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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to the Jazz Air Income Fund Fourth Quarter and Yearend 2007 Financial Results Conference Call. At this time, all participants are in the 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 your questions. If anyone has any difficulties hearing the conference, please press star followed by zero for operator assistance at anytime. I would like to remind everyone that this conference call is being recorded on Thursday, February 7, 2008, at 12:30 p.m. Eastern Time. I will now turn the conference over to Nathalie Megann, Director of Corporate Reputations and Communications. Please go ahead.

NATHALIE MEGANN (DIRECTOR OF CORPORATE REPUTATION AND COMMUNICATIONS): Thank you Operator. Hello and thank you for joining us today for our fourth quarter and yearend 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 will start by giving a brief overview of the results and then go on to questions from the analyst community. Because some of the discussion

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in this call maybe forward-looking, I am 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 review or revise forward-looking statements whether as a result of new information, future events or otherwise. I'll now turn the call over to Joe Randell.

JOSEPH RANDELL (PRESIDENT AND CHIEF EXECUTIVE OFFICER): Thank you Nathalie and good day everyone. My comments will focus on our yearend performance and I will be pleased to answer any questions pertaining to the fourth quarter later in the call.

The year 2007 marked many accomplishments and events for Jazz including our positive financial results, our strong operational performance and a significant change in the ownership structure. I am very pleased with the improvements we've made in all areas over 2006, which in itself

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was also a good year for Jazz. Let us start by reviewing some of the financial highlights for this year in comparison to 2006.

Our operating revenue of $1.495 billion was up 8.3%. Our operating income of $153.2 million up 6.5%. Our net income of $150.7 million up 7.6% and distributable cash of $151.3 million up 10.8%. We were successful in achieving our 2007 planned financial results and outperformed our planned distributable cash target by 3.1%. Cost-reduction efforts were evident through a decrease of 2.2% in controllable cost per available seat-mile or CASM year-over-year from $0.14 in 2006 to $ 0.137 in 2007.

Despite general airline industry growth, which resulted in significant pilot turnover this year, we were able to modestly improve our pilot crew utilization by just under 2% over 2006. As well, total salaries, wages and benefits on a per available seat-mile basis showed a slight decline.

Our efforts to operate more fuel efficiently resulted in approximately $750,000 in fuel savings. While this is a pass-through cost under the CPA, we will continue to strive to reduce this cost and to minimize the impact to the environment. Our relentless focus on improving processes and efficiencies has led us to the implementation of Lean Six Sigma and a number of projects were completed to help us operate more productively.

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On the people front, we have made a number of investments to improve our employee engagement and this remains a high priority for 2008. For example, we implemented a program that automatically makes every Jazz employee a unitholder in the Jazz Air Income Fund. We have also introduced a multifaceted employee-driven community involvement program and launched a revised vision and values based on input from employees across the organization. Our employees are committed to great customer service.

The compliance and commitment of our employees to a standard operating procedures is meant delivering another strong year in our safety record. The implementation of the Integrated Safety Management System or ISMS continues to progress as planned and we are working on the fourth phase of the program. As well, you will recall that at this time last year, Jazz received official IOSA registration. This is the International Air Transport Association's Operational Safety Audit Program, which is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. Jazz is one of only 17 airlines in North America to receive this recognition. In fact, Jazz and Air Canada are the only two airlines in Canada that are IOSA registered.

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Operationally, our flight activity grew by 8.3% in Block Hours and 7.6% in departures over 2006. These increases are the result of operating our full fleet of aircraft over the period. We also carried one million more passengers this year for a total of just over 9.7 million.

Our operational performance for the final three quarters of 2007 improved over that of the previous year. For example, baggage performance improved 9.6% as a direct result of a number of corrective actions and new initiatives in baggage handling and planning. In total, Jazz earned performance incentives at 16.7 million compared to 13.5 million in 2006. This represents 78% of the maximum incentives available under the contract as compared to a 66% achievement level in 2006. Jazz's operational results in terms of on-time performance and flight completion continues to exceed that of our US regional counterparts being SkyWest, American Eagle, ExpressJet, Comair and ASA.

Our efforts to improve our maintenance reliability delivered "A" level performance rating for a controllable flight completion under our capacity purchase agreement in every quarter of the year. The interior refurbishment program in our Dash 8 fleet is progressing very well to date 18 aircraft have been equipped with new leather seats, carpets and

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curtains, a new galley and entry flooring as well as general cosmetic repairs.

Our investments in information technology and infrastructure as well as system redundancies minimized risk to our business and it made the foundation of our business more robust. For example, we have built a Systems Operations Center Hot Site, which acts as a complete backup to our Halifax systems operations control center.

I would like to turn the call over to Allan now to take you through the financials and then I will rejoin the call to talk about our major areas of focus in 2008. Thank you and over to you Allan.

ALLAN ROWE (SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER): Thank you Joe and hello everyone. It feels great to share with you such positive news again this year. The Jazz team continues to deliver a safe operation with excellent operational and financial performance.

The fourth quarter provided a 5.8% increase in operating revenue at $372 million. A 10.1% increase in operating income at $36 million. A 9.9% increase in net income at $35 million and distributable cash of $33 million up 9.2% from the last quarter of 2006. Like Joe I am going to comment on our yearend financial performance and we will be happy to

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respond to questions you may have regarding our last quarter later in the call.

For yearend 2007, we are reporting a net income of $150.7 million. Here is how it breaks down. Operating revenue increase from 1.38 billion in 2006 to 1.495 billion in 2007 representing an increase of $114 million or 8.3%. The increase in revenues is attributable to an increase in the number of aircraft operated by Jazz, an 8.3% increase in the Block Hours flown and a $58.6 million increase in pass-through costs.

Other revenue increased from $7 million to $8.3 million in 2007. Other revenue is derived from charter flights, maintenance repair and overhaul operations and then soiree activities such as ground handling services and flight simulator training.

Operating expenses increased from 1.237 billion in 2006 to 1.342 billion in 2007 representing an increase of $104.8 million or 8.5%. Correspondingly, the unit cost on an all-in CASM basis was relatively flat year-over-year.

Fuel saw the largest dollar increase, which amounted to $35.6 million as a result of the increased volume of flying mostly with regional jet equipment and the price increase experienced in jet fuel. CASM excluding

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fuel was down 1.2% and controllable CASM was down fully 2.2% for the year.

Non-operating expenses were $2.5 million in 2007, a decrease of $1.2 million from 2006. The costs saving are partially attributable to a decrease in interest expense as a result of the restructuring of long-term debt of Jazz that occurred in connection with the IPO in early 2006 as well as increased interest revenue of $1.5 million from short-term investments. This was offset by a $900,000 fair value adjustment related to asset-back to commercial paper. That brings us to an operating income of $153.2 million compared to 143.8 million recorded in 2006, an improvement of $9.4 million. As mentioned earlier, net income was $150.7 million compared to $140 million reported for the yearend 2007, an improvement of $10.6 million.

Distributable cash was $151.3 million for the year up 10.8% from 2006. As Joe mentioned, we have comfortably exceeded our target for distributable cash in 2007. The controllable adjusted actual margin for 2007 was 14.54%, which is over the target level of 14.09% by 45 basis points or approximately $4.1 million. This compares to the yearend 2006 margin of 14.77%, which was approximately $5.8 million better than the target level.

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The margin during 2006 benefited from a relatively higher margin than the first half of that year until controllable costs had actually been incurred in support of the growth in the fleet. That concludes my overview of the financials and I will now turn the call back to Joe.

JOSEPH RANDELL (PRESIDENT AND CHIEF EXECUTIVE OFFICER): Thank you Allan and looking ahead to what is on the horizon for Jazz this year, our energy will be concentrated on upholding our cash distribution commitments, delivering on our commitments under the CPA or Capacity Purchase Agreement, while at the same time maintaining our focus on operating safely and efficiently and with reduced cost.

