

News Release

ACE AVIATION REPORTS FIRST QUARTER 2008 RESULTS AND ANNOUNCES A \$500 MILLION SUBSTANTIAL ISSUER BID

FIRST QUARTER OVERVIEW

- Operating loss (before provision for cargo investigations) of \$27 million.
- EBITDAR (before provision for cargo investigations) of \$205 million including EBITDAR of \$222 million at Air Canada.
- Net loss of \$182 million.
- Substantial issuer bid of \$1.5 billion completed in January 2008.
- Sale of interest in Jazz in January 2008 for net cash proceeds of \$97 million.
- Secondary offering of Aeroplan units in April 2008 for net cash proceeds of \$343 million.
- ACE cash of \$886 million post closing of secondary offering

MONTRÉAL, May 9, 2008 – ACE Aviation Holdings Inc. (ACE) today reported an operating loss (before provision for cargo investigations) of \$27 million for first quarter 2008.

Air Canada reported an operating loss (before provision for cargo investigations) of \$12 million, an improvement of \$66 million over first quarter 2007, on a comparative basis.

EBITDAR⁽¹⁾ for ACE amounted to \$205 million (before provision for cargo investigations). Air Canada reported EBITDAR of \$222 million (before provision for cargo investigations) for the quarter, an increase of \$93 million over first quarter 2007, on a comparative basis.

The net loss for the quarter of \$182 million included the provision for cargo investigations of \$125 million, foreign exchange losses of \$89 million, an aircraft impairment charge of \$38 million and an \$89 million pre-tax gain from the sale of Jazz units in January 2008.

“I am pleased with the operating results for the quarter and ACE’s continued progress on the execution of its wind-up strategy,” said Robert Milton, Chairman, President and Chief Executive Officer, ACE Aviation Holdings Inc.

“Air Canada delivered very strong operating results for the quarter in spite of a challenging fuel price environment.

“In January 2008, we completed a \$1.5 billion substantial issuer bid. We also raised \$97 million by way of an exempt trade in Jazz units. In April 2008, ACE raised a further \$343 million in cash through a secondary offering of Aeroplan units.

“We are now in a position to announce a further substantial issuer bid,” concluded Mr. Milton.

ACE TO REPURCHASE UP TO CDN\$500 MILLION OF ITS CLASS A VARIABLE VOTING SHARES AND CLASS B VOTING SHARES PURSUANT TO A SUBSTANTIAL ISSUER BID

ACE today announced that its Board of Directors has authorized a substantial issuer bid (the Offer) to purchase for cancellation up to Cdn\$500 million of ACE's Class A Variable Voting Shares and Class B Voting Shares (collectively, the Shares) for a combined aggregate of up to 23,809,523 Shares. The Offer is being made by way of a "modified Dutch auction" pursuant to which shareholders may tender all or a portion of their Shares (i) at a price of not less than Cdn\$21.00 and not more than Cdn\$24.00 per Share, in increments of \$0.10 per Share, or (ii) without specifying a purchase price, in which case their Shares will be purchased at the purchase price determined in accordance with the Offer. The Offer will expire at 5:00 p.m. (Montreal time) on June 18, 2008, unless withdrawn or extended by ACE.

The purchase price paid for each Share properly tendered (the Purchase Price) will be based on the number of Shares tendered and the prices specified by shareholders making tenders, and will be the lowest price that will enable ACE to purchase up to Cdn\$500 million of Shares at a price within the range specified above. Shareholders will receive the Purchase Price in cash for Shares tendered at prices equal to or lower than the Purchase Price. All Shares tendered at prices higher than the Purchase Price will be returned to shareholders. All Shares purchased by ACE will be purchased at the same price, even if shareholders have selected a lower price. If the number of Shares tendered at or below the Purchase Price would result in an aggregate Purchase Price in excess of Cdn\$500 million, those Shares will be purchased on a pro rata basis.

In accordance with the terms of the convertible Preferred Shares of ACE, the holders of Preferred Shares will be permitted to participate in the Offer by depositing their Preferred Shares on an as converted basis.

The Offer is not conditional upon any minimum number of Shares being deposited, however, the Offer is subject to certain other conditions, including regulatory approval. Full particulars of the terms and conditions of the Offer will be contained in the Offer to Purchase and Issuer Bid Circular and related documents which will be filed with applicable securities regulatory authorities in Canada and the United States and mailed to holders of Shares, Preferred Shares and 4.25% Convertible Senior Notes on or about May 13, 2008.

