there would be further changes as well. So, the answer to your question on the board and changing governance is yes. With respect to the CPA though, the CPA is not affected by those changes. So the CPA remains in full effect.

LILY NG: Okay. And finally, guys can you remind me one more time, the maximum level of block hours you can fly under the CPA and what level you are at now?

ALLAN ROWE: Okay, there is no maximum defined under the CPA and given our existing fleet makeup, 400,000 block hours a year is, I would submit, a pretty good level of utilization.

LILY NG: Okay.

JOE REANDELL: There's a, there's some, but little room for growth if circumstances are such that Air Canada would require. But presently we're maintaining what we've said, which is the run-rate of approximately 400,000 block hours.

LILY NG: Okay. Thank you very much.

JOE RANDELL: You're welcome.

OPERATOR: Your next question comes from Chris Murray of CIBC World Markets. Please go ahead.

CHRIS MURRAY: Good afternoon guys.

JOE RANDELL: Hello.

CHRIS MURRAY: Just a quick question and maybe this is better for Allan. Last year in Q-4 there was a kind of one-time pickup in salaries and wages. Will we be seeing a similar thing in this year?

ALLAN ROWE: I considered it a hit, not a pickup. Pickups are good guys.

CHRIS MURRAY: Okay.

ALLAN ROWE: But no, we've, we've taken care to ensure that we have – we believe appropriately approved throughout the year for things like vacation and time-banking practices that affect payroll expense.

CHRIS MURRAY: Okay. So we should see similar run-rates to what we've been seeing through the year?

ALLAN ROWE: Exactly.

CHRIS MURRAY: Okay great, thanks. That all I had.

ALLAN ROWE: Thank you.

OPERATOR: Your next question comes from (inaudible 35:15) of TD Newcrest. Please go ahead.

MALE SPEAKER: Good afternoon. All my questions have been answered, however, just a clarification on the replacement aircraft being purchased. Would that aircraft be purchased by Air Canada and subleased to Jazz?

JOE RANDELL: That aircraft will be leased directly to Jazz.

MALE SPEAKER: Would that be subleased to Jazz through Air Canada's subdivision or…?

JOE RANDELL: No, no, it will be no Air Canada involvement in the lease. There'll be no head lease with Air Canada or anything like that.

ALLAN ROWE: We are working on lease financing at directly between a leaser and Jazz without Air Canada or one of its finance subsidiaries intervening.

JOE RANDELL: And going forward with respect to fleet, should and when there should be fleet changes, it is likely that we would continue to pursue that approach.

MALE SPEAKER: Thank you very much.

JOE RANDELL: You're welcome.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star followed by the one. As a reminder, if you're using a speaker phone, please lift the handset before pressing the keys. We have no further questions at this time. Please continue.

NATHALIE MEGANN: If there are no further questions, operator, then we'll bring the call to a close and so thank you to you and everyone who are being credited on the call and we look forward to speaking with you again soon.

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

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