

Distributions History - 2010

			Taxable portion	Non-Taxable Portion
Record date	Payment date	Distribution per Unit	Other investment income	Return of Capital
		\$	\$	\$
December 31, 2009	January 15, 2010	0.0500	0.0500	0
January 29, 2010	February 15, 2010	0.0500	0.0500	0
February 26, 2010	March 15, 2010	0.0500	0.0500	0
March 31, 2010	April 15, 2010	0.0500	0.0500	0
April 30, 2010	May 17, 2010	0.0500	0.0500	0
May 31, 2010	June 15, 2010	0.0500	0.0500	0
June 30, 2010	July 15, 2010	0.0500	0.0500	0
July 30, 2010	August 16, 2010	0.0500	0.0500	0
August 31, 2010	September 15, 2010	0.0500	0.0500	0
September 30, 2010	October 15, 2010	0.0500	0.0500	0
October 29, 2010	November 15, 2010	0.0500	0.0500	0
November 30, 2010	December 15, 2010	0.0500	0.0500	0
December 31, 2010	December 31, 2010 ⁽¹⁾	0.0500	0.0500	0
		0.6500	0.6500	0
			100.00%	0.00%

(1) The 13th distribution payment in 2010 was made by Jazz Air Income Fund to Unitholders on record on December 31, 2010. The entire distribution was made to CIBC Mellon on December 31, 2010 to hold the funds in trust for Unitholders until payment could be allocated to Unitholder accounts

Tax treatment

Monthly Cash Distributions | RRSP, RRIF, or DPSP | Tax Information for U.S. Residents and Other Non-Residents of Canada

The following summary is intended to assist individual Canadian resident unitholders of Jazz Air Income Fund (the "Fund") with respect to the treatment of cash distributions received from the Fund for Canadian income tax purposes.

For all other types of Canadian taxpayers (i.e. corporations, partnerships, trusts, etc.), please consult a tax and/or financial advisor with respect to the Canadian tax treatment of cash distributions received from the Fund.

For U.S. and other non-resident unitholders, please refer to the special section below, entitled "Tax Information for U.S. Residents and Other Non-Residents of Canada".

The information that follows is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in the Fund's units. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Fund's units will vary depending on the unitholder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any unitholder of the Fund's units. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Fund's units based on their particular circumstances.

Monthly Cash Distributions:

The distributions from the Fund may generally consist of ordinary income (including interest income), and/or return of capital components. The proportion of the distributions attributable to each component (ordinary income and return of capital) may vary significantly over time. Consequently, the composition of the distributions appearing in the above chart may not be an indication of the composition of future distributions. While return of capital does not give rise to immediate taxation, it reduces the adjusted cost base (the cost for tax purposes) of the units. If a unitholder's adjusted cost base in its units of the Fund becomes negative, the unitholder will be deemed to have realized a capital gain from the disposition of its unit equal to such negative adjusted cost base, and the unitholder's adjusted cost base in respect of its unit will then be nil.

Units held within an RRSP, RRIF, or DPSP:

If the Fund units are held within an RRSP, RRIF or DPSP, the amount of the cash distributions received from the Fund will not be taxable to the individual Canadian resident unitholder.

Units held outside of an RRSP, RRIF or DPSP:

Individual Canadian resident unitholders, who hold their units outside of an RRSP, RRIF or DPSP through a broker or other intermediary and who have received cash distributions during a particular calendar year, will receive a "T3 Supplementary" slip directly from their broker or intermediary, not from the Fund. Unitholders who are resident in the province of Quebec on December 31 of the particular calendar year will also receive a Relevé 16 slip from their broker or intermediary. The T3/Relevé 16 slips will provide sufficient detail as to the taxable portion of the cash distributions to the individual Canadian resident unitholders.

Tax Information for U.S. Residents and Other Non-Residents of Canada:

Distributions paid to unitholders who are non-residents of Canada for Canadian income tax purposes are normally subject to a withholding tax of 25% of the taxable amount of the distribution (i.e. ordinary income, including interest), as required by Canadian income tax laws, unless a lower percentage is prescribed by a reciprocal tax treaty in effect between Canada and the non-resident's country of residence. For example, for individual unitholders who are residents of the U.S., the reciprocal tax treaty between Canada and the U.S. prescribes a reduction of the withholding tax rate to 15% on the taxable amount of a distribution received from a trust. Amounts, if any, designated by the Fund as taxable capital gains in respect of distributions to non-resident unitholders may be subject to withholding tax. Please note that there is no withholding tax requirement on the portion of the distribution classified as a "return of capital".

Distributions paid to US resident unitholders by the Fund will be included in the gross income of such unitholders, as a dividend, to the extent paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Jazz Air Income Fund has no compliance requirements in the United States and does not currently intend to compute its earnings and profits for U.S. tax purposes.

Given the fact that the information above is not exhaustive of all possible Canadian and foreign tax considerations applicable to an investment in the Fund's units by a non-resident of Canada for Canadian tax purposes, such unitholders are encouraged to seek advice from a qualified tax advisor in their country of residence.