



Jazz Air Income Fund

US Valuation Conference 2010
Washington, D.C.



Joe Randell – President and CEO
Jazz Air LP

October 4, 2010





Disclaimer

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Agenda



Jazz today

Performance highlights

A different kind of airline

The changing regional
airline industry

Growth opportunities



Jazz is Canada's largest regional airline





We're on solid ground

Daily departures

820+

Destinations

85

Passengers carried in 2009

8.8 M

Employees

4,900





Canadian-made Fleet

- Only Canadian regional airline flying regional jets in Canada
- 128 Dash 8 and Canadair Regional Jets
- Efficient aircraft
- Two types = cost effectiveness
- Purchase Agreement with Bombardier for a firm order of 15 Q400 *NextGen* aircraft with options for 15 more





Jazz Air Income Fund

Corporate Conversion

- Federal tax laws
- Review of structural options
- Board and Unitholder approval
- Special Meeting of Unitholders on November 9, 2010





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Jazz today

Performance highlights

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 **Strong operating results – Q2 2010**

Controllable
on-time
performance

87.5%

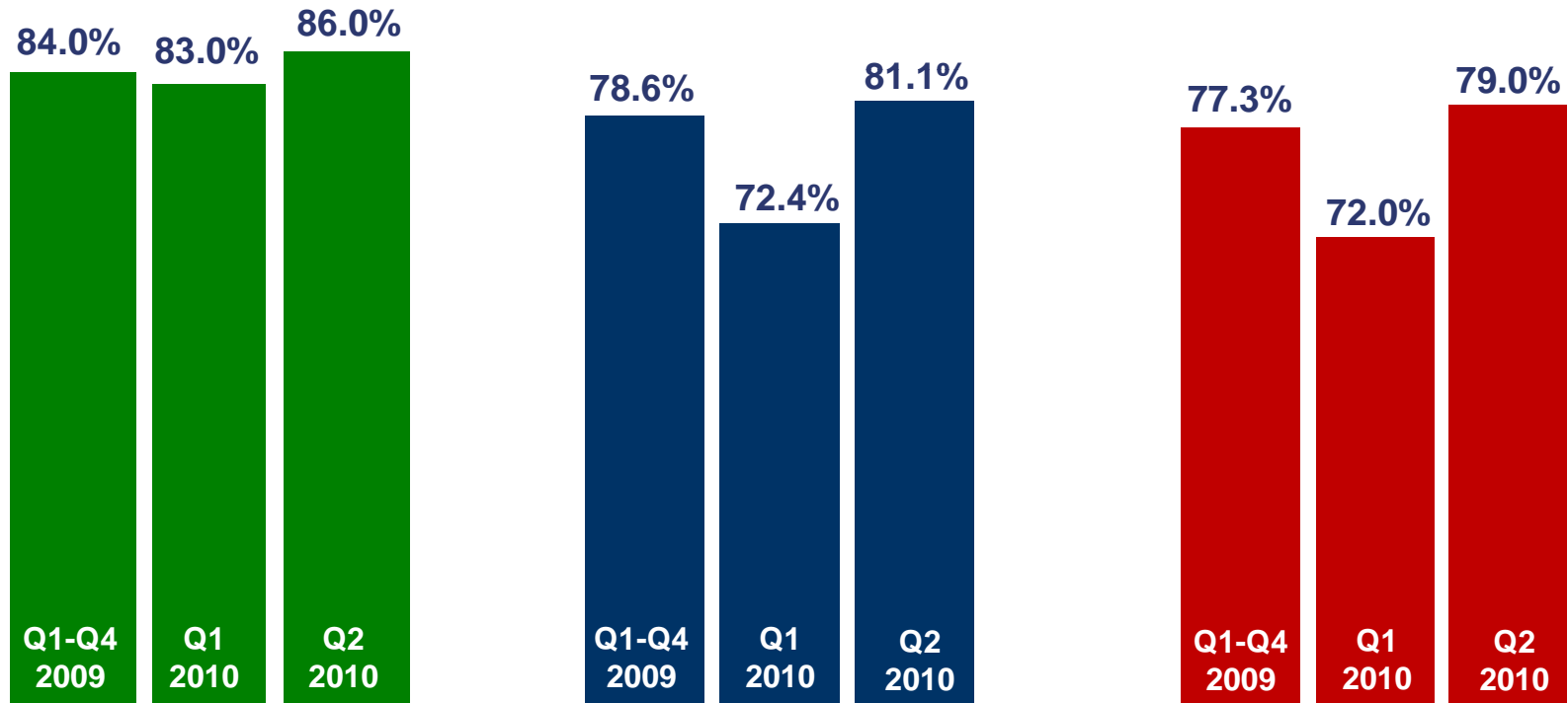
Controllable
flight completion

99.1%



A leader in operational performance

(Arrivals within 15 minutes)





