



Jazz Air Income Fund
presented by
Joseph Randell
President
and Chief Executive Officer

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Check against delivery



The Disclaimer

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This presentation contains written or oral forward-looking statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," "would," and similar terms and phrases, including references to assumptions. All such statements are made pursuant to the "safe harbour" provisions of the governing Canadian and US securities legislation. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

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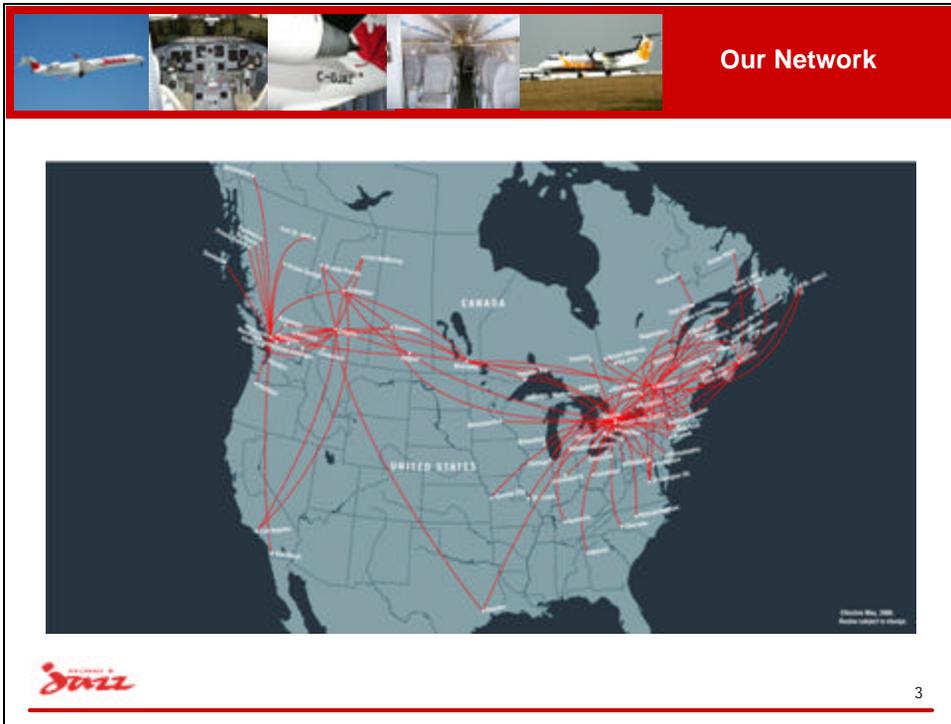
Good Morning.

You will note on the opening slide the usual disclaimers apply in respect to forward looking statements.



Jazz is the result of the merger in 2001 of the four largest regional carriers operating in Canada, namely Air BC, Canadian Regional, Air Ontario and Air Nova.

Today, Jazz is Canada's largest regional carrier and one of the largest in the world. With our headquarters in Halifax, Nova Scotia, we employ approximately 4000 people and fly to 84 destinations in Canada and the United States with a fleet of Bombardier regional jets and Dash 8 turboprops.



We serve more destinations and have more flights than any other carrier in Canada, providing approximately 828 daily departures.

We are the only air carrier serving all of the top 30 airports in Canada.

We are also the only scheduled service provider on many routes and the sole operator of aircraft of 37 seats or greater at 21 airports.

The scope of our network allows us to shift capacity across regions as demand dictates.

We fly to all ten provinces and will add a second territory to our network when we launch our service to Yellowknife in July



The growth of our business is tied to the increase in our fleet. With 135 aircraft, we have the second largest fleet in Canada. We are the only regional carrier in Canada operating regional jets and we've dedicated 2 turboprops to our charter business.

Our simple fleet of regional jets and Dash 8s is well-suited to efficiently and economically serve Jazz's extensive North American route network and allows for lower trip costs and better matching of capacity with demand. It is also noteworthy that with only two cockpit standards, we achieve significant efficiencies through lower pilot training costs and better crew deployment. This simplified fleet of two aircraft types, reduced from four types in 2000, also results in lower maintenance and inventory costs.

The Dash 8 turboprops remain an important part of our fleet, and its economics are hard to beat on routes of 300 miles or less. They are most economical on short routes, while regional jets give us the ability to serve longer routes more efficiently.



Jazz is the first carrier to operate the state-of-the-art Bombardier CRJ705 regional jet aircraft.

It offers superior comfort including executive class, greater legroom and carry-on space, and soon to be installed in-seat personal entertainment system.

This aircraft carries 75 passengers, and is configured with 10 executive class seats.

The long range capability and size of the CRJ705 gives Jazz the versatility to efficiently and economically fly longer routes in addition to high frequency routes.



