

TPA Says JAZZ Needs Operating Agreement for TCCA Flights

The following letter was sent today to Mr. Joseph D. Randell, President and CEO of Air Canada Jazz by Toronto Port Authority President and CEO, Lisa Raitt

July 6, 2006

Mr. Joseph D. Randell
President and Chief Executive Officer
Air Canada Jazz
310 Goudey Drive
Halifax International Airport
Enfield, Nova Scotia N2T 1E4

Dear Mr. Randell:

Re: Toronto City Centre Airport

We were very surprised to learn from your news release today issued without advance notice to us, that Jazz plans to commence operations at the Toronto City Centre Airport on August 28, 2006, purportedly with ten weekday round trips to Ottawa and seven weekday round trips to Montreal. We have made it clear to you that we will not permit Jazz to make use of the TCCA or its facilities without Jazz first entering into a Commercial Carrier Operating Agreement with TPA.

The Toronto Port Authority has the right and obligation to control and manage the operation of the TCCA, which includes authority to determine the rights of use of the TCCA and its facilities to be granted to commercial carriers and others. In February, 2006, TPA offered use of the TCCA and its facilities to Jazz on terms which TPA considers necessary to fulfill its mandate to operate the TCCA as a financially viable and self-sustaining airport. Jazz refused our offer and we have been negotiating with Jazz in good faith since that time. Notwithstanding that, Jazz commenced a lawsuit in the Ontario Superior Court of Justice and the Federal Court of Canada against TPA and others challenging, among other things, the propriety of the proposed terms offered to Jazz for the utilization of the TCCA.

The TPA's mandate is to ensure the orderly operation and long-term viability of the TCCA. We intend to discharge this obligation.

Yours truly,

TORONTO PORT AUTHORITY

Lisa Raitt
President and Chief Executive Officer

cc: Scott Tapson, Vice President, Customer Experience - Air Canada Jazz (via facsimilie)