

JAZZ AIR INCOME FUND



**NOTICE OF
2008 ANNUAL
MEETING OF UNITHOLDERS
AND PROXY CIRCULAR**

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Letter from the Chairman and the President and Chief Executive Officer

Dear Unitholders:

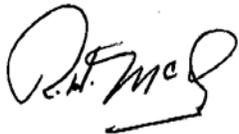
You are cordially invited to the annual meeting of unitholders of Jazz Air Income Fund. It will be held on Thursday, May 8, 2008 at 10:00 a.m. (Toronto time), at 130 West Event Centre, 130 Dundas Street West, Toronto, Ontario.

As a unitholder of Jazz Air Income Fund, you have the right to vote your units on all items that come before the meeting. You can vote your units either by proxy or in person at the meeting. This proxy circular will provide you with information about these items and how to exercise your right to vote. It will also tell you about the nominee trustees, the proposed auditors, the compensation of trustees, directors and certain officers, and our corporate governance practices.

During the meeting we will also present the highlights of our 2007 achievements and we are confident that this momentum will continue in 2008. We look forward to continuing to build on our strengths and capabilities, and delivering value to our unitholders.

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

Sincerely,

A handwritten signature in black ink, appearing to read "R.H. McCoy".

Richard H. McCoy
Chairman

A handwritten signature in black ink, appearing to read "Joseph D. Randell".

Joseph D. Randell
President and Chief Executive Officer

NOTICE OF 2008 ANNUAL UNITHOLDER MEETING

When

May 8, 2008 at 10:00 a.m. (Toronto time).

Where

130 West Event Centre, 130 Dundas Street West, Toronto, Ontario.

Webcast

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

Business of the 2008 Annual Unitholder Meeting

Four items will be covered at the meeting:

1. placement before the unitholders of Jazz Air Income Fund of the restated consolidated financial statements of Jazz Air Income Fund and the consolidated financial statements of Jazz Air LP for the year ended December 31, 2007, including the auditors' reports thereon;
2. election of the trustees of Jazz Air Income Fund who will serve until the end of the next annual unitholder meeting or until their successors are appointed, and direction to the trustees of Jazz Air Income Fund and Jazz Air Trust as to the appointment of the trustees of Jazz Air Trust and the directors of Jazz Air Holding GP Inc.;
3. appointment of the auditors of Jazz Air Income Fund; and
4. consideration of such other business, if any, that may properly come before the meeting or any adjournment thereof.

You are entitled to receive notice of, and vote at, our annual unitholder meeting or any adjournment thereof if you were a unitholder on the close of business on March 19, 2008.

Your vote is important

As a unitholder of Jazz Air Income Fund, it is very important that you read this material carefully and vote your units, either by proxy or in person at the meeting.

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

By Order of the Board of Trustees of Jazz Air Income Fund,

Katherine M. Lee, Trustee



G. Ross MacCormack, Trustee



Toronto, Ontario
March 28, 2008

PROXY CIRCULAR

In this proxy circular ("**circular**"), *you* and *your* refer to the unitholder. *We, us, our* and the *Fund* refers to Jazz Air Income Fund, the *Trust* refers to Jazz Air Trust, *Jazz GP* refers to Jazz Air Holding GP Inc., *Jazz LP* refers to Jazz Air LP and *Jazz* refers to Jazz GP, Jazz LP and their subsidiaries, collectively. Unless otherwise stated, all dollar amounts contained in this circular are expressed in Canadian dollars.

This circular is for our annual unitholder meeting to be held on May 8, 2008 ("**meeting**"). As a unitholder of the Fund, you have the right to vote your units on the election of the trustees, the appointment of the auditors and on any other items that may properly come before the meeting or any adjournment thereof.

To help you make an informed decision, please read this circular. This circular tells you about the meeting, the nominee trustees, the proposed auditors, our corporate governance practices, the compensation of the trustees of the Fund, the directors of Jazz GP and certain officers and other matters. The information in this document was current as at March 28, 2008, unless otherwise indicated. Financial information on the Fund and Jazz LP is provided in the restated consolidated financial statements of the Fund, the consolidated financial statements of Jazz LP and the restated management's discussion and analysis for the year ended December 31, 2007.

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

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

Approval of this circular

The board of trustees of the Fund ("**Board of Trustees**") approved the contents of this circular and authorized it to be sent to each unitholder who is eligible to receive notice of, and vote his or her units at, our annual unitholder meeting, as well as to each trustee of the Fund and to the auditors of the Fund.

Katherine M. Lee, Trustee



G. Ross MacCormack, Trustee

Toronto, Ontario
March 28, 2008

VOTING YOUR UNITS

Your vote is important

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

Voting

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

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

How to vote – registered unitholders

You are a registered unitholder if your name appears on your unit certificate.

If you are not sure whether you are a registered unitholder, please contact CIBC Mellon Trust Company ("**CIBC Mellon**") at 1-800-387-0825.

By proxy

By facsimile or by mail

Complete your form of proxy and return it by facsimile at (416) 368-2502 or return it in the envelope we have provided or by delivering it to one of CIBC Mellon's principal Corporate Trust Offices in Halifax, Montreal, Toronto, Vancouver or Calgary **for receipt before 4:00 p.m. (Toronto time) on May 6, 2008 or with the Secretary of the meeting prior to commencement of the meeting on the day of the meeting or on the day of any adjournment thereof.** A list of addresses for the principal Corporate Trust Offices of CIBC Mellon is set forth on page 43 of this circular.

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

Please see the section titled "Completing the form of proxy" for more information.

In person at the meeting

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

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

How to vote – non-registered unitholders

You are a non-registered unitholder if your bank, trust company, securities broker or other financial institution ("**your nominee**") holds your units for you.

If you are not sure whether you are a non-registered unitholder, please contact CIBC Mellon at 1-800-387-0825.

By Proxy

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

On the Internet

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

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

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

The cut-off time for voting over the Internet is 11:59 p.m. (Toronto time) on May 5, 2008.

By Facsimile or by Mail

Alternatively non-registered unitholders may vote their units by completing the voting instruction form as directed on the form and returning it by facsimile at (905) 507-7793 or at (514) 281-8911 or in the business reply envelope provided **for receipt before 4:00 p.m. (Toronto time) on May 5, 2008.**

In person at the meeting

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

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

How to vote – employees holding units under Employee Unit Purchase Plan of Jazz

Units purchased by employees of Jazz under the Employee Unit Purchase Plan of Jazz ("**Employee Units**") are beneficially held by Computershare Trust Company of Canada ("**Computershare**"), as administrative agent, in accordance with the provisions of such plan unless the employees have withdrawn their units from the plan.

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

In the event that an employee holds any units other than Employee Units, he or she must also complete a form of proxy or voting instruction form with respect to such additional units in the manner indicated above for registered unitholders or non-registered unitholders, as applicable.

By Proxy

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

On the Internet

Go to the website at www.computershare.com/proxy and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet.

You will need the Control Number, Holder Account Number and Access Number found on your voting instruction form.

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

The cut-off time for voting over the Internet is 11:59 p.m. (Toronto time) on May 5, 2008.

By mail

Alternatively you may vote your units by completing the voting instruction form as directed on the form and returning it in the business reply envelope provided **for receipt before 4:00 p.m. (Toronto time) on May 5, 2008.**

In person at the meeting

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

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

Completing the form of proxy

You can choose to vote "For" or "Withhold" with respect to the election of the trustees and the appointment of the auditors. If you are a non-registered unitholder voting your units, or an employee voting your Employee Units held pursuant to the Employee Unit Purchase Plan, please follow the instructions provided in the voting instruction form.

When you sign the form of proxy without appointing an alternate proxyholder, you authorize Katherine M. Lee, G. Ross MacCormack or Joseph D. Randell, who are trustees of the Fund or directors or officers of Jazz, to vote your units for you at the meeting in accordance with your instructions. **If you return your proxy without specifying how you want to vote your units, your vote will be counted FOR electing the nominee trustees of the Fund who are named in this circular and FOR appointing PricewaterhouseCoopers LLP as auditors of the Fund.**

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

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

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

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

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

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

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

Changing your vote

In addition to revocation in any other manner permitted by law, a unitholder giving a proxy and submitting it by mail may revoke it by an instrument in writing executed by the unitholder or the unitholder's attorney authorized in writing and deposited either at the Montreal office of the Fund's transfer agent, CIBC Mellon, 2001 University Street, Suite 1600, Montreal, Québec, or at the Fund's registered office, 5100 de Maisonneuve Boulevard West, Montreal, Québec, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of the meeting on the day of the meeting, or any adjournment thereof. Conveying new voting instructions within the applicable cut-off times will revoke the prior instructions.

Voting requirements

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

Voting units and quorum

As of March 28, 2008 there were 122,864,066 units of the Fund issued and outstanding. Unitholders of record on March 19, 2008 are entitled to receive notice of and vote at the meeting. The list of unitholders entitled to vote at the meeting will be available for inspection on and after March 25, 2008 during usual business hours at the Montreal office of the Fund's transfer agent, CIBC Mellon, 2001 University Street, Suite 1600, Montreal, Québec and at the meeting.

Pursuant to the declaration of trust of the Fund, a quorum is present at the meeting if two or more individuals present in person either hold personally or represent as proxies not less in aggregate than 25% of the votes attached to all outstanding units of the Fund. If a quorum is present within 30 minutes of the time fixed for the meeting, the unitholders present or represented by proxy may proceed with the business of the meeting. If a quorum is not present within 30 minutes of the time fixed for the meeting, the unitholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

If a body corporate or association is a unitholder of the Fund, the Fund shall recognize any individual authorized by a resolution of the directors or governing body of the body corporate or association to represent it at the meeting. An

individual thus authorized may exercise on behalf of the body corporate or association all the powers it could exercise if it were an individual unitholder.

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

Restrictions on voting securities

The applicable provisions of the *Canada Transportation Act* require that national holders of domestic, scheduled international and non-scheduled international licenses be Canadian. In the case of each licence holder, this requires that it be controlled in fact by Canadians and that at least 75% of its voting interests be owned and controlled by Canadians. The declaration of trust of the Fund contains restrictions to ensure that the Fund remains Canadian under the *Canada Transportation Act*. The definition of the term "Canadian" under section 55(1) of the *Canada Transportation Act* may be summarized as follows:

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

Each unit of the Fund that is owned and controlled by a Canadian entitles the holder thereof to one vote. Each unit that is not owned and controlled by a Canadian entitles the holder thereof to one vote, except in the following circumstances:

- (a) if more than 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of outstanding units of the Fund (determined on a fully diluted basis) are not owned and controlled by Canadians, the vote attaching to each unit of the Fund that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes attaching to all outstanding units of the Fund that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of outstanding votes attaching to all outstanding units of the Fund; and
- (b) if the aggregate number of votes that could be cast at any meeting in respect of units of the Fund that are not owned and controlled by Canadians would exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of votes that could be cast at such meeting, the vote attaching to each unit of the Fund that is not owned and controlled by a Canadian will decrease automatically by such amount as is necessary to ensure that the aggregate number of votes that may be cast at such meeting in respect of all outstanding units of the Fund that are not owned and controlled by Canadians does not exceed 25% (or any higher percentage that the Governor in Council may by regulation specify) of the aggregate number of votes that can be cast at such meeting by all unitholders.

Unitholders who wish to vote at the meeting either by completing and delivering a proxy or a voting instruction form or by attending and voting at the meeting will be required to complete a Declaration of Canadian Status in order to enable the Fund to comply with the restrictions imposed by the *Canadian Transportation Act* on the ownership and voting of its voting securities. If you do not complete such declaration or if it is determined by the Fund or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the units of the Fund represented by the proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian for purposes of voting at the meeting. Such declaration is contained in the accompanying form of proxy or in the voting instruction form provided to you if you are a



non-registered unitholder or an employee voting units of the Fund under the Employee Unit Purchase Plan of Jazz and in the Internet voting instructions.

Principal unitholders

As of March 28, 2008, to the knowledge of the trustees of the Fund, the following entity beneficially owned, or exercised control or direction over, directly or indirectly, units carrying more than 10% of the votes attached to all outstanding units entitled to vote in connection with any matters being proposed for consideration at the meeting.

Name of unitholder	Number of Units	% of Outstanding Units
West Face Capital Inc. ⁽¹⁾	14,021,535 units	11.4% of all outstanding units

(1) Based on publicly available early warning reports.

THE FUND, THE TRUST, JAZZ LP AND JAZZ GP

General

The Fund is an unincorporated, open-ended trust established under the laws of the Province of Ontario by a declaration of trust dated November 25, 2005 and amended by an amended and restated declaration of trust dated January 24, 2006 (the "**Fund Declaration of Trust**"). The Fund has been established to acquire and hold the units and trust notes of the Trust.

The Trust is an unincorporated, open-ended trust established under the laws of the Province of Ontario by a declaration of trust dated January 24, 2006. The Trust has been established to acquire and hold limited partnership units of Jazz LP and a corresponding interest in Jazz LP's general partner, Jazz GP.

Jazz LP is a limited partnership existing under the laws of the Province of Québec pursuant to a limited partnership agreement dated September 12, 2005, as amended by an amended and restated limited partnership agreement dated January 24, 2006.

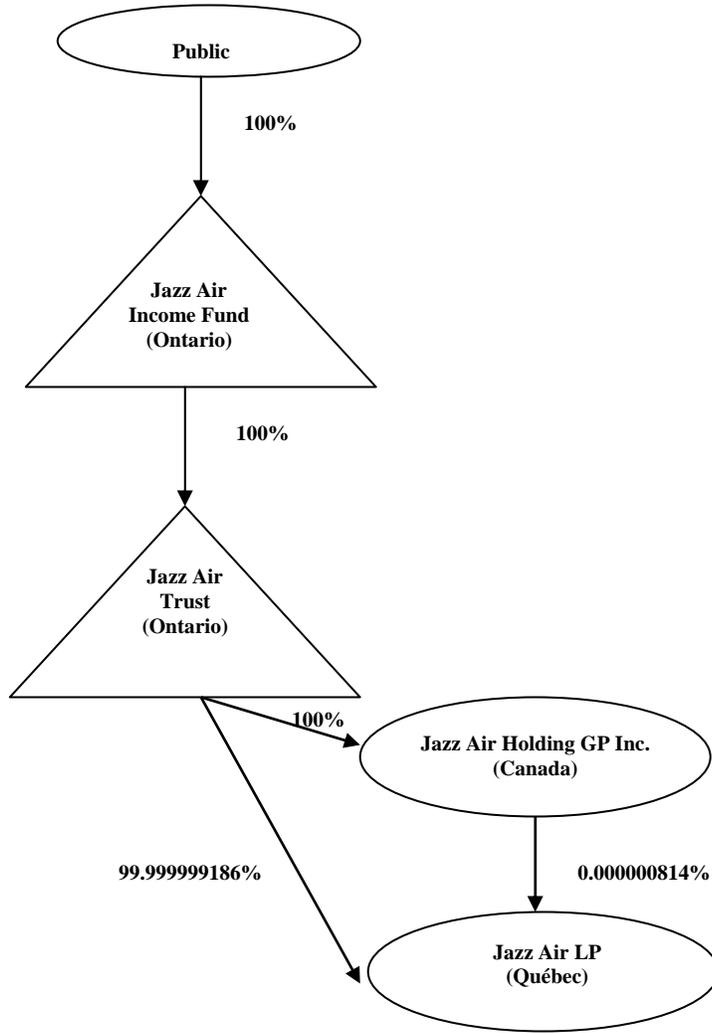
Jazz GP is a corporation incorporated under the laws of Canada on August 27, 2005 to act as the general partner of Jazz LP.

The head offices of the Fund, the Trust, Jazz LP and Jazz GP are located at 5100 de Maisonneuve Boulevard West, Montreal, Québec, Canada, H4A 3T2.



Intercorporate Relationship

The following chart illustrates the structure of the Fund as at March 28, 2008 (including jurisdiction of establishment/incorporation of the various entities).



BUSINESS OF THE MEETING

Four items will be covered at the meeting:

1. placement before the unitholders of the Fund of the restated consolidated financial statements of the Fund and the consolidated financial statements of Jazz LP for the year ended December 31, 2007, including the auditors' reports thereon;
2. election of the trustees of the Fund who will serve until the end of the next annual unitholder meeting or until their successors are appointed and direction to the trustees of the Fund and the Trust as to the appointment of the trustees of the Trust and the directors of Jazz GP;
3. appointment of the auditors of the Fund; and
4. consideration of such other business, if any, that may properly come before the meeting or any adjournment thereof.

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

1. Placement of financial statements of the Fund

The restated consolidated financial statements of the Fund and the consolidated financial statements of Jazz LP for the year ended December 31, 2007, including the auditors' reports thereon, are available on SEDAR at www.sedar.com. Copies of such statements will also be available at the meeting.

2. Election of the trustees of the Fund

Seven (7) trustees are to be elected to the Board of Trustees. Please see "The Nominated Trustees of the Fund and the Directors of Jazz GP" for more information. Trustees of the Fund elected at the meeting will serve until the end of the next annual unitholder meeting or until their successors are appointed.

All of the individuals to be nominated as trustees are currently members of the Board of Trustees and were appointed on January 24, 2006, except for Sydney John Isaacs, John T. McLennan and Joseph D. Randell who are being nominated for election as trustees of the Fund for the first time but who are currently members of the Board of Directors of Jazz GP and except for Gary M. Collins who is being nominated for election as trustee of the Fund for the first time.

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

3. Appointment of auditors

The Board of Trustees, on the advice of the Audit, Finance and Risk Committee, recommends that PricewaterhouseCoopers LLP, Chartered Accountants, be reappointed as auditors of the Fund. PricewaterhouseCoopers LLP has served as auditors of Jazz since February 19, 2001 and as auditors of the Fund since its inception on November 25, 2005. The auditors appointed at the meeting will serve until the end of the next annual unitholder meeting or until their successors are appointed.



Fees payable for the years ended December 31, 2007 and December 31, 2006 to PricewaterhouseCoopers LLP and its affiliates are \$571,588 and \$341,458, respectively, as detailed below:

	Year ended December 31, 2007	Year ended December 31, 2006
Audit fees	\$487,308	\$235,000
Audit-related fees	\$79,300	\$97,145
Tax fees	\$2,130	\$2,286
All other fees	\$2,850	\$7,027
	\$571,588	\$341,458

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of the Fund's and Jazz LP's annual financial statements, for the reviews of quarterly reporting by the Fund and Jazz LP and for services normally provided in connection with statutory and regulatory filings or engagements, including costs incurred in 2007 in connection with the secondary offering of units of the Fund.

Audit-related fees. Audit-related fees were paid for professional services related to pension plan audits and the translation of financial statements and related documents of the Fund and Jazz Air LP.

Tax fees. Tax fees were paid for professional services rendered with respect to payroll compliance.

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

Most of the audit and other fees paid to PricewaterhouseCoopers LLP and its affiliates in 2007 and 2006 relate to services rendered to Jazz LP.

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

4. Consideration of other business

We will:

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

THE NOMINATED TRUSTEES OF THE FUND AND THE DIRECTORS OF JAZZ GP

Nominated Trustees of the Fund

Pursuant to the Fund Declaration of Trust, the Board of Trustees shall be comprised of a minimum of three (3) and a maximum of ten (10) trustees and all trustees of the Fund shall be Canadians for the purposes of the *Canada Transportation Act*. Trustees of the Fund are elected annually. The number of trustees presently in office is three (3). However, seven (7) nominees are being proposed for election as trustees. Such seven (7) trustees of the Fund are to be elected at the meeting, each of whom is to hold office until the end of the next annual meeting of unitholders or until their successors are appointed. All nominees have established their eligibility and willingness to serve as trustees. If prior to the meeting, any of the listed nominees would become unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder.

Trustees of the Trust

According to the Fund Declaration of Trust, unitholders are entitled to direct and instruct the trustees of the Fund as to the manner in which the units of the Trust held by the Fund shall be voted in respect of the election of the trustees of the Trust. The Trust Declaration of Trust provides for a minimum of three (3) and a maximum of ten (10) trustees with the number of trustees of the Trust to be the same as the number of trustees of the Fund. All trustees of the Trust shall be Canadians for the purposes of the *Canada Transportation Act*. The number of trustees of the Trust presently in office is three (3). However, seven (7) nominees are being proposed for election as trustees. Trustees of the Trust are elected annually. The Fund intends to appoint as trustees of the Trust the same persons as will have been elected as trustees of the Fund. In accordance with the Fund Declaration of Trust, a vote by unitholders of the Fund in favour of the nominees presented for election as trustees of the Fund shall constitute such unitholders' directions and instructions to the trustees of the Fund to vote the units of the Trust held by the Fund in favour of the appointment of such nominees as trustees of the Trust. Each trustee of the Trust elected will hold office until the next annual meeting or until his successor is elected or appointed, unless his office is vacated earlier.

Directors of Jazz GP

Pursuant to the articles of incorporation of Jazz GP, the board of directors of Jazz GP (the "**Board of Directors**") shall be comprised of a minimum of one (1) and a maximum of fifteen (15) directors. Pursuant to the by-laws of Jazz GP, a majority of directors of Jazz GP must be Canadian residents.

A vote by unitholders of the Fund in favour of the nominees presented for election as trustees of the Fund shall constitute such unitholders' directions and instructions to the trustees of the Fund to direct and instruct the trustees of the Trust to vote the shares of Jazz GP held by the Trust in favour of the appointment of such nominees as directors of Jazz GP. Each director of Jazz GP will hold office until his successor is elected or appointed or until such director is replaced at a meeting of shareholders of Jazz GP, unless his office is vacated earlier.

The number of directors presently in office is seven (7). However, eight (8) individuals are being proposed as directors of Jazz GP, being the seven (7) nominees as trustees of the Fund and Bryan L. Rishforth. Pursuant to the respective declarations of trust of the Fund and the Trust, Mr. Bryan Rishforth is not eligible to be elected as a trustee of the Fund and appointed as a trustee of the Trust as he is not a Canadian for the purposes of the *Canada Transportation Act*. Mr. Rishforth will be appointed as a director of Jazz GP by the trustees of the Trust. Mr. Rishforth has been a director of Jazz GP since January 2006.