We will be working with Air Canada to evaluate fleet renewal alternatives to ensure that we meet the needs of our customers well into the future and as I have mentioned before, pursuing new business development opportunities to diversify and grow by investing in non-CPA business and we will remain very disciplined as we work through this path however.

So I would be remised if I did not take this opportunity to thank all Jazz employees for their outstanding professionalism and hard work in 2007. It was a very good year and I am looking forward to the challenges and outcomes this year. So thank you for listening and operator, we can

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now open the call to questions from the analysts' community when you are 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 speakerphone before pressing any keys. Your first question comes from Cameron Doerksen from Versant Partners. Please go ahead.

CAMERON DOERKSEN: Good afternoon. I guess a question on the – first off on the working capital, if I am just looking at the accounts receivable and spare parts materials on a year-over-year basis – you invested quite a bit there – is there any particular reason why both those are up, you know, fairly significantly year-over-year and what's the outlook for 2008?

ALLAN ROWE: No special reason other than, you know, responding to our requirements following the fleet growth and, you know, the attendant maintenance requirements we had to undertake Cameron. There was,

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you know, certainly a significant change in non-cash working capital levels particularly in the fourth quarter because we did clean up some significant accruals we have been carrying through accounts payable balances for a good part of the year, but you know, year-end balance sheets, you know, pretty much line up and we don't expect any big changes from the operating levels of activity of last year as we go into 2008, you know, again we are looking at carrying exactly the same fleet we have had for the last year and we anticipate flying, you now, about the same level of Block Hours around the 400,000 hour level.

CAMERON DOERKSEN: Okay. And actually on that just talking of the Block Hours, you know, in the past you have kind of given us what the percentages of the minimum I guess Block Hour guaranteed that Air Canada gives you and I think, you know, in 2007 it was sort of around 82% level. It's safe to say it's basically same level for 2008?

ALLAN ROWE: Yeah. I haven't updated that calculation on this year, but I anticipate there would be a very minor change because we changed one aircraft type, you know, we took out one 50 seat RJ and replaced it with a 75 seat RJ, so it would be an incremental change.

CAMERON DOERKSEN: Okay. Just on the, I guess, maybe if you can maybe breakdown the timeline and the process for the negotiations

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with Air Canada on the next three-year contract period, just sort of wondering when the negotiations start to take place and when will we, you know, I guess word or when you have word on, you know, what the – I know it's not the rate adjustment, but what the rates are going to be for 2009 to 2011?

JOSEPH RANDELL: We are preparing for those negotiations and of course ensuring that our costs are as predictable as possible as we enter into those negotiations and we anticipate those occurring really over the year into the summer and we would hope to have them completed by the end of the summer, but certainly no later than the fall.

CAMERON DOERKSEN: Okay.

ALLAN ROWE: Okay, just as a point of clarification, have redone the calculation, it would be 84% of the planned schedule for this year on that downside utilization guarantee level.

CAMERON DOERKSEN: Okay. And just finally from me, you know, your union contracts, I guess, are all good till 2009. When you go to sit down with Air Canada for the negotiations, will you be building into your two-year model, you know, an assumption as to, you know, the potential for increases in pay rates for, you know, mid 2009 onwards?

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JOSEPH RANDELL: The pay rates, other costs that are not strictly defined under contracts will all be negotiated in similar manner with respect to the expectations and acceptability of expectations on increases in all areas. So that's what we will be negotiating with Air Canada to come to an agreement on the expected level of costs.

CAMERON DOERKSEN: Okay. Perfect. That's all I have. Thanks very much.

JOSEPH RANDELL: Thanks Cameron.

OPERATOR: Your next question comes from Cameron Jeffreys from Credit Suisse. Please go ahead.