JAZ.UN

- Jazz Air Income Fund IPO closed February 2, 2006 (JAZ.UN)
- 25 million units at \$10.00 per unit
- Gross proceeds of \$250 million
- ACE holds 79.7% interest in Jazz Air LP, the Fund holds 20.3%



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On February 2nd, 2006, the Jazz Air Income Fund successfully completed its initial public offering of 23.5 million units at a price of \$10.00 per unit for gross proceeds of \$235 million.

On February 27th, the Fund issued an additional 1.5 million units pursuant to the exercise of the over-allotment option granted to the Underwriters raising the gross proceeds to \$250 million.

ACE holds a 79.7 percent interest in Jazz Air LP, the Fund holds the balance of 20.3 percent. The Fund's units are trading on the Toronto Stock Exchange under the symbol JAZ.UN.

The Fund is an unincorporated, open-ended trust, established under the laws of the Province of Ontario, created to indirectly acquire an interest in the outstanding limited partnership units of Jazz.

This is a unique and exciting time for Jazz.



The CPA

- Jazz is a contract carrier
- 99% of revenues are derived from CPA with Air Canada
- Jazz operates flights on behalf of Air Canada
- Air Canada determines commercial aspects of our business
- Jazz's cash flows are protected by volatility of the industry



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One of our greatest advantages is that Jazz is not a typical airline. We derive 99 percent of our revenues from our Capacity Purchase Agreement, or CPA, with Air Canada. In simple terms this means that Jazz is a contract carrier for Air Canada.

Under the CPA, we operate our flights on behalf of Air Canada, and provide all crews, airframe maintenance and, in some cases, airport operations. In turn, Air Canada determines routes and controls scheduling, ticket prices, product distribution, seat inventories, marketing and advertising.

This Agreement protects our cash flows from many of the industry's day-to-day business risks such as ticket prices, passenger load factors, fuel cost increases and flight cancellations due to weather.

In short, the CPA significantly reduces our financial and operating risks and provides us with a stable foundation going forward.

A banner with a red background. On the left, there are five small images: an Air Canada plane in flight, a cockpit view, a Jazz aircraft tail, an Air Canada cabin interior, and a Jazz aircraft on the ground. On the right, the text "Air Canada/Jazz Relationship" is written in white.

- Jazz is core to Air Canada's commercial strategy
- Efficient fleet serves high-frequency routes in high-density mass transit markets
- Smaller aircraft serve markets that cannot support Air Canada's largest aircraft
- Jazz offers a lower cost option to Air Canada

The Jazz logo, featuring the word "Jazz" in a stylized red font with "AIR CANADA" in smaller letters above it.

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Jazz is core to Air Canada's commercial strategy.

Our efficient fleet of aircraft enables Air Canada to offer greater flight frequency in high-density mass transit markets through our smaller size aircraft and lower costs.

For example, off-peak or midday flights in the high volume Toronto – Montreal – Ottawa triangle.

We also enable Air Canada to profitably serve markets that do not have enough passenger traffic to support Air Canada's larger aircraft.

Such markets have been the traditional rural destinations of our regional airline serving areas like Prince Rupert and Sandspit in British Columbia, Grand Prairie and Fort McMurray in Alberta, Timmins and Sudbury in Ontario, and Baie Comeau and Sept Iles in Quebec.

And finally, Jazz provides Air Canada with the option to offer point-to-point service on lower density routes, allowing customers to bypass hubs.

Such as our new services like this month's Edmonton to Los Angeles route, and London, Ontario to Winnipeg scheduled to begin August 1st.



Network Optimization

- Jazz represents a lower cost deployment option on routes best served by its fleet of aircraft
- Jazz provides to Air Canada:
 - approximately 95.4% of its regional capacity
 - 33.5% of its overall domestic capacity
 - 29.9% of its overall transborder capacity



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In short, Jazz helps Air Canada optimize its network by providing Air Canada with the ability to effectively match capacity with demand.

We represent a lower cost deployment option on routes best served by our fleet of aircraft.

In fact, we provide approximately 95 percent of Air Canada's regional capacity. We represent 33.5 percent of Air Canada's overall domestic capacity and 29.9 percent of its overall transborder capacity.



Jazz is competitive from a labour cost point of view. We are competitive with other North American regional carriers, and we offer regional services to Air Canada at a lower cost than it can provide directly.

We have a status pay system with our pilots whereby we have one scale for all aircraft. This eliminates the need for pilots to jump to larger aircraft to obtain pay increases, thus reducing training and relocation costs. This arrangement is unique in the industry, but given its economics, we may see other regional carriers adopt similar arrangements in the future.

All collective agreements are in place until 2009. Per these collective agreements, in recent weeks we've been engaged in wage reviews with all collective bargaining groups, with the exception of our pilots. During this period, there is no possibility of a lockout or strike. The pilot group compensation is set out until 2009 under the existing agreement. Those groups engaged in the 2006 wage review represent approximately half of the total payroll costs subject to collective bargaining agreements.