Termination of the Securityholders' Agreement

The Fund, the Trust, ACE Aviation Holdings Inc. ("**ACE Aviation**"), Jazz LP and Jazz GP were previously the parties to a unanimous securityholders' agreement (the "**Securityholders' Agreement**") entered into on the closing of the initial public offering of the Fund among the Fund, the Trust, Jazz LP, Jazz GP and ACE Aviation governing their securityholdings in, and the business and affairs of, Jazz GP and Jazz LP. The Securityholders' Agreement includes provisions allowing ACE Aviation to nominate a certain number of directors of Jazz GP based on its ownership level in Jazz GP. ACE Aviation exercised its exchange rights under the Investor Liquidity Agreement (as defined below) on February 9, 2007, March 14, 2007, March 14, 2007 and March 30, 2007 and exchanged 638,223 units of Jazz LP ("**LP Units**"), 25,000,000 LP Units, 25,000,000 LP Units and 47,226,920 LP Units, on each such

respective dates, and equivalent numbers of Jazz GP common shares, into units of the Fund. As a result, ACE Aviation no longer holds any of the issued and outstanding LP Units or Jazz GP common shares.

Pursuant to an amendment to the Securityholders' Agreement entered into on May 24, 2007 among ACE Aviation, the Trust and Jazz GP, ACE Aviation, as a holder of units of the Fund, continued to have the right to appoint the majority of the directors of Jazz GP for as long as it held, directly or indirectly (including through the ownership of units of the Fund), 20% or more of the issued and outstanding Jazz GP common shares. On October 22, 2007, ACE Aviation disposed of a further 35,500,000 units of the Fund, thereby reducing its indirect ownership in Jazz GP to 20.1%. As at December 31, 2007, ACE Aviation, through its holding of 20.1% of the issued and outstanding units of the Fund, indirectly held 20.1% of the Jazz GP common shares. On January 24, 2008, ACE Aviation sold 13 million units of the Fund, thereby reducing its ownership in the Fund to 9.5%. As a result, ACE Aviation no longer had the ability to appoint the majority of the board of directors of Jazz GP pursuant to the Securityholders' Agreement.

The Fund, the Trust, Jazz LP, Jazz GP and ACE Aviation terminated the Securityholders' Agreement effective as of February 7, 2008.

Biographies

The table below sets out, among other things, the names of the seven (7) proposed nominees for election as trustees of the Fund, the names of the eight (8) proposed directors of Jazz GP, together with their municipality of residence, the date they became trustees of the Fund and/or directors of Jazz GP, their principal occupation and other principal directorships and committee memberships. Also indicated is the number of units beneficially owned, or over which control or direction was exercised, directly or indirectly, as of March 28, 2008.

GARY M. COLLINS

Vancouver, British Columbia

*First Nomination for Election as Trustee of the Fund
and Appointment as Director of Jazz GP*



Gary M. Collins is Senior Vice President of Belcorp Industries Inc., a position he has held since April 2007. Mr. Collins was the President and Chief Executive Officer of Harmony Airways from December 2004 until December 2006. From October 1991 to December 2004 he was a member of the British Columbia Legislative Assembly and held the portfolio of Minister of Finance from June 2001 to December 2004. Mr. Collins is a director of Catalyst Paper Corporation, Rogers Sugar Income Fund and Liquor Stores Income Fund.

Nil units of Jazz Air Income Fund

SYDNEY JOHN ISAACS

Montréal, Québec

*First Nomination for Election as Trustee of the Fund
and Director of Jazz GP since January 1, 2008*



Sydney John Isaacs is Senior Vice President, Corporate Development and Chief Legal Officer, for ACE Aviation, a position he has held since November 2004.

He joined Air Canada in 2000, initially in a business development capacity, and subsequently became Senior Director, Mergers & Acquisitions, and then Senior Director, Restructuring. Mr. Isaacs was previously a partner at Stikeman Elliott LLP, where he advised clients on a variety of corporate and commercial matters.

Member of the Governance and Corporate Matters Committee

1,000 units of Jazz Air Income Fund

KATHERINE M. LEE

Toronto, Ontario

Trustee of the Fund and Director of Jazz GP since January 24, 2006



Katherine M. Lee is a chartered accountant who has been the Managing Director at GE Real Estate Canada since January 2002. Ms. Lee joined GE Capital Realty Group in January 1995 following a career at Ernst & Young LLP, where she held a variety of positions, starting as staff accountant to insolvency and corporate recovery manager. From 1995 to 1997, Ms. Lee was the Portfolio and Business Development Manager for GE Capital Realty Group in Canada, from 1997 to 1999, Director, Mergers and Acquisitions for GE Capital's Pension Fund Advisory Services based in San Francisco, and from 1999 to 2001, Ms. Lee was the Managing Director of GE Capital Real Estate — Korea based in Seoul and Tokyo.

Chair of the Audit, Finance and Risk Committee

Member of the Human Resources and Compensation Committee and the Nominating Committee.

5,000 units of Jazz Air Income Fund

G. ROSS MACCORMACK

Newport, Vermont,
United States

Trustee of the Fund and Director of Jazz GP since January 24, 2006



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

Chair of the Human Resources and Compensation Committee

Member of the Nominating Committee and the Governance and Corporate Matters Committee

2,000 units of Jazz Air Income Fund

RICHARD H. McCOY

Toronto, Ontario

*Trustee of the Fund since January 24, 2006
and Director of Jazz GP since January 1, 2008*



Richard H. McCoy is a corporate director. Mr. McCoy is also a director of Rothmans Inc., Aberdeen Asia-Pacific Income Fund Ltd., MDS Inc., Uranium Participation Corporation, Pizza Pizza Royalty Income Fund, Gerdau Ameristeel Inc. and ACE Aviation. Mr. McCoy has over 35 years experience in the investment industry. From May 1997 to October 31, 2003, Mr. McCoy was Vice-Chairman, Investment Banking at TD Securities. Prior to joining TD Securities in 1997, Mr. McCoy was deputy Chairman of CIBC Wood Gundy Securities.

Chairman of the Board of Trustees and the Board of Directors

16,294 units of Jazz Air Income Fund



JOHN T. McLENNAN
 Mahone Bay, Nova Scotia

*First Nomination for Election as Trustee of the Fund
 and Director of Jazz GP since January 24, 2006*



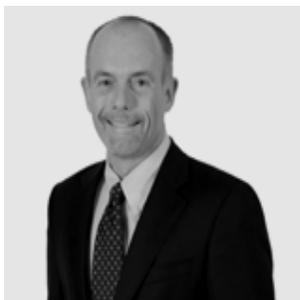
John T. McLennan is a corporate director. Mr. McLennan is a director of Amdocs Ltd., Emera and ACE Aviation. Mr. McLennan was Vice-Chairman and Chief Executive Officer of Allstream from May 2000 until June 2004. Prior to that position, he served as AT&T Canada's Vice Chairman and Chief Executive Officer.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

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

13,238 units of Jazz Air Income Fund

JOSEPH D. RANDELL
 Waverley, Nova Scotia

*First Nomination for Election as Trustee of the Fund
 and Director of Jazz GP since January 24, 2006*



Joseph (Joe) D. Randell has been President and Chief Executive Officer of Jazz since June 2002. Mr. Randell began his career in the airline industry with Eastern Provincial Airways in 1976. Mr. Randell helped found Air Nova in 1985 and served as its President. In 1999, Mr. Randell led the consolidation of Air Nova and Air Alliance, the eastern based Air Canada regional carriers. Under Mr. Randell's direction, further consolidation of Air Ontario, Air BC and Canadian Regional led to the creation of Jazz. Mr. Randell is the former Chairman of the Board of Directors of the Air Transportation Association of Canada and he currently serves as a member of the Board. Mr. Randell also currently serves as the only Canadian director on the Board of the Regional Airline Association. Mr. Randell holds a Bachelor of Industrial Engineering with distinction from the Technical University of Nova Scotia and a Masters Degree in Business Administration from the Memorial University, Newfoundland.

52,650 units of Jazz Air Income Fund

BRYAN L. RISHFORTH

Bryn Mawr, Pennsylvania,
United States



Director of Jazz GP since January 24, 2006

Bryan L. Rishforth is a corporate director. He is Founder and Managing Partner of R&R Global Partners, Ltd., an international private equity advisory firm specializing in assisting company boards and management teams of public and private entities. In 2005, Mr. Rishforth founded Cerberus Capital Consultants, LLC to provide private equity advisory and operations management services to Cerberus Capital Management, LP, as Senior Executive Advisor. Previously, at GE and GE Capital he served in senior leadership and executive management positions across its manufacturing, services and financing businesses, including roles as general manager and division executive. As Chief Risk Manager of GE Aviation, he led the oversight, management and profitable growth of GE's \$20 billion engine service agreement portfolio. Mr. Rishforth is a former board member of Sylvania Lighting International and Peguform Automotive, and is Vice-Chairman Emeritus of Global Motorsport Group. He is an active member of the Mid-Atlantic Capital Alliance, the Eastern Technology Council, and Philadelphia's Business Leaders Network. Mr. Rishforth is an Electrical Engineering Eta Kappa Nu honors graduate from Drexel University and an alumnus of GE's Executive Development, Corporate Audit Staff and Advanced Six Sigma programs.

Chair of the Governance and Corporate Matters Committee, Chair of the Nominating Committee and member of the Audit, Finance and Risk Committee.

6,000 units of Jazz Air Income Fund held indirectly

REMUNERATION OF THE TRUSTEES OF THE FUND AND THE DIRECTORS OF JAZZ GP

The compensation structure of the Board of Trustees and the Board of Directors is designed to attract and retain highly talented and experienced trustees and directors, leading to the long-term success of Jazz. This requires that trustees of the Fund and directors of Jazz GP be adequately and competitively compensated.

The Board of Trustees has determined that the trustees of the Fund should be compensated in a form and amount which is appropriate and which is customary for comparable funds, having regard for such matters as time commitment, responsibility and trends in trustee compensation. The Board of Directors has determined that the directors of Jazz GP should be compensated in a form and amount which is appropriate and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

Trustees of the Fund and directors of Jazz GP (other than the Chairman and executive trustees) receive an annual retainer of \$45,000; provided that trustees of the Fund who are also directors of Jazz GP receive a single retainer of \$45,000 for their dual capacity. The Chairman receives an annual retainer of \$75,000.

Trustees of the Fund and directors of Jazz GP (other than the Chairman and executive trustees) also receive an additional retainer of \$15,000, \$7,500, \$7,500 and \$7,500, respectively, if they chair the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Human Resources and Compensation Committee and the Nominating Committee. Members of the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Human Resources and Compensation Committee and the Nominating Committee receive, respectively, an additional retainer of \$5,000, \$2,500, \$2,500 and \$2,500.

Trustees of the Fund and directors of Jazz GP are reimbursed for travel and out-of-pocket expenses incurred in attending meetings of the Board of Trustees, the Board or Directors or the committees, as applicable.

CERTAIN PROCEEDINGS

To the knowledge of the Fund, none of the proposed nominees for election as trustees of the Fund and none of the proposed directors of Jazz GP (a) are, as at the date hereof, or have been, within 10 years before the date of this circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as the date of this circular, or have been within 10 years before the date of this circular, a director or executive officer of any company that, while person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) have, within the 10 years before the date of this circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee, except for:

- (i) John T. McLennan was the Chief Executive Officer of AT&T Canada when AT&T Canada filed for protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") on October 15, 2002;
- (ii) Joseph D. Randell was the President and Chief Executive Officer of Jazz Air Inc. when it filed for protection under the CCAA on April 1, 2003; and
- (iii) G. Ross MacCormack was an officer of Air Canada when it filed for protection under the CCAA on April 1, 2003.

STATEMENT OF GOVERNANCE PRACTICES

The Board of Trustees and the Board of Directors have extensively reviewed the respective governance practices of the Fund and Jazz GP and conclude that the Fund and Jazz GP comply with the requirements of *National Instrument 58-101 - Disclosure of Corporate Governance Practices*. The Fund and Jazz GP are regularly adjusting their governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to their governance practices if need be.