Second quarter 2010 earnings

Jazz Air Income Fund

Period ended June 30, 2010

(\$ million)

Q2 2010

Operating revenue	359.0
Operating income	18.8
Net income	15.6
Distributable cash	28.8



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The CPA defines our relationship

Responsibilities

AIR CANADA 

- Purchases capacity**
- Determines routes**
- Flight schedules**
- Ticket prices**
- Marketing**



AIR CANADA 
Jazz

- Provides crews**
- Airframe maintenance**
- Flight operations**
- Some airport operations**



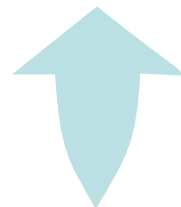
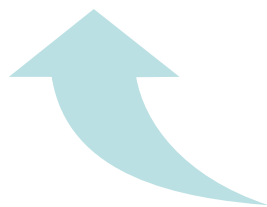


Relationship with Air Canada

Serve
low density markets

Serve high density
markets
– off peak

Point-to-point
– by-pass hubs



Jazz is integral to Air Canada's strategy





The CPA benefits both carriers

AIR CANADA 

Flexibility
Cost advantages
Major competitive advantage



AIR CANADA 
Jazz

Protection from cost volatility
Guarantees
Long-term agreement





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Performance highlights

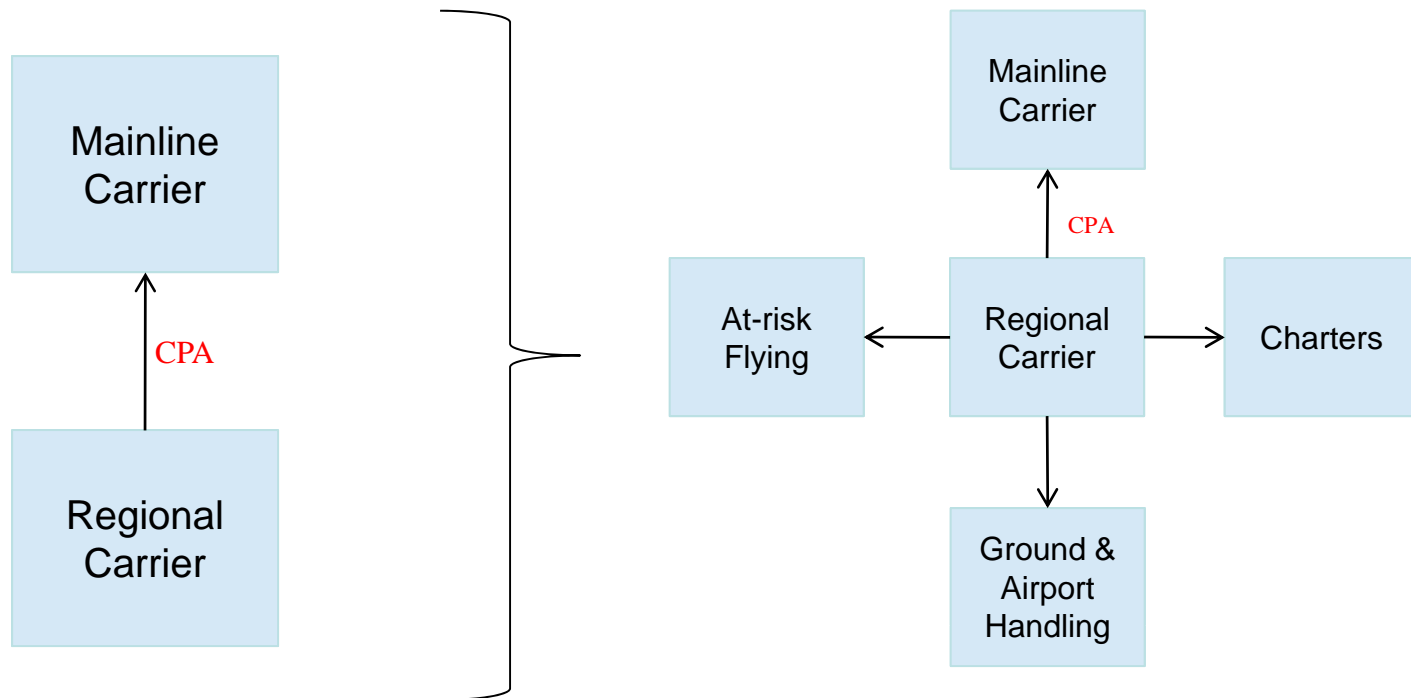
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The evolving regional industry





Diversification

SkyWest to acquire ExpressJet in continued US regional consolidation

5th August, 2010



It takes a lot to overshadow [Republic Airways Holdings](#), but SkyWest managed to do it announced not only its second quarter profits but its acquisition of [ExpressJet Airlines](#) and merger with SkyWest subsidiary [Atlantic Southeast Airlines \(ASA\)](#) means SkyWest combined United-Continental entity.

See related article: [SkyWest profits, revenues fall](#)

SkyWest made a similar run at [ExpressJet](#) in 2008, but noted the price was much more attractive than that were out of SkyWest's control during that last effort and the current deal is quite different.

SkyWest will acquire the [Houston](#)-based carrier for USD133 million in cash with SkyWest's equity.



Mesa Air Group Commences Restructuring

PHOENIX, Jan 05, 2010 (BUSINESS WIRE) – MESA AIR GROUP, INC. reorganize under Chapter 11 of the U.S. Bankruptcy Code in the United States, without interruption, which includes its code-share agreement with United Airlines, is not included in the filing and will continue to operate its full service.

"Founded in 1982, Mesa has grown from a company operating a single aircraft to a multi-aircraft carrier. Mesa pioneered the "revenue guarantee" business model - both now stands as a model for other airlines."

Friday, February 13, 2009

SkyWest to Increase Brazilian Investment; Late Breaking News

Kathryn B. Creed

At this point, according to [SkyWest Inc](#) Vice President Mike Kraupp, he sees no reason why SkyWest's investment in [TRIP Linhas Aéreas](#), by an additional \$5 million in the carrier last November, from Brazil after completing the due diligence process. The regional met its milestones required for the sale.

"They are actually doing well," he told [Aviation Week](#). "They are making money and continuing to pursue growth plans. They are set to take delivery of additional ATR 72 as well as Embraer E175."

Republic Airways Announces Order for up to 80 Bombardier CSeries Aircraft

Indianapolis (Feb. 25, 2010) – Republic Airways Holdings Inc. (NASDAQ: RJET) announced today it has signed a purchase agreement for 40 CS300 jets, part of the next-generation CSeries aircraft being developed by Bombardier. Republic also has options for up to an additional 40 aircraft. The aircraft, which will be configured in a single-cabin, with two-by-three seating for 138 passengers, including 25 STRETCH seats, is scheduled for delivery beginning in the second quarter of 2015.



Partnership with Thomas Cook Canada

- Fly no less than six B757-200s
- Canadian gateways to various sun destinations
- Winter season (November through April)
- Term ending April 30, 2015
- \$100 million additional annual revenues
- Service will be branded Thomas Cook





Partnership with Thomas Cook Canada (cont'd)

- **Additional staff**
 - **Flight attendants (6 per aircraft)**
 - **Maintenance**
 - **SOCC**
 - **Management and administrative personnel**
- **Contract is compatible with CPA and Air Canada**
- **Strong initiative begins diversification of Jazz Air LP**
- **It's our time to shine in new markets**
- **Will look further for value-driven opportunities**





Investment in Pluna

- \$15 million US investment
 - 33-1/3% direct interest in LARAH
 - 25% indirect interest in Pluna S.A.
- One seat on Pluna Board of Directors
- Uruguayan Government to invest \$5 million US and maintain current 25% equity stake
- Potential to earn significant returns
- Jazz sees value and opportunity in Pluna's niche markets – solid business plan
- New airport terminal in Montevideo is key component to Pluna's future success
- Pluna's service extend beyond Uruguay to Argentina, Brazil, Chile and Paraguay





Investment in Pluna (cont'd)

- Common fleet type of CRJ705/900 = opportunities to generate value
- Jazz to participate in one of world's fastest growing air travel markets
 - IATA projects 12.2% passenger demand growth in Latin America for 2010
- Jazz's experience will help Pluna identify and realize efficiencies
- Opportunities to provide Pluna with operational support
- Seconded Jazz employee will join Pluna's senior management team
- Jazz's investment in Pluna will deliver value to all stakeholders





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Growth Opportunities





Current investment highlights

- **A high yield investment – approximately 13% -14% currently**
- **Industry-leading financial and operational performance**
- **Debt free – a clean balance sheet with convertibles outstanding**
- **Strong, positive cash flow**
- **\$180 million in fair market value of unencumbered fixed assets – available to secure future financing**
- **Long-term CPA provides more flexibility to grow and diversify**
- **Corporate conversion with continued dividends – details to be confirmed**



Jazz Air Income Fund

October, 2010