CAMERON JEFFREYS: Thanks very much. You commented, you know, that you have handily beat your distributable cash number in 2007. You did the same in, you know, 2006. Your payout ratio is for the year was just shy of 82% against the target of 90%. Can you just run through the – and I know it requires Board approval, but can you just run through the thought process behind, you know, the distribution as we see for 2008 because on the surface it appears as though, you know, you could afford a

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pretty healthy increase here for ’08. So, I was just wondering what the hesitation is in terms of doing that?

JOSEPH RANDELL: Yeah. Let me take that Cameron. I just want to be clear. Our existing distribution policy is to maintain the current level of distributions $0.0838 unit a month. We have commented previously in my mind are modestly accruing cash balances. I think it's misleading to look at the cash balances on our quarter end or yearend balance sheet for two reasons. Right at M1CN [phon], we have, you know, a significant payment received from Air Canada in respect of our contract and that is used for working capital purposes in the next 30 days so, you know, we typically have about a $60 million excess cash position and just for that working capital element, at the time, we cut off a monthly under quarter end balance sheet, you know, the other thing is, you know, we have other liabilities and obligations, so I characterize our available excess or unrestricted cash as about the equivalent to 1 and 1.5 quarters normal course distribution. So, you know, I really think it's a fairly modest cash cushion.

CAMERON JEFFREYS: Well, I mean, I am not even looking at your cash balance, I am just looking at your distributable cash number in ’07 of 151 million. If we assume that that just carries over as flat for 2008 and

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you put in 90% payout on that assuming, you know, no growth, you know, in terms of that number in '08, you still come up to $1.10 - $1.11, I mean that's kind of the number that I am looking at in terms of, you know, whether you are able to bump the distributions. I mean is there a sense that you want to keep a little bit of cash just in case the rate negotiations with Air Canada, you know, go in a certain direction and then perhaps if they, you know, if that resolves itself fairly reasonably, there might be a one-time type of distribution considered. Is that – would that be a fair assessment of what you might be looking at?

ALLAN ROWE: Well, we would just like to maintain a certain measure of liquidity and financial flexibility for the, you know, the near-term future if I could leave it like that.

CAMERON JEFFREYS: Okay. Thanks.

OPERATOR: Your next question comes from Aaron Dougsberry from National Bank Financial. Please go ahead.

AARON DOUGSBERRY: Hi guys. Can you hear me?

JOSEPH RANDELL: Yes. Yeah.

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AARON DOUGSBERRY: Okay just looking at Q4 in the salaries and wages costs, it looks like head count was up about 5% and you said were wages were also up, but yet salaries and wages costs were only up 1%. So can you just explain how that happened and what your runaway going forward may look like?

JOSEPH RANDELL: Well, if you are comparing the numbers quarter-over-quarter, year-over-year, in the fourth quarter of last year, there were a number of vacancies that we had not yet filled and of course now they have been filled and the costs I believe you are referring to are the cost per available seat mile, which when you are flowing more than of course that lowers your costs per available seat mile in terms of your salaries and wages.

JOSEPH RANDELL: Yeah. It's a bit of a misleading comparable. If you look at the fourth quarter of 2006, we in fact incurred a one-time $2 million charge in respect of accruals that hadn't been maintained during the year in 2006. In 2007 we didn't have that. So the comps are a little off as a result.

AARON DOUGSBERRY: So the going forward, the salaries and wages is about where it should stay and get head counts pretty flat from here on?

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JOSEPH RANDELL: Yeah, we anticipate virtually no change in that.

AARON DOUGSBERRY: (multiple speakers) There's lots of give and take right now with all the different fleet, so can you just talk about what that may look like through the year?

JOSEPH RANDELL: Sorry, what the fleet utilization will look like?

AARON DOUGSBERRY: No, what your maintenance costs are going to look like in '08?

JOSEPH RANDELL: It should be pretty consistent with run rate established in the second half of ’07.

AARON DOUGSBERRY: Okay. And just finally, we have talked about in last couple of calls. You guys are still looking at international opportunities things like the Middle East in that. Now, we hear some of these big US regionals are also talking about things that sound an awful lot what you have been talking about. So can you just talk about where that process is and perhaps if it's getting more crowded when you are looking for deals?