Board of Trustees

Independence

The Charter of the Board of Trustees provides that the Board of Trustees shall at all times be constituted of a majority of individuals who are independent. Based on the information received from each nominee and having taken into account the independence criteria set forth below, the Board of Trustees concluded that all nominees standing for election to the Board of Trustees, other than Joseph D. Randell and Sydney John Isaacs, are independent and unrelated.

Each of the nominees standing for election to the Board of Trustees, other than Joseph D. Randell and Sydney John Isaacs, are "independent" trustees in that each of them has no material relationship with the Fund and, in the reasonable opinion of the Board of Trustees, are unrelated and independent under the laws, regulations and listing requirements to which the Fund is subject.

Joseph D. Randell is not independent because he is the President and Chief Executive Officer of Jazz. Sydney John Isaacs is deemed not to be independent under applicable securities rules because he is an executive officer of ACE Aviation, which was previously an affiliate of Jazz GP. ACE Aviation is no longer an affiliate of Jazz GP.

Board of Directors

Independence

The Charter of the Board of Directors provides that the Board of Directors shall at all times be constituted of a majority of individuals who are independent. Based on the information received from each director of Jazz GP and having taken into account the independence criteria set forth below, the Board of Directors concluded that all directors of the Board of Directors, other than Joseph D. Randell and Sydney John Isaacs, are independent and unrelated.

Each of the directors of Jazz GP other than Joseph D. Randell and Sydney John Isaacs are "independent" directors in that each of them has no material relationship with Jazz GP and, in the reasonable opinion of the Board of Directors, are unrelated and independent under the applicable laws, regulations and listing requirements.

Joseph D. Randell is not independent because he is the President and Chief Executive Officer of Jazz. Sydney John Isaacs is deemed not to be independent under applicable securities rules because he is an executive officer of ACE Aviation, which was previously an affiliate of Jazz GP. ACE Aviation is no longer an affiliate of Jazz GP.

Directorships of Other Reporting Issuers

Gary M. Collins, Richard H. McCoy and John T. McLennan are presently directors of several public entities. Gary M. Collins is currently a director of Catalyst Paper Corporation, Roger Sugar Income Fund and Liquor Stores Income Fund. Richard H. McCoy is currently a director of Rothmans Inc., Aberdeen Asia Pacific Income Fund Ltd., MDS Inc., Uranium Participation Corporation, Pizza Pizza Royalty Income Fund, Gerdau Ameristeel Inc. and ACE Aviation. John T. McLennan is currently a director of Amdocs Ltd., Emera and ACE Aviation.

Please see "The Nominated Trustees of the Fund and the Directors of Jazz GP" in this circular for additional information relating to each trustee of the Fund standing for nomination and to each director of Jazz GP, including other company boards on which they serve.

Chair of the Board of Directors

The nominated Chairman of the Board of Trustees and the Board of Directors is independent.

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

Independent Trustees' and Directors' Meetings

Each of the members of the Board of Trustees and of the Board of Directors, with the exception of Joseph D. Randell and Sydney John Isaacs, is independent.

The Board of Trustees have held joint meetings with the Board of Directors, at which meetings time is specifically reserved for trustees and non-management directors to hold "in camera" sessions, in the absence of the members of the management of Jazz. At each such meeting, the trustees and directors consider whether an "in camera" meeting would be appropriate in the circumstances. Questions and comments formulated during such "in camera" sessions are then passed on to the members of the management of Jazz who were excluded from the "in camera" sessions. During the year ended December 31, 2007, 4 in-camera sessions were held in the absence of management and no in-camera session was held where only the independent trustees of the Fund and the independent directors of Jazz GP were present.

Attendance Record

See "Schedule A" of this circular for the attendance records of each trustee of the Fund and director of Jazz GP for each of the meetings of the Board of Trustees, the Board of Directors and the Committees.

Board Size

The Board of Trustees was comprised of five (5) trustees during the year ended December 31, 2007. Marvin Yontef and Robert Brown resigned as trustees of the Fund effective January 1, 2008. Seven (7) nominees are being proposed in this circular as trustees of the Fund. The Board of Trustees is of the view that such size and composition are adequate and allow for the efficient functioning of the Board of Trustees as a decision making body. The Board of Directors is currently comprised of seven (7) directors and eight (8) directors are being proposed in this circular as directors of Jazz GP. The Board of Directors is of the view that such size and composition are adequate and allow for the efficient functioning of the Board of Directors as a decision making body.

Board Mandates

Each of the Board of Trustees and the Board of Directors has adopted a written charter which sets out, among other things, its roles and responsibilities. The Charter of the Board of Trustees can be found at "Schedule B" to this circular and the Charter of the Board of Directors can be found at "Schedule C" to this circular.

Position Descriptions

President and Chief Executive Officer

The Board of Directors has adopted a position description for Joseph D. Randell, the President and Chief Executive Officer of Jazz. As President and Chief Executive Officer ("CEO"), the CEO shall have full responsibility for the day-to-day operations of Jazz's business in accordance with its strategic plan and operating and capital budgets as approved by the Board of Directors. The CEO is accountable to the shareholders of Jazz GP, through the Board of Directors, for the overall management of Jazz, and for conformity with policies agreed upon by the Board of Directors. The approval of the Board of Directors (or appropriate Committee) shall be required for all significant decisions outside of the ordinary course of Jazz's business.

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

Chair of each Committee

The Chairs of the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Human Resources and Compensation Committee and the Nominating Committee, are respectively, Katherine M. Lee, Bryan L. Rishforth, G. Ross MacCormack and Bryan L. Rishforth.

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

Orientation and Continuing Education

The Fund and Jazz GP have in place an orientation program for new trustees of the Fund and new directors of Jazz GP. New trustees and new directors are invited to attend orientation sessions with members of senior management of Jazz as well as with the CEO to improve their understanding of Jazz's business. Each new trustee and new director is also asked to review the Charter of the Board of Trustees, the Charter of the Board of Directors, the Charter of each Committee and the position descriptions of the Chairman of the Board of Directors, the President and Chief Executive Officer and the Chair of each Committee in order to fully grasp the role he or she is expected to play as a trustee, director and/or Committee member.

As part of its mandate, the Governance and Corporate Matters Committee is also responsible for providing a continuous education program for the trustees of the Fund and directors of Jazz GP. Jazz has in place a continuous education program. In this regard, Jazz provides trustees and directors with regular reports on the operations and finances of Jazz. Management periodically gives trustees and directors analyst studies, industry studies and benchmarking information. At each regular board meeting, the trustees and directors are provided with updates and short summaries of relevant information. Documentation and selected presentations are also provided to trustees and directors to ensure that their knowledge and understanding of Jazz's business remains current. Furthermore, facility

tours are provided to trustees and directors so they can enhance their understanding of the operational aspects of Jazz's business. In addition, in 2008, Jazz plans to invite a guest speaker to present to the trustees and directors the latest trends and best practices on corporate governance matters and other topics of interest.

Corporate Policy and Guidelines on Business Conduct

Jazz has adopted a Corporate Policy and Guidelines on Business Conduct (the "**Code**") which was approved by the Board of Trustees and the Board of Directors on August 10, 2006. The Code applies to all trustees of the Fund, directors of Jazz GP and officers and employees of Jazz. A copy of the Code can be obtained on SEDAR at www.sedar.com or on Jazz's website at www.flyjazz.com. The Code addresses, among other things, the following issues:

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

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

In addition to the relevant provisions of the *Canada Business Corporations Act* applicable to directors of Jazz GP, the Charter of the Board of Trustees and the Charter of the Board of Directors provide that the trustees of the Fund and the directors of Jazz GP shall disclose all actual or potential conflicts of interest and refrain from voting, on matters in which the trustee or the director has a conflict of interest. The charters also provide that a trustee or director shall excuse himself or herself from any discussion or decision on any matter in which the trustee or director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

Nomination of Trustees and Directors

The Nominating Committee is composed entirely of independent trustees of the Fund and directors of Jazz GP. It is responsible for considering and making recommendations on the desired size of the Board of Trustees and the Board of Directors, the need for recruitment and the expected skill-set of new candidates. In consultation with the Chairman of the Board of Directors and the CEO, the Nominating Committee determines the expected skill-set of new candidates by taking into account the existing strength of the Board of Trustees and of the Board of Directors and the needs of the Fund and Jazz. The Nominating Committee then reviews and recommends the candidates for nomination as trustees and directors and approves the final choice of candidates for nomination and election as trustees of the Fund by the unitholders of the Fund. Trustees and directors must have an appropriate mix of skills,

knowledge and experience in business and an understanding of the industry and the geographical areas in which Jazz operates. Trustees and directors selected should be able to commit the requisite time for all of the applicable board's business. Trustees and directors are expected to possess the following characteristics and traits:

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

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

Compensation

The Human Resources and Compensation Committee is composed entirely of independent trustees of the Fund and directors of Jazz GP. Please see the section "Remuneration of the Trustees of the Fund and the Directors of Jazz GP" of this circular for the criteria used to determine the remuneration of the trustees of the Fund and the directors of Jazz GP. Please see the section "Report on Executive Compensation by the Human Resources and Compensation Committee" of this circular for the process and criteria used to determine the compensation of the officers of Jazz.

Please see the section "Committees" of this circular for a description of the responsibilities, powers and operations of the Human Resources and Compensation Committee.

Other Board Committees

There are four joint Committees of the Board of Trustees and of the Board of Directors: the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Nominating Committee and the Human Resources and Compensation Committee (collectively, the "**Committees**"). The roles and responsibilities of each Committee are described in the respective Committee charters. Please see the section "Committees" of this circular for a description of the responsibilities, powers and operations of such Committees.

Assessments

The Governance and Corporate Matters Committee assumes the responsibility of assessing the effectiveness of the Board of Trustees and of the Board of Directors, the Committees and the contribution of individual trustees and directors on an annual basis.

It is the role of the Chairman of the Governance and Corporate Matters Committee to assess, on an annual basis, the contribution of each individual trustee and director, the effectiveness of the Board of Trustees and the Board of Directors and the effectiveness of the Committees. For this purpose, the Chairman of the Governance and Corporate Matters Committee will conduct private meetings with each trustee and director. During those meetings, the Chairman of the Governance and Corporate Matters Committee will review with each trustee and director their



assessment of the effectiveness of the Board of Trustees and the Board of Directors and their Committees and their personal contribution. Thereafter, a presentation will be made to the Board of Trustees and the Board of Directors. Also, on a quarterly basis, the Chair of each committee reports to the Board of Trustees and the Board of Directors on the activities of the Committee. If appropriate, the Board of Trustees and the Board of Directors will then consider procedural or substantive changes to increase the effectiveness of the Board of Trustees and the Board of Directors and their Committees.

COMMITTEES

The Board of Trustees and the Board of Directors have four joint standing committees:

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

All joint committees of the Board of Trustees and the Board of Directors are composed of independent trustees of the Fund and independent directors of Jazz GP, except for the Governance and Corporate Matters Committee which is composed of a majority of independent trustees of the Fund and directors of Jazz GP. The roles and responsibilities of each committee are set out in formal written charters. These charters will be reviewed annually to ensure that they reflect best practices as well as applicable regulatory requirements.

This section includes reports from each Committee, which tell you about its members, responsibilities and activities.