Press release is for informational purposes only

This press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell ACE Shares. The solicitation and the offer to buy Shares will be made only pursuant to the separate Offer to Purchase and Issuer Bid Circular, and related documents. ACE will file the Offer to Purchase and Issuer Bid Circular and related documents with Canadian securities regulatory authorities and a Tender Offer Statement on Schedule T-O with the United States Securities and Exchange Commission (SEC). Shareholders should carefully read the Tender Offer Statement, the Offer to Purchase and Issuer Bid Circular, the related letter of transmittal and other related documents because they contain important information, including the various terms and conditions of the Offer. The Offer to Purchase and Issuer Bid Circular, the related letter of transmittal and certain other documents will be delivered without charge to all holders of Shares, Preferred Shares and 4.25% Convertible Senior Notes.

The Tender Offer Statement (including the Offer to Purchase and Issuer Bid Circular, the related letter of transmittal and all other offer documents filed by ACE with the SEC) will be available without charge at

the SEC website at www.sec.gov or by calling the Corporate Secretary office of ACE at (514) 205-7856. Offer documents required to be filed in Canada will also be available without charge at www.sedar.com.

(1) Non-GAAP Measures

EBITDAR is a non-GAAP financial measure commonly used in the airline industry to assess earnings before interest, taxes, depreciation and aircraft rent. EBITDAR is used to view operating results before aircraft rent and depreciation, amortization and obsolescence as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets. EBITDAR is not a recognized measure for financial statement presentation under GAAP and does not have standardized meaning and is therefore not likely to be comparable to similar measures presented by other public companies. Readers should refer to ACE's Quarter 1 2008 Management's Discussion and Analysis (MD&A) for a reconciliation of EBITDAR (before the provision for cargo investigations) and EBITDAR to operating loss.

For further information on ACE's public disclosure file, including ACE's Annual Information Form, please consult SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.shtml

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may contain 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. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, energy prices, general industry, market and economic conditions, war, terrorist acts, changes in demand due to the seasonal nature of the business, the ability to reduce operating costs and employee counts, employee relations, labour negotiations or disputes, pension issues, currency exchange and interest rates, changes in laws, adverse regulatory developments or proceedings, pending and future litigation and actions by third parties as well as the factors identified throughout ACE's filings with securities regulators in Canada and the United States and, in particular, those identified in the Risk Factors section of ACE's 2007 MD&A dated February 7, 2008 and in Section 10 of ACE's Quarter 1 2008 MD&A dated May 9, 2008. The forward-looking statements contained herein represent ACE's expectations as of the date they are made and are subject to change after such date. However, ACE disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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Consolidated Statement of Operations

Unaudited (Canadian dollars in millions except per share figures)	Three Months Ended	
	March 31 2008	March 31 2007*
Operating revenues		
Passenger	\$ 2,311	\$ 2,152
Cargo	124	140
Other	291	333
	2,726	2,625
Operating expenses		
Wages, salaries and benefits	496	698
Aircraft fuel	715	585
Aircraft rent	63	104
Airport and navigation fees	241	243
Aircraft maintenance, materials and supplies	203	136
Communications and information technology	73	76
Food, beverages and supplies	77	83
Depreciation, amortization and obsolescence	169	146
Commissions	53	59
Capacity purchase with Jazz	235	-
Special charge for labour restructuring	-	9
Other	428	515
	2,753	2,654
Operating loss before under-noted item	(27)	(29)
Provision for cargo investigations	(125)	-
Operating loss	(152)	(29)
Non-operating income (expense)		
Interest income	25	33
Interest expense	(96)	(123)
Interest capitalized	17	36
Gain on disposal of assets	46	7
Gain (loss) on financial instruments recorded at fair value	(23)	34
Equity and other investment income	12	3
Other	(1)	-
	(20)	(10)
Loss before the following items	(172)	(39)
Non-controlling interest	64	(23)
Foreign exchange gain (loss)	(89)	33
Recovery of (provision for) income taxes		
Current	-	(6)
Future	15	(37)
Loss for the period	\$ (182)	\$ (72)
Loss per share		
Basic and Diluted	\$ (2.96)	\$ (0.70)

**Effective March 14, 2007, the results and financial position of Aeroplan and effective May 24, 2007, the results and financial position of Jazz are not consolidated with ACE. Effective October 16, 2007, the results and financial position of ACTS are not consolidated with ACE. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.shtml.*

Consolidated Statement of Financial Position

Unaudited (Canadian dollars in millions)	March 31 2008	December 31 2007*
ASSETS		
Current		
Cash and cash equivalents	\$ 1,254	\$ 2,300
Short-term investments	679	839
	1,933	3,139
Restricted cash	55	124
Accounts receivable	841	793
Aircraft fuel inventory	72	98
Fuel derivatives	135	68
Prepaid expenses and other current assets	153	199
Future income taxes	164	200
	3,353	4,621
Property and equipment	7,743	7,925
Deferred charges	51	51
Intangible assets	650	647
Deposits and other assets	624	527
	\$ 12,421	\$ 13,771
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,179	\$ 1,266
Advance ticket sales	1,437	1,245
Current portion of Aeroplