

ACE Aviation Holdings Inc.

HIGHLIGHTS (1)

	Three months ended March 31	
	Successor Company ACE	Predecessor Company - Air Canada
	2005	2004

Financial (CDN dollars in millions except per share figures)	2005	2004
Operating revenues	2,177	2,121
Operating loss before reorganization and restructuring items	(10)	(145)
Reorganization and restructuring items	-	(132)
Non-operating expense	(66)	(43)
Loss before foreign exchange on non-compromised long-term monetary items and income taxes	(76)	(320)
Loss for the period	(77)	(304)
Operating margin before reorganization and restructuring items	(0.5)%	(6.8)%
EBITDAR before reorganization and restructuring items (2)	200	144
EBITDAR margin before reorganization and restructuring items	9.2%	6.8%
Cash, cash equivalents and short-term investments	1,785	864
Cash flows from (used for) operations	314	63
Weighted average common shares used for computation - diluted	89	120
Earnings (loss) per share - basic and diluted	\$ (0.87)	\$ (2.53)

Operating Statistics (mainline-related) (3) (4)			% Change
Revenue passenger miles (millions) (RPM)	10,116	9,648	5
Available seat miles (millions) (ASM)	12,890	13,096	(2)
Passenger load factor	78.5%	73.7%	4.8 pts
Passenger revenue yield per RPM (excluding Aeroplan) (cents) (5)	14.6	15.2	(3)
Passenger revenue yield per RPM (including Aeroplan) (cents) (5)	15.2	15.2	0
Passenger revenue per ASM (excluding Aeroplan) (cents) (5)	11.5	11.2	3
Passenger revenue per ASM (including Aeroplan) (cents) (5)	11.9	11.2	7
Operating revenue per available seat mile (cents)	14.4	13.8	4
Operating expense per available seat mile (cents) (6)	14.4	14.7	(2)
Operating expense (net of cargo and other non-ASM revenue) per available seat mile (cents) (6) (7)	12.0	12.2	(2)
Average number of employees (thousands)	27.8	29.1	(4)
Available seat miles per employee (thousands)	464	450	3
Operating revenue per employee (thousands)	\$67	\$62	8
Aircraft in operating fleet at period end	200	213	(6)
Average aircraft utilization (hours per day) (8)	11.4	11.0	3
Average aircraft flight length (miles)	1,306	1,248	5
Fuel price per litre (cents) (9)	49.2	39.5	25
Fuel litres (millions)	786	791	(1)

Operating Statistics (consolidated)			% Change
Revenue passenger miles (millions)	10,586	10,057	5
Available seat miles (millions)	13,566	13,797	(2)
Passenger load factor	78.0%	72.9%	5.1 pts
Passenger revenue yield per RPM (excluding Aeroplan) (cents) (5)	15.9	16.5	(4)
Passenger revenue yield per RPM (including Aeroplan) (cents) (5)	16.4	16.5	(0)

- (1) References to "Successor Company" refer to ACE and its subsidiaries' results for the three months ended March 31, 2005. References to "Predecessor Company" refer to Air Canada and its subsidiaries' results for the three months ended March 31, 2004. Refer to Note 1 of Interim Unaudited First Quarter 2005 Consolidated Financial Statements for more information.
- (2) EBITDAR (earnings before interest, taxes, depreciation, amortization and obsolescence and aircraft rent) is a non-GAAP financial measure commonly used in the airline industry to view operating results before aircraft rent and ownership costs as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and asset acquisitions. EBITDAR is not a recognized measure for financial statement presentation under GAAP and does not have a standardized meaning and is therefore not likely to be comparable to similar measures presented by other public companies.
- EBITDAR before reorganization and restructuring items is reconciled to operating income (loss) before reorganization and restructuring items as follows:

	Three months ended March 31	
	Successor Company ACE	Predecessor Company Air Canada
	2005	2004
	(\$ millions)	(\$ millions)
Operating loss before reorganization and restructuring items	(10)	(145)
Add back:		
Aircraft rent	90	194
Depreciation, amortization & obsolescence	120	95
EBITDAR before reorganization and restructuring items	200	144

- (3) Includes the operations of Air Canada, Aeroplan, Air Canada Technical Services, ACGHS, AC Cargo, Air Canada Capital, Destina, AC Online and SIMCO.
- (4) Mainline-related operating statistics exclude Jazz operations, capacity purchase arrangements with third party carriers, Air Canada Vacations and other non-airline subsidiaries of ACE.
- (5) Beginning in October 2004, Aeroplan redemption revenues related to points redeemed for air travel on Air Canada are reflected in passenger revenues. Prior to October 2004, these revenues were recorded in "other" revenues. Refer to page 7 of the MD&A for more information.
- (6) Before reorganization and restructuring items in the first quarter of 2004.
- (7) Represents the net cost of the passenger transportation business after deducting the revenue impact of cargo and other non-ASM businesses.
- (8) Excludes maintenance down-time.
- (9) Net of fuel hedging and includes all fuel handling expense.