Audit, Finance and Risk Committee

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

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

- To assist the Board of Trustees and the Board of Directors in the discharge of its responsibility to monitor the component parts of the Fund's and Jazz LP's financial reporting and audit process.
- To maintain and enhance the quality, credibility and objectivity of the Fund's and Jazz LP's financial reporting and to satisfy itself and oversee management's responsibility as to the adequacy of the supporting systems of internal financial and accounting controls.
- To assist the Board of Trustees and the Board of Directors in their oversight of the independence, qualifications and appointment of the external auditor.
- To monitor the performance of the internal financial and accounting controls and of the internal and external auditors.
- To provide independent communication between the Board of Trustees and the Board of Directors and the internal auditor and the external auditor.

- To facilitate in-depth and candid discussions between the Audit, Finance and Risk Committee and management and the external auditor regarding significant issues involving judgment and impacting quality of controls and reporting.

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

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

- Review actual financial performance compared to budget.
- Ensure corporate compliance with applicable legislation with respect to the environment as well as occupational health and safety, and safety in general.
- Review the management corporate policies, procedures, reports regarding environmental matters.
- Review with management and Jazz LP's environmental officer the results of environment audits and recommendation resulting therefrom.
- Monitor as required compliance with applicable legislation in the area of occupational health and safety, and safety in general.
- Review and approve the investment structure and policy for pension plans.
- Review matters pertaining to funding, funding policy, investment policy, investment return and other investment matters for pension plans.
- Approve the actuary and consultants for pension matters and approve the pension accounting for the plans.
- Make recommendations to the Board of Directors.

The Audit, Finance and Risk Committee met five (5) times during the period from January 1, 2007 to December 31, 2007.

The Audit, Finance and Risk Committee is currently composed of:

Members: Katherine M. Lee, Chair
John T. McLennan
Bryan L. Rishforth

Governance and Corporate Matters Committee

The Governance and Corporate Matters Committee shall be comprised of not less than three trustees and/or directors of Jazz GP as determined by the Board of Trustees and the Board of Directors, all of whom shall comply with eligibility and qualification standards under applicable legislation in effect from time to time.

The primary objective of the Governance and Corporate Matters Committee is to assist the Board of Trustees and the Board of Directors in fulfilling their responsibilities by ensuring that corporate governance guidelines are adopted, disclosed and applied including trustee/director qualification standards, trustee/director responsibilities, trustee/director access to management and independent advisors, trustee/director compensation, trustee/director orientation and continuing education, management succession and annual performance evaluation of the Board of Trustees and the Board of Directors:

The Governance and Corporate Matters Committee's responsibilities include the following:

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

- Make recommendations to the Board of Trustees and the Board of Directors with respect to monitoring, adoption and disclosure of corporate governance guidelines.
- Recommend the types, charters and composition of the board committees.
- Recommend the nominees to the chairmanship of the board committees.
- Monitor the governance structure and, as required, report to the Board of Trustees and the Board of Directors on the necessity or advisability of modifications to such structure.
- Review such other corporate governance and strategic planning committee functions customarily carried out by such committees as well as such other matters which may be referred to it by the Board of Trustees or the Board of Directors from time to time.

The Governance and Corporate Matters Committee met four (4) times during the period from January 1, 2007 to December 31, 2007.

The Governance and Corporate Matters Committee is currently composed of:

Members: Bryan L. Rishforth, Chair
Sydney John Isaacs
G. Ross MacCormack

Human Resources and Compensation Committee

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

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

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

- Develop compensation philosophy and guidelines.
- Review and approve corporate goals, objectives and business performance measures relevant to the compensation of the President and Chief Executive Officer, evaluate the President and Chief Executive Officer's performance in light of those goals, objectives and business performance measures, and make recommendations to the Board of Directors with respect to the President and Chief Executive Officer's compensation level based on this evaluation.
- Make recommendations to the Board of Directors with respect to officer's compensation, incentive compensation and equity-based plans.
- Review and make recommendations to the Board of Directors with respect to incentive compensation plans and equity based plans and any amendments thereto.
- Review and approve, on behalf of the Board of Directors, salary ranges for all positions including executive management.
- Administer the equity-based plans.

- Review executive compensation disclosure before public dissemination, including the review of the annual report of senior management compensation for inclusion in the Fund's proxy circular, in accordance with applicable rules and regulations.
- Review on an ongoing basis management's organization plans and essential elements of succession plans for executive management of Jazz and its subsidiaries so as to ensure that successors have been identified and that their career development is appropriate in the context of the challenges facing the organization.
- Review and approve the training, monitoring and development of senior officers.
- Review and approve the senior management organizations and reporting structure.
- Review and approve the contingency plans in the event of the disability of key executives.
- Approve the design of, and amendments to, pension plans and, on recommendation of the Chief Executive Officer, approve the appointment of members of the pension committee and trustees of pension plans.
- Monitor the pension communication strategy for compliance with disclosure requirements.

The Human Resources and Compensation Committee met four (4) times during the period from January 1, 2007 to December 31, 2007.

The Human Resources and Compensation Committee is currently composed of:

Members: G. Ross MacCormack, Chair
 Katherine M. Lee
 John T. McLennan

Nominating Committee

The Nominating Committee shall be comprised of not less than three trustees of the Fund and/or directors of Jazz GP as determined by the Board of Trustees and the Board of Directors, all of whom shall be independent (as defined under applicable securities laws).

The primary objective of the Nominating Committee is to assist the Board of Trustees and the Board of Directors in fulfilling their responsibilities by identifying individuals qualified to become new board members and recommending to the Board of Directors the new trustee nominees for each annual meeting of unitholders of the Fund.

The responsibilities of the Nominating Committee include the following:

- Assist each of the Board of Trustees and the Board of Directors in determining what competencies and skills such board, as a whole, should possess and what competencies and skills each existing trustee and/or director possesses.
- Assist each of the Board of Trustees and the Board of Directors in determining the appropriate size of such board, with a view to facilitating effective decision-making.
- Develop and review criteria regarding personal qualification for board membership, such as background, experience, technical skill, affiliations and personal characteristics, and develop a process for identifying and recommending candidates.
- Identify individuals qualified to become new board members and recommend them to the Board of Directors.
- Consider whether or not each new nominee can devote sufficient time and resources to his duties as a board member.
- Recommend the slate of trustee nominees for each annual meeting of unitholders of the Fund.



- Recommend candidates to fill vacancies on the Board of Trustees occurring between annual meetings of unitholders of the Fund.
- Review and make recommendations relative to non-management nominees of Jazz GP to the boards of subsidiaries of Jazz LP or of companies in which Jazz LP has an interest.

The Nominating Committee met three (3) times during the period from January 1, 2007 to December 31, 2007.

The Nominating Committee is currently composed of:

Members: Bryan L. Rishforth, Chair
 Katherine M. Lee
 G. Ross MacCormack

COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The following summary compensation table presents certain compensation information for Joseph D. Randell, the President and Chief Executive Officer of Jazz since June 2002, Allan Rowe, the Senior Vice President and Chief Financial Officer of Jazz since August 1, 2004 and the three next most highly compensated executive officers (the "Named Executive Officers") of Jazz as at December 31, 2007.

Name and Principal Position	Year	Annual Compensation			Long-term Compensation			All Other Compensation ⁽⁵⁾ (\$)
		Salary (\$)	Bonus ⁽¹⁾ (\$)	Other Annual Compensation ⁽²⁾ (\$)	Awards		Payouts	
					Securities Under Options/Units Granted (#)		Long-Term Incentive Plan Payouts ⁽⁴⁾ (\$)	
					Options	Fund Units ⁽³⁾		
Joseph D. Randell President and Chief Executive Officer	2007	440,082	362,972	-	-	-	330,595	-
	2006	391,621	409,009	-	-	200,000	311,643	-
	2005	300,982	227,663	-	-	-	-	-
Allan Rowe Senior Vice President and Chief Financial Officer	2007	268,139	156,111	-	-	-	99,179	-
	2006	247,884	196,919	-	-	60,000	93,493	-
	2005	225,000	138,720	-	-	-	-	-
Bill Bredt Senior Vice President and Chief Operating Officer	2007	282,521	164,484	-	-	-	109,096	-
	2006	271,250	217,070	-	-	66,000	102,842	-
	2005	230,000	125,097	-	-	-	-	387
Colin Copp Vice President, Employee Relations	2007	178,078	68,284	-	-	-	43,638	-
	2006	164,154	89,365	-	-	26,400	41,136	-
	2005	155,000	63,050	-	-	-	-	-
Richard Steer Vice President, Maintenance and Engineering ⁽⁶⁾	2007	178,078	68,284	-	-	-	43,638	-
	2006	162,884	68,314	-	-	26,400	41,136	-
	2005	111,923	55,648	-	-	-	-	-

(1) The amount in this column reflects bonuses paid for each fiscal year under the Annual Incentive and Profit Sharing/Ensemble programs.

(2) Perquisites and other personal benefits do not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus for the Named Executive Officers.

(3) The amounts in this column for 2006 represent a grant of units of the Fund under the Initial LTIP (as defined below) in connection with the Fund's initial public offering on February 2, 2006. With respect to the Initial LTIP, ACE Aviation transferred 638,223 units of the Fund to a trustee further to an exchange by ACE Aviation of limited partnership units of Jazz LP into units of the Fund pursuant to the Investor Liquidity Agreement. Please see the section "Report on the Executive Compensation by the Human Resources and Compensation Committee – Long Term Incentive Plans – Initial Long Term Incentive Plan" of this



- circular for details of the Initial LTIP. An ongoing Long Term Incentive Plan was approved by the Board on August 8, 2006 (amendment on November 9, 2006), however no units were granted under the Ongoing LTIP in 2006 as the LTIPs effective date is January 1, 2007.
- (4) On February 6, 2008, the Human Resources and Compensation Committee approved the vesting of one-third of the performance-based units of the Fund granted under the Initial LTIP, such vested performance-based units representing one-sixth of all units of the Fund granted under the Initial LTIP. The amounts shown in this column represent the value of the vested units at \$8.01 per unit being the closing price of the units of the Fund on the Toronto Stock Exchange on February 19, 2008, plus the distributions paid per unit for the months of January to December 2007.
 - (5) The amounts in this column for 2005 represents shares of ACE Aviation received by the employees of Air Canada pursuant to the settlement of the non-union claim that was filed with the court on behalf of the Named Executive Officers (and all other employees) in connection with Air Canada's emergence from the CCAA proceedings and was based on lost wages, holidays, vacation and foregone Employee Share Ownership Plan company matches for 2003 and 2002. Settlement upon emergence from CCAA was in the form of ACE Aviation shares, valued at \$20.
 - (6) Richard Steer was hired on March 15, 2005 in the position of Vice President, Maintenance and Engineering. The salary and bonus for 2005 reflect the period of employment from March 15 – December 31, 2005.

Aggregate compensation

The aggregate compensation paid by Jazz to its eleven (11) full-time officers (including one officer who served until September 3, 2007) for services rendered during the financial year ended December 31, 2007 was \$2,372,163 plus bonuses of \$1,171,106. The value of the perquisites and other personal benefits received in respect of the financial year ended December 31, 2007 by these officers of Jazz does not exceed 10% of the above-mentioned cash remuneration.

Units of the Fund Granted During the Most Recently Completed Financial Year

The following table details the grants to the Named Executive Officers of units of the Fund under the Ongoing LTIP (as defined below). On February 7, 2007 the Human Resources and Compensation Committee approved the Ongoing LTIP grant. For further details as to the terms of these grants and relevant vesting period, see the section "Report on Executive Compensation by the Human Resources and Compensation Committee – Long-Term Incentive Plans – Ongoing Long-Term Incentive Plan" in this circular.

Name	Securities, Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout ⁽¹⁾	Estimated Future Payouts Under Non-Securities-Price-Based Plans		
			Threshold (#) ⁽²⁾	Target (#) ⁽³⁾	Maximum (#)
Joseph D. Randell	48,714	February 1, 2010	38,971	48,714	48,714
Allan Rowe	18,268	February 1, 2010	14,614	18,268	18,268
Bill Bredt	20,094	February 1, 2010	16,075	20,094	20,094
Colin Copp	8,038	February 1, 2010	6,430	8,038	8,038
Richard Steer	8,038	February 1, 2010	6,430	8,038	8,038

- (1) The February 1, 2010 date is an estimate of when the Human Resources and Compensation Committee will meet to determine vesting of the Fund units granted as stated hereunder.
- (2) The units will vest on or around February 1, 2010 if the aggregate distributable income per unit target is met over the three year performance cycle. The threshold for vesting is 80% of the aggregate distributable income per unit target. Estimated future payments do not include the value of equivalent distributions accrued on the units of the Fund, which vest in the same manner.
- (3) Payout cannot be higher than 100% of the units of the Fund granted.

Option Grants During the Most Recently Completed Financial Year

The Named Executive Officers do not benefit from a stock option plan with Jazz.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Value

The Named Executive Officers do not benefit from a stock option plan with Jazz.

Pension Plan

Named Executive Officers of Jazz currently participate in a registered defined contribution pension plan (the "**Pension Plan**") under which Jazz contributes the maximum allowable amount under the Tax Act. Jazz also sponsors a partially funded supplemental executive retirement plan (the "**SERP**") for these executive. On February 7, 2007, the Board of Directors approved that a funded trust be established to fund the SERP liabilities. The SERP provides a defined benefit pension based on final average earnings (excluding bonuses and special allowances) and years of service as an executive. Benefits are calculated by multiplying 1.5% of final earnings up to the final average Year's Maximum Pensionable Earnings (the "**YMPE**") and 2% of final average earnings in excess of the final YMPE for each year of service. Final average earnings is the average salary in the best three consecutive years. Final average YMPE is the average of the YMPE in the year of termination and the preceding two years. The SERP benefit is reduced by the benefit from the Pension Plan.

As of December 31, 2007, the corporate accounting liability of the SERP was \$0.2 million and the annual current service cost was \$0.3 million.

The following table shows typical annual benefits payable under this pension arrangement on December 31, 2007 to individuals 65 years of age.

PENSION PLAN TABLE⁽¹⁾⁽²⁾

Remuneration (\$)	Years of Service						
	5	10	15	20	25	30	35
125,000	11,400	22,900	34,300	45,800	57,200	68,700	80,100
150,000	13,900	27,900	41,800	55,800	69,700	83,700	97,600
175,000	16,400	32,900	49,300	65,800	82,200	98,700	115,100
200,000	18,900	37,900	56,800	75,800	94,700	113,700	132,600
225,000	21,400	42,900	64,300	85,800	107,200	128,700	150,100
250,000	23,900	47,900	71,800	95,800	119,700	143,700	167,600
300,000	28,900	57,900	86,800	115,800	144,700	173,700	202,600
400,000	38,900	77,900	116,800	155,800	194,700	233,700	272,600
500,000	48,900	97,900	146,800	195,800	244,700	293,700	342,600
600,000	58,900	117,900	176,800	235,800	294,700	353,700	412,600

(1) Rounding has been used in the above calculation.

(2) The above amounts are inclusive of the benefits provided through the Jazz Defined Contribution Pension Plan. At retirement the defined benefit pension is offset by a deemed pension payable from the Pension Plan.

As of December 31, 2007 the years of credited service were as follows: Mr. Randell, 22 years; Mr. Rowe, 3.33 years; Mr. Bredt, 1.92 years; Mr. Copp, 15.67 years; and Mr. Steer, 2.75 years.

Executive Employment Contracts

Jazz has entered into an employment agreement with Bill Bredt. The agreement provides that in the event his employment is terminated by Jazz without notice or without cause, he is entitled to a separation allowance of eighteen (18) months of basic salary. Furthermore, Mr. Bredt will continue to receive benefits, with certain exceptions to the earliest of eighteen (18) months from the date of termination or re-employment with any other company or the commencement of self employment. This agreement was entered into concurrent with Mr. Bredt's transfer from Air Canada to Jazz.

Jazz has not entered into employment contracts with any of the other Named Executive Officers.

Report on Executive Compensation by the Human Resources and Compensation Committee

To achieve its vision, Jazz needs a strong and capable executive team that can bring it to a new level of profitability and growth. Jazz's Executive Compensation Program is designed to attract, retain and motivate the key people Jazz needs to meet its strategic plans. In addition, by closely linking executives' and unitholders' interests through incentive compensation, the Executive Compensation Program contributes to the achievement of profitable growth for unitholders.

The Human Resources and Compensation Committee members are invited to attend orientation sessions with members of senior management of Jazz as well as with the President and Chief Executive Officer to improve their understanding of Jazz's human resources and compensation programs and initiatives. The Committee has direct access to consultants specializing in compensation and benefits. The President and Chief Executive Officer and members of the executive provide informational presentations related to various human resources and compensation initiatives, for example summaries of annual employee engagement surveys.

This report provides an overview of Jazz's Executive Compensation Program.

Executive Compensation Program

Jazz's Executive Compensation Program emphasizes incentive compensation linked to Jazz's annual and long-term financial performance to ensure that executives' interests are linked to those of unitholders. Compensation levels are based on those offered at other companies of comparable size, structure and vocation. Jazz aims at rewarding its executives at the median compensation level offered in its reference group, for performance that meets corporate goals. Jazz's reference group includes 32 similar Canadian organizations recommended by an external firm of consultants in the executive compensation and benefits practice area, and includes income trusts. Companies were selected according to one or more of the following criteria: complete process operation, capital intensive, customer service oriented and logistic complexity. The external benchmark was established through a review of public disclosure documents and a review of compensation databanks.

Jazz's Executive Compensation Program is made up of five components: a base salary, variable compensation in the form of annual performance incentive plan and profit sharing, an initial and an ongoing unit-based long-term incentive plan, benefits and perquisites. These five components are evaluated together to determine the appropriate compensation level for executives.

Base Salary

Competitive base salaries for the executives, including the President and Chief Executive Officer, are established by the Human Resources and Compensation Committee based on the responsibilities, contribution, experience and skill set of the executive. The Human Resources and Compensation Committee also considers equity within the officer group and salaries offered in Jazz's reference group for similar positions when reviewing base salaries. The Human Resources and Compensation Committee's policy for base salaries aims at providing the median compensation level offered in Jazz's reference group. However, base salaries can be set below or above the median depending on each executive's profile.

Incentive Compensation

Jazz Incentive Plan targets are based on achieving defined results under the financial measurements of EBITDA and distributable income ("DI") (per unit), at equal weightings. The Incentive Plan begins to reward participants when EBITDA and DI (per unit) results achieve 80% of targeted EBITDA and DI (per unit) set out on the business plan and pays target bonus at 100%. Middle and senior management receive 200% of target bonus when 120% is achieved. A personal performance factor ranging from 0.75 to 1.5 is also applied subject to an overall cap of two times incentive target. All management participate with targets ranging from 4% for first level management to 25% at the Vice President level, 40% at the Senior Vice President level and 50% for the President and Chief Executive

Officer level. On November 7, 2007, the Board of Directors approved changes to the target levels based on the results of a market review conducted by an independent compensation consulting firm. Effective for the 2008 Annual Incentive year, targets are 30% for the Vice President level and 55% for the President and Chief Executive Officer. The 40% target for Senior Vice Presidents was determined to be at market median so no adjustment was made.

Profit Sharing Plan

The Profit Sharing Plan, based on the achievement of Jazz's goals, is offered to all eligible employees to ensure that they share in the success and work together to achieve corporate goals. Under this plan an annual pool of funds is established based on adjusted pre-tax profits of Jazz. The pool of funds is then distributed to plan members based on the employee's base salary earnings compared to the earnings of all employees.

An adjunct program, Jazz Ensemble, is designed to advance profit sharing payouts if Jazz achieves pre-determined monthly operational and customer service goals. If the amount of the payments under this program exceeds the amounts to be distributed pursuant to the Profit Sharing Plan, no further distributions will be made under the Profit Sharing Plan.

Long-Term Incentive Plans

The directors, officers and key employees of Jazz are eligible to participate in Jazz's long-term incentive plans (the "LTIPs"). The Board of Directors or its Governance and Corporate Matters Committee has the power to, among other things, determine: (i) those individuals who are eligible to participate in the LTIPs; (ii) the level of participation of each participant; and (iii) the time or times when LTIP awards will vest or be paid to each participant.

Initial Long-Term Incentive Plan

The purpose of the Initial Long Term Incentive Plan of Jazz LP (the "**Initial LTIP**") was to offer key executives and directors of Jazz a one-time special award to recognize their efforts in the creation of Jazz LP and completion of the initial public offering of the Fund and to provide them with incentive compensation. For the purposes of the Initial LTIP, ACE Aviation transferred 638,223 units of the Fund to a trustee further to an exchange by ACE Aviation of limited partnership units of Jazz LP into units of the Fund pursuant to the Investor Liquidity Agreement. Approximately 638,223 units of the Fund were granted to eligible participants under the Initial LTIP. On February 6, 2008, the Human Resources and Compensation Committee approved the vesting of one-third of the performance-based units of the Fund granted under the Initial LTIP, such vested performance-based units representing one-sixth of all units of the Fund granted under the Initial LTIP.

The trustee will hold the units of the Fund until such time as ownership vests to each participant. The number of units of the Fund granted to each participant under the Initial LTIP is divided, in equal proportions, between time-based and performance-based units of the Fund. The time-based units will vest at the end of a three-year period beginning on the effective date of the Initial LTIP and the performance-based units will vest (one-third of performance-based units per year) if distributable income per unit targets established by the Board of Directors for the applicable period are met. If the performance-based vesting conditions are not met for a given performance period, the participant may catch up in any of the following years, on a cumulative basis, if the performance targets are met in subsequent years. At the end of the vesting period, the value of equivalent distributions accrued on the units of the Fund during the vesting period will vest in the same manner as the units of the Fund granted under the Initial LTIP.

Unvested units of the Fund held by the trustee on behalf of an Initial LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date.

Ongoing Long-Term Incentive Plan

The purpose of the Ongoing Long-Term Incentive Plan of Jazz LP (the "**Ongoing LTIP**") is to provide eligible participants with incentive compensation that enhances Jazz's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that results in Jazz LP exceeding its specified performance targets.

The Ongoing Long Term Incentive Plan was approved by the Board on August 8, 2006 (amended on November 9, 2006), and became effective as of January 1, 2007.

Under the Ongoing LTIP, participants receive units of the Fund that are purchased by a trustee on the secondary market at the expense of Jazz LP. The trustee holds the units until such time as ownership vests to each participant.

Participants under the Ongoing LTIP will be granted units of the Fund at the expense of Jazz LP which will vest over a three-year performance cycle if aggregate distributable income per unit performance thresholds are met. The distributions received during the vesting period on units of the Fund held by the trustee will be reinvested by the trustee to acquire additional units of the Fund. At the end of the vesting period, additional units of the Fund held by the trustee on account of unvested units of the Fund held by the trustee for an Ongoing LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date.

Employee Unit Purchase Plan

The Employee Unit Purchase Plan (the "**EUPP**") was established in connection with the initial public offering of the Fund. The purpose of the EUPP is to permit eligible employees of Jazz to invest up to 6% of their salary for the purchase of units of the Fund on the secondary market.

Jazz LP matches at 33.33% the investments made by the employees under the EUPP and uses such funds to purchase units of the Fund on the secondary market on behalf of such participants. The percentage of matching contributions and the base threshold amounts are established and are subject to adjustment by the Board of Directors or the Human Resources and Compensation Committee.

On November 7, 2007, the Board of Directors approved two special initiatives to encourage employee ownership and enhance employee engagement. From January 1, 2008 to June 30, 2008, eligible employees who contribute up to a maximum of \$500 as a lump sum contribution to the EUPP will receive an employer match of 50% as of April 1, 2009. Executive and senior management are eligible to participate. In January 2008, a one time gift of ten units was purchased in trust for each employee with one year of service as of December 31, 2007. These units are held in trust within the EUPP and will be matched at 33.33% in April 2009. Each quarter following, employees who have reached one year of service in the preceding quarter, will receive a ten unit gift. Executive, senior managers and participants in the Initial LTIP were excluded from the ten unit gift program.

Benefits

Group benefits and the executive pension plan are aligned with the median of Jazz's reference group. See the section "Pension Plan" in this circular.

Perquisites

Perquisites are aligned with the median of Jazz's reference group. Perquisites include car allowances, a medical top up plan and financial counselling.

President and Chief Executive Officer Compensation

The Human Resources and Compensation Committee, in consultation with the Board of Directors, formally assesses the performance of the President and Chief Executive Officer of Jazz based on financial and non-financial measurements to determine an appropriate compensation level. As described earlier, total compensation of the

executive management team (including the President and Chief Executive Officer) has been carefully reviewed against an external benchmark of 32 companies, including income trusts, whose business and structural attributes reflect the nature and demands on the executive leadership of Jazz. Companies were selected according to one or more of the following criteria: complete process operation, capital intensive, customer service oriented and logistic complexity. The external benchmark was established through a review of public disclosure documents and a review of compensation databanks. The Human Resources and Compensation Committee applied the comparator group data, as well as considered the particular challenges for the President and Chief Executive Officer in the financial year 2007 in determining total compensation for 2007. The Human Resources and Compensation Committee aims to reward at the median compensation level offered in each reference group. The Committee recognizes that the base salary of the President and Chief Executive Officer is below market median.

The President and Chief Executive Officer's base salary and target incentive levels for annual incentive and long term incentive are measured against the median of the benchmark group. The formulas used and program parameters for the annual and long term incentive programs are those approved by the Board of Directors for all executive members.

The Annual Incentive Plan is based on achieving defined corporate targets using the financial measurements of EBITDA and DI (per unit), at equal weightings. For the financial year ended December 31, 2007, Jazz met its performance targets for both financial measurements. The President and Chief Executive Officer's annual incentive level for 2007 targets was 50% of base earnings. As for all other executives, the individual performance of the President and Chief Executive Officer provides the opportunity to realize an annual performance factor of 0.75 to 1.5. This is applied, in combination with the corporate performance factor and the incentive level to determine an incentive payout. The Chair of the Human Resources and Compensation Committee completes the annual performance review of the President and Chief Executive Officer and makes recommendations to the Board of Directors, related to the annual incentive. Aside from the above, overall leadership performance is also evaluated with consideration given to the achievement of the annual plan and long term strategic initiatives.

The profit sharing percentage applied to the President and Chief Executive Officer is the same percentage as applied to all eligible employees based on the formula approved by the Board of Directors. See also "Incentive Compensation" above.

The Ongoing LTIP provides an annual grant which will vest over a three-year performance cycle if aggregate distributable income per unit performance thresholds are met. The Ongoing LTIP target level for the President and Chief Executive Officer is 100% of annual base salary effective January 1, 2007.

The Board approved the vesting of the eligible performance based units of the Initial LTIP, representing one-sixth of the units granted, based upon exceeding the related DI per unit target.

The following recommendations on compensation for the President and Chief Executive Officer were made by the Human Resources and Compensation Committee and approved by the Board of Directors, in relation to the year ended December 31, 2007: (i) an incentive under the Annual Incentive Program of \$340,000; (ii) a Profit Sharing payment (including Jazz Ensemble) of 5.22% of 2007 base earnings; (iii) the vesting of the 33,333 performance based units granted in 2006 under the Initial LTIP and related to 2007 financial performance (plus 7,939 units purchased with monies accrued on a monthly basis on distributions on such vested units); and (iv) a grant of 48,714 units of the Fund for the financial year 2007 under the Ongoing LTIP.

Submitted by the Human Resources and Compensation Committee

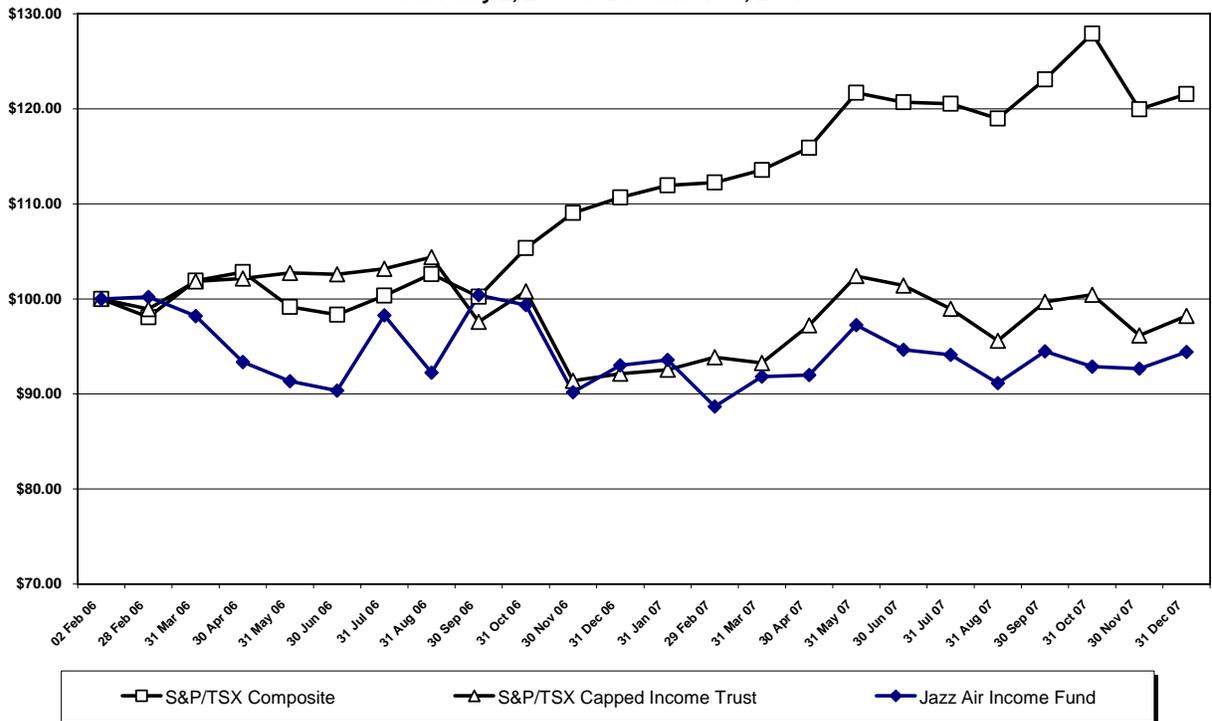
Members: G. Ross MacCormack, Chair
Katherine M. Lee
John T. McLennan



PERFORMANCE GRAPH

The following performance graph compares the total cumulative return of a \$100 investment in the units of the Fund (assuming the reinvestment of distributions as of the date of payment of same) made on February 2, 2006, the date of the closing of the initial public offering of the Fund, with the cumulative return on the S&P/TSX Composite Total Return Index and the Capped Income Trust Total Return Index for the period beginning on February 2, 2006 and ended December 31, 2007.

**Jazz Air Income Fund Units Total Return
versus S&P/TSX Composite Total Return Index
and Capped Income Trust Total Return Index
February 2, 2006 to December 31, 2007**



INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below or described elsewhere in this circular, no director, trustee, senior officer or other insider, as applicable, of the Fund, the Trust or Jazz, nor any associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any material transaction since the commencement of the Fund's last financial year or in any proposed transaction that has materially affected or will materially affect the Fund, the Trust or Jazz or any of their subsidiaries.

Jazz is currently a party to the following ongoing material agreements with Air Canada and ACE Aviation. As of December 31, 2007, ACE Aviation held a 20.1% interest in the Fund. ACE Aviation reported that, as of March 28, 2008, it held an interest of 9.5% in the Fund and a 75% interest in Air Canada:

- an amended and restated capacity purchase agreement dated January 1, 2006 between Air Canada and Jazz (the "**CPA**");
- a master services agreement dated September 24, 2004 between Jazz and Air Canada (the "**MSA**");
- a trademark license agreement dated September 30, 2004 between Air Canada and Jazz (the "**Trademark License Agreement**");
- a special trademark license agreement dated September 30, 2004 between Jazz and Air Canada (the "**Special Trademark License Agreement**"); and
- an investor liquidity agreement dated February 2, 2006, between the Fund, the Trust, ACE Aviation and Jazz (the "**Investor Liquidity Agreement**").

For a description of such agreements, please refer to the following sections in Jazz's Annual Information Form for the year ended December 31, 2007 which are incorporated by reference into this circular and which are available on SEDAR at www.sedar.com (and which, upon request, the Jazz will provide a copy of such documents free of charge to a unitholder of the Fund): "The Jazz Business – Capacity Purchase Agreement with Air Canada", "The Jazz Business – Other Agreements with Air Canada", "Acquisition, Subscription, Liquidity and Security Holders' Agreement – Investor Liquidity Agreement", and "Related Party Transactions."

OTHER IMPORTANT INFORMATION

Trustees', Directors' and Officers' Liability Insurance

ACE Aviation has acquired and is maintaining trustees', directors' and officers' liability insurance for the benefit of its directors and officers and for the benefit of the trustees of the Fund, the directors of Jazz GP and the officers of Jazz. The coverage limit of such insurance is US\$200,000,000 per claim and US\$200,000,000 in the annual aggregate. The current policy is effective from October 1, 2007 to September 30, 2008 and protects the trustees, directors and officers for allegations of alleged "wrongful acts" in the conduct of their activities as trustees, directors and officers. Jazz pays its portion of the premium for this insurance.

Indebtedness of directors and officers

As at March 28, 2008, the Fund, the Trust and Jazz had not made any loans to officers, trustees, directors, employees or former officers, directors and employees of Jazz, the Fund or the Trust, as the case may be.