JOSEPH RANDELL: I don't think it's been -- from the public point of view, it maybe perceived as being more crowded, but I don't think it's more crowded than when we had actually spoken of this. As a matter of fact, I believe one of the carriers expressed recently said that they were no

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longer interested in pursuing some of those opportunities. It's on our list and, you know, it's something that we will continue to evaluate and look at and -- but as I say it is on the list of growth and diversification opportunities that we will pursue and I really can't go into the details any further about the specifics of those, but it is clear that growth and diversification is a priority for us in 2008.

AARON DOUGSBERRY: And just finally one little quick one. The margin on the other revenues seem to decline quite a bit in Q4. Is that seasonal or can you just talk about maybe what happened there?

JOSEPH RANDELL: No, you know, we have been working at refining our accounting for some of the segmented and, you know, non-CPA operations. I would characterize the fourth quarter run rate as that which should be anticipated go forward.

AARON DOUGSBERRY: Alright. Thanks a lot.

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

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NICK MORTON: Good afternoon. Could you go through a little bit in more detail the negotiations with Air Canada and what will be discussed and how that might affect your distributable income?

JOSEPH RANDELL: Well, the negotiations with Air Canada will be as the last negotiations where we will be provided with an outlook in terms of the flying that is required on the fleet and then we will sit with Air Canada to negotiate those costs going forward. The markup on those controllable costs is defined within the CPA and as we have mentioned before there are two ways in which that markup can be adjusted. First of all, it can be adjusted upward by our out performance on our controllable costs which now we have had for the last two years, which would result on the average over the three years on an improved markup for 2009 and beyond and then in 2009, we will be comparing ourselves against the four benchmark carriers in the US to ensure that we are retaining our relative competitiveness to the median of that group and only if we have lost competitiveness relative to that group would there be a margin reduction required. So I think that…

NICK MORTON: That's as of the beginning of 2010?

JOSEPH RANDELL: That's correct.

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NICK MORTON: Right. So that the negotiations that are underway -- I am talking about 2009, they are sort of normal course negotiations?

JOSEPH RANDELL: It is normal course for the full three years. The only thing really that can be adjusted for those years would be the actual markup on the costs that we would apply and the markup can for the first year only go up, but for the second and third year given the second factor that I mentioned, there could be a downward adjustment, which we do not anticipate at this time, but again the results are not in in terms of the comparison.

NICK MORTON: Have you been monitoring this benchmark group and comparing, maybe not exactly, but looking at your costs and seeing how your cost compare to the US carriers?

JOSEPH RANDELL: We have been looking at the trends and of course there are differences for which the comparison will have to be adjusted related to fleet, stage lands, things of that nature, but again, we have no reason to believe at this time that it's an issue, but we do watch what is happening with those four carriers pretty closely.

NICK MORTON: Okay, pretty cool. Thank you very much.

JOSEPH RANDELL: Welcome.

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

MICHAEL MILLS: Good afternoon guys. I noticed that the airline pilots, the Jazz pilots put out a press release earlier this – I guess it was last week – re-electing representatives and mentioning the upcoming collective bargaining and it appears that, you know, the language is it looks like it could be a tough negotiation. Have you guys had any contact with the pilots yet to find out what their demands might be looking like prior to going in to the reset talks with Air Canada?

JOSEPH RANDELL: Well, first of all I think any round of labor negotiations as with most negotiations are always tough. We are aware of the re-election of the same group. We actually have an ongoing communication and good communication with the leadership of our pilots union. We meet with them on a regular basis and you know while there are issues, we have been successful in working through them all and generally have been able to discuss a number of factors that we have been able to resolve while this agreement is in place. We have not yet seen any demands or anything going forward and neither have we made ours and we will have those discussions, but again the agreement is not up

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until mid ’09, but I am sure on both sides we are preparing for that and looking at ways in which we can come to an acceptable arrangement. So, nothing untoward or no significant issues that we see there. We remain very optimistic that we will reach a positive agreement with our unions and we maintain good relationships.