Our employees understand the challenges of the business and are very cognizant of what is happening to our peer group in the United States; they understand the need to remain cost competitive.



Taking Ownership Together

- Aligning the interests of Jazz employees with unit holders:
 - Jazz Ensemble
 - Employee Unit Purchase Program
 - Profit Sharing Program
- Bringing value to Jazz Air Income Fund unit holders



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Our employees also understand that our performance under the CPA with Air Canada is critical to our future success, and they understand their role and how we must bring value to Jazz Air Income Fund unitholders.

We've established three incentive programs that recognize the contributions of our employees and provide opportunities to share in our success. These programs help to ensure the interests of our people are aligned with the best interests of Jazz and unitholders.

One employee incentive program called Jazz Ensemble is designed to reward employees for the achievement of those same operational and customer service goals that provide revenue incentive payments under the CPA. Monthly targets are set for our four key performance indicators: on-time performance, actual flights flown, baggage handling and customer satisfaction. Incentive payments are made quarterly to employees if targets are met.

We also have an Employee Unit Purchase Program that assists our people to become unit holders of Jazz Air Income Fund, and third, an Employee Profit Sharing Program.



Financials

Jazz Q1 Financial Results

(amounts in millions)

	<u>2006</u>	<u>2005</u>
Revenue	\$320.0	\$213.6
Operating expenses	284.6	183.5
Operating income	35.4	30.1
Net income	33.5	25.9

New CPA with Air Canada effective January 1, 2006



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I'd now like to touch on our financial results for the first quarter of 2006.

This was a very positive start for us as we reported operating revenue of \$320.0 million versus \$213.6 million in the first quarter 2005, representing an increase of \$106.3 million or 49.8%. The increase in revenues is attributable to a net increase of 36 aircraft operated by Jazz, a 36.4% increase in the Block Hours flown and a \$53.7 million increase in pass-through costs, including fuel costs which are reimbursed by Air Canada on an at cost basis.

Operating expenses increased by \$101.1 million or 55.1% compared to the first quarter of 2005.

We also reported operating income of \$35.4 million, an improvement of \$5.3 million or 17.5% over the same period in 2005. EBITDAR was \$71.5 million in the first quarter 2006 compared to \$49.4 million in the first quarter 2005, an increase of \$22.1 million or 44.6% which is the result of increased capacity as measured by available seat miles (ASM) and cost control.

Estimated distributable cash was \$30.8 million in the first quarter of 2006 compared to \$24.3 million in the first quarter 2005, an increase of 26.8%. Net income for the first quarter of 2006 was \$33.5 million compared to \$25.9 million recorded in the first quarter of 2005, an improvement of \$7.6 million or 29.2%.



Cash Distributions

Summary of Distributable Cash

	For the 3 months ended March 31, 2006	For the 3 months ended March 31, 2005
EDITDA	\$39.7	\$35.0
Adjustments to reflect:		
Capital expenditures	(3.6)	(3.8)
Non-operating expenses	<u>(1.9)</u>	<u>(4.2)</u>
Estimated cash for distribution	\$34.2	\$27.0
Less 10% holdback (90%) payout ratio	<u>3.4</u>	<u>2.7</u>
Estimated distributable cash	\$30.8	\$24.3



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EBITDA at \$39.7 million in the first quarter is up \$4.7 million, or 13%.

Capital expenditures of \$3.6 million are equivalent to the same quarter last year.

Non-operating expense at \$1.9 million is down \$2.3 million from the first quarter last year as a direct result of the refinancing of Jazz's long-term debt concurrent with the IPO.

After providing for a 10% holdback, distributable cash is \$30.8 million for the first quarter or 25 cents per unit on a fully diluted basis.

It is important to note that Jazz Air LP, in our first quarter as a public entity, by recording distributable cash of \$30.8 million has already exceeded the target level of planned quarterly distributions of \$26.9 million.

Distributable cash in the first quarter 2005 was \$24.3 million , an increase of 26.8%



The Plan

- 2006 objectives:
 - earn 14.09% margin on controllable costs
 - continue to build upon strong financial results
 - further improve teamwork via employee incentive programs
- Our commitment
 - deliver the 2006 business plan
 - continue to improve financial and operational results



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Looking ahead to the year 2006, our new CPA rates set as of January 1st, are more reflective of our latest cost structure and are designed to earn a targeted 14.09 percent margin on controllable costs. In the first quarter Jazz achieved 14.5% exceeding the target.

We now expect that block hours growth this year will fall short of our 385,000 hour target level. However, with good cost management we expect to achieve our target level of \$154 million EBITDA.

We will continue to build upon our strong results and further improve the teamwork already achieved through the introduction of our employee incentive programs.

We remain fully committed to delivering the 2006 business plan, the target distributable cash and continued improvements in financial and operational results in the future.



Thank you.

I'm pleased to respond to your questions.