Mail service interruption

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

Alberta

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

Ontario

320 Bay Street
Banking Hall
Toronto, Ontario

British Columbia

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

Québec

2001 University Street
Suite 1600
Montreal, Québec

Nova Scotia

1660 Hollis Street
Suite 406
Halifax, Nova Scotia

HOW TO REQUEST MORE INFORMATION

Documents you can request

You can ask us for a copy of the following documents at no charge:

- the annual report of the Fund and Jazz LP for the year ended December 31, 2007, which includes the restated consolidated financial statements of the Fund, the consolidated financial statements of Jazz LP, together with the accompanying auditors' reports and the restated management discussion and analysis related to such consolidated financial statements;
- any interim financial statements of the Fund and interim financial statements of Jazz LP that were filed after its financial statements for the year ended December 31, 2007, together with the management discussion and analysis related to such interim financial statements; and
- the Annual Information Form of the Fund for the year ended December 31, 2007.

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

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

Receiving information electronically

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

How to sign up – registered unitholders

You are a registered unitholder if your name appears on your unit certificate.

If you are not sure whether you are a registered unitholder, please contact CIBC Mellon at 1-800-387-0825.

To sign up for electronic delivery of English corporate documents, go to the website www.cibcmellon.com/electronicdelivery or go to the website www.cibcmellon.com/transmissionelectronique for French corporate documents and follow the instructions.

How to sign up – non-registered unitholders

You are a non-registered unitholder if your bank, trust company, securities broker or other financial institution (your nominee) holds your units for you.

If you are not sure whether you are a non-registered unitholder, please contact CIBC Mellon at 1-800-387-0825.

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

How to sign up - employees holding units under the Employee Unit Purchase Plan of Jazz

If you are not sure whether you are an employee holding your units under the Employee Unit Purchase Plan of Jazz, please contact Computershare at 1-866-982-0314.

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

SCHEDULE A - RECORD OF ATTENDANCE

Record of Attendance by the Trustees of the Fund

For the period from January 1, 2007 to December 31, 2007

Trustee	Number of meetings attended	
	Board	Committees
Robert E. Brown ⁽¹⁾	8 of 10	6 of 6
Katherine M. Lee	10 of 10	5 of 5
G. Ross MacCormack	9 of 10	6 of 7
Richard H. McCoy	8 of 10	5 of 5
Marvin Yontef ⁽¹⁾	8 of 10	3 of 3

⁽¹⁾ Resigned effective on January 1, 2008

Record of Attendance by the Directors of Jazz GP

For the period from January 1, 2007 to December 1, 2007

Director	Number of meetings attended	
	Board	Committees
Bernard Attali ⁽¹⁾	8 of 10	3 of 3
Pierre Marc Johnson ⁽¹⁾	7 of 10	4 of 4
Katherine M. Lee	10 of 10	5 of 5
G. Ross MacCormack	9 of 10	6 of 7
John T. McLennan	9 of 10	4 of 4
Robert A. Milton ⁽¹⁾	10 of 10	0 of 0
Joseph D. Randell	10 of 10	0 of 0
David I. Richardson	8 of 10	6 of 8
Bryan L. Rishforth	10 of 10	3 of 3
Sydney John Isaacs ⁽²⁾	n/a	n/a

⁽¹⁾ Resigned effective on January 1, 2008

⁽²⁾ Appointed effective on January 1, 2008

Summary of board and committee meetings held for the period from January 1, 2007 to December 31, 2007

Board of Trustees	10
Board of Directors	10
Audit, Finance and Risk Committee	5
Governance and Corporate Matters Committee	3
Human Resources and Compensation Committee	4
Nominating Committee	3

**SCHEDULE B - CHARTER OF THE BOARD OF TRUSTEES**

JAZZ AIR INCOME FUND**CHARTER OF THE BOARD OF TRUSTEES****I. PURPOSE**

This charter describes the role of the Board of Trustees (the "**Board**") of Jazz Air Income Fund (the "**Fund**"). The Fund indirectly holds a majority interest in Jazz Air LP, which in turn is managed by Jazz Air Holding GP Inc.

This charter is subject to the provisions of the Fund's Declaration of Trust and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such Declaration of Trust and applicable laws. Trustees are elected annually by the unitholders of the Fund and together with those appointed to fill vacancies or appointed as additional Trustees throughout the year, collectively constitute the Board.

II. ROLE

The Board is responsible for the stewardship of the Fund.

The mandate of the Board is to supervise the management of the affairs of the Fund with a view to evaluate, on an ongoing basis, whether the Fund's income is being dealt with in a manner consistent with ethical considerations and stakeholder's interests and in order to enhance unitholder value. In discharging their duties, Trustees must act honestly and in good faith, with a view to the best interests of the Fund. Trustees must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

III. COMPOSITION*Selection*

The Board shall be comprised of that number of trustees as shall be determined from time to time by the Board upon recommendation of the Nominations Committee of the Board.

The Nominating Committee of the Board maintains an overview of the desired size of the Board, the need for recruitment and the expected skill-set of new candidates. The Nominating Committee reviews and recommends candidates for election as Trustees. The Board approves the final choice of candidates for election by the unitholders.

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry in which the Fund has investments. Trustees selected should be able to commit the requisite time for all of the Board's business.

Chairman

A Chairman of the Board shall be appointed by the Board. If the President and Chief Executive Officer of Jazz Air Holding GP Inc. is also the Chairman of the Board, a Lead Director shall be appointed among the Board's independent trustees.

Independence

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

Criteria for Board Membership

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

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

Retirement Age for Directors

The policy of the Board is that no person shall be appointed or elected as a Trustee if the person exceeds 75 years of age. The policy allows for an exception where the Board determines it is in the interest of the Fund to request a Trustee to extend his/her term beyond the regular retirement age, provided however that such extension is requested in one-year increments.

IV. COMPENSATION

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

V. RESPONSIBILITIES

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

- (a) fulfilling all of their responsibilities under the Fund Declaration of Trust, including declaring and approving distributions and voting the units of Jazz Air Trust held by the Fund;
- (b) discussing and developing the Fund's approach to corporate governance;
- (c) monitoring corporate performance, including overseeing operating results on a regular basis to evaluate whether Jazz Air LP is being properly managed;
- (d) ensuring that appropriate structures and procedures are in place so that the Board can function effectively;
- (e) conducting an annual assessment of the Board and of individual members of the Board; and
- (f) ensuring that the Board as a whole and the directors are capable of carrying out and do carry out their roles effectively.

VI. MEETINGS

The Board will meet at least quarterly, with additional meetings scheduled as required. Each Trustee has a responsibility to attend and participate in meetings of the Board. The Chairman will prepare and distribute the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics will be distributed in advance of a meeting.

VII. DECISIONS REQUIRING PRIOR BOARD APPROVAL

The Board will, among other things, be responsible for approving the following:

- (a) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- (b) monthly distributions to unitholders; and
- (c) raising of debt or equity capital and other major financial activities.

VIII. BOARD COMMITTEES

There are four Committees of the Board: the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Nominating Committee and the Human Resources and Compensation Committee. The roles and responsibilities of each Committee is described in the respective Committee charters.

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

IX. COMMUNICATION WITH THE BOARD

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

X. ADVISERS

The Board has determined that any Trustees who wishes to engage an advisor to assist on matters involving the Trustee's responsibilities as a Trustee at the expense of the Fund should have its request reviewed by, and obtain the authorization of, the Chairman.

XI. OTHER MATTERS

The Board expects Trustees to act ethically at all times and to acknowledge their adherence to the policies comprising the Corporate Policy and Guidelines on Business Conduct.

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

SCHEDULE C - CHARTER OF THE BOARD OF DIRECTORS

JAZZ AIR HOLDING GP INC.**CHARTER OF THE BOARD OF DIRECTORS****I. PURPOSE**

This charter describes the role of the Board of Directors (the "**Board**") of Jazz Air Holding GP Inc. (the "**Corporation**"). The Corporation is the general partner of Jazz Air LP (the "**Partnership**") and as such manages its business. The Partnership and the Corporation are owned indirectly by public unitholders through an income fund structure.

This charter is subject to the provisions of the Corporation's articles of incorporation and by-laws and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such articles, by-laws and applicable laws. Directors are elected annually and together with those appointed to fill vacancies or appointed as additional directors throughout the year, collectively constitute the Board.

II. ROLE

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

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

III. COMPOSITION*Selection*

The Board shall be comprised of that number of directors as shall be determined from time to time by the Board upon recommendation of the Nominating Committee of the Board.

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

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which the Corporation operates. Directors selected should be able to commit the requisite time for all of the Board's business.

Chairman

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

Independence

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

Criteria for Board Membership

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

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

Retirement Age for Directors

The policy of the Board is that no person shall be appointed or elected as a director if the person exceeds 75 years of age. The policy allows for an exception where the Board determines it is in the interest of the Corporation to request a director to extend his/her term beyond the regular retirement age, provided however that such extension is requested in one-year increments.

IV. COMPENSATION

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

V. RESPONSIBILITIES

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

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

- (d) monitoring corporate performance against the strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed;
- (e) appointing the Corporation's Chief Executive Officer, ensuring a succession plan is in place and developing his or her position description with the recommendation of the Governance and Corporate Matters Committee;
- (f) reviewing, through the Human Resources and Compensation Committee, the compensation of the Chief Executive Officer;
- (g) identifying the principal risks of the Corporation's businesses and ensuring the implementation of appropriate systems to manage these risks;
- (h) ensuring that appropriate structures and procedures are in place so that the Board and its Committees can function independently of management;
- (i) ensuring the proper and efficient functioning of its Committees;
- (j) providing a source of advice and counsel to management;
- (k) reviewing and approving key policies developed by management;
- (l) reviewing, approving and as required, overseeing compliance with the Corporation's disclosure policy by directors, officers and other management personnel and employees;
- (m) overseeing the Corporation's disclosure controls and procedures;
- (n) monitoring, through the Audit, Finance and Risk Committee, the Corporation's internal controls and information systems;
- (o) ensuring that members of management possess the ability required for their roles, are adequately trained and monitored and that planning for their succession is ongoing;
- (p) ensuring that the Chief Executive Officer and the other members of management have the integrity required for their roles and the capability to promote a culture of integrity and accountability within the Corporation;
- (q) conducting, through the Governance and Corporate Matters Committee, an annual assessment of the Board and the Committees and of individual members of the Board;
- (r) reviewing, through the Human Resources and Compensation Committee, management's succession plans;
- (s) selecting, upon the recommendation of the Nominating Committee, the nominees that are to be appointed as directors;
- (t) selecting, upon the recommendation of the Nominating Committee, the nominees that are to be elected as trustees by the unitholders;
- (u) selecting a Chairman of the Board and a Lead Director, as the case may be; and
- (v) reviewing with the Governance and Corporate Matters Committee that the Board as a whole, the Committees of the Board and the directors are capable of carrying out and do carry out their roles effectively.

VI. MEETINGS

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

Information and materials that are important to the Board's understanding of the agenda items and related topics will be distributed in advance of a meeting. The Corporation will deliver information on the business, operations and finances of the Corporation, to the Board on an as-required basis.

On the occasion of each Board meeting, non-management directors will consider if an "in-camera" meeting, under the chairmanship of an independent director, would be appropriate. The director chairing such "in-camera" meetings will forward to the Chairman and to the President and Chief Executive Officer any questions, comments or suggestions of the directors.

VII. DECISIONS REQUIRING PRIOR BOARD APPROVAL

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

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

VIII. BOARD COMMITTEES

There are four Committees of the Board: the Audit, Finance and Risk Committee, the Governance and Corporate Matters Committee, the Nominating Committee and the Human Resources and Compensation Committee. The roles and responsibilities of each Committee is described in the respective Committee charters.

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

IX. COMMUNICATION WITH THE BOARD

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



X. ADVISERS

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

XI. OTHER MATTERS

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

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