MICHAEL MILLS: Okay. And just getting back to the Block Hour forecast. It looks like, you know, if we take the midpoint, it has actually a slight decrease over what was achieved in ’07 and I just noticed last month in January, there was pretty good capacity increase year-over-year. The most recent rude announcements have been positive for Jazz as well. What's the rationale behind the 400 to 405 guidance? Is that just a bit conservative or what are you seeing there?

ALLAN ROWE: Well, I think the high side of that guidance 405 is within 100,000 [phon] or 15,000 hours of where it actually was last year. I mean it really is dependent on, you know, a whole bunch of things like scheduling and utilization and our ability to maintain good maintenance performance for, you know, flight scheduling and completion. So, yeah, you can call us conservative – it's our best estimate at this point in time.

MICHAEL MILLS: Okay. Thank you.

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

CHRIS MURRAY: Good afternoon guys.

JOSEPH RANDELL: Chris.

ALLAN ROWE: Chris.

CHRIS MURRAY: Question I have for you is on the fleet. You talked a little bit about some of the negotiations with Air Canada will be about fleet. Can I just get some color from you on what particular aircraft you may be looking at replacing or upgrading as well how would you look at financing them? Would it be something back to Air Canada again or some other way to do it?

JOSEPH RANDELL: Well, first of all, we are not really negotiating fleet with Air Canada. We negotiate costs and assume fleet that we will agree on and of course the fleet that we have is the fleet that we have and those are – unless there is an agreement that is a bit of both believe is beneficial then it will be the existing fleet. When we look at fleet options, we look at things like maintenance cost, fuel burn, efficiency, Air Canada's requirement for various size and categories of equipment and so those are the factors that come into play in the fleet analysis. We are always looking

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for opportunities to become more efficient to lower our cost to give Air Canada to have a better product and that's really the driving force here and any agreement that would be reached on fleet would have to be beneficial to both Air Canada and to Jazz.

ALLAN ROWE: I think the second part of your question related to financing any future fleet additions and, you know, not to presuppose what our position might be at the time of aircraft acquisition, but as things stand now we have a clear preference for lease financing just because, you know, if we purchase aircraft that capital expenditure would cut deeply into our distributable income.

CHRIS MURRAY: Is that what the common terms agreement is designed to do?

ALLAN ROWE: Yeah, it is with a lessor and it is designed to permit us to add other aircraft under that enabling documentation.

CHRIS MURRAY: Okay. And that was used before the CRJ-705 that just came in?

ALLAN ROWE: No, it was not. It was for other aircraft.

CHRIS MURRAY: For other aircraft. Okay. Another – a different question now – Allan, if you could update us – if you have anymore guidance on exactly what maybe happening as the corporation moves

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towards 2011 over the trust and kind of where you see things going and sort of what your plans are?

ALLAN ROWE: I think, you know, the way I would respond is consistent with the way we have always positioned in the past. We would like to have our shareholders, our unitholders benefit from the remaining term of the tax relief that income trusts enjoy. As we approach the end of that period, I anticipate we will look at converting to corporate form, having said that I would characterize us post any such a conversion as a high-dividend paying corporate.

CHRIS MURRAY: Okay. Thanks very much guys. Good quarter.

ALLAN ROWE: Okay.

JOSEPH RANDELL: I should mention as well that we did bring in two aircraft under the common terms agreement. We just recently brought in the two Dash 8-300s, which we had mentioned previously on our calls and that's to bring in additional equipment into our charter program.

CHRIS MURRAY: Okay. Thanks.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time; please press the star followed the one. As a reminder if you are using a speakerphone, please lift the handset before

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pressing the keys. Gentlemen, there are no further questions at this time. Please continue.

NATHALIE MEGANN (DIRECTOR OF CORPORATE REPUTATION AND COMMUNICATIONS): Okay. Thank you operator and thank you everyone for being present on this call. We look forward to speaking to you again with our First Quarter Results.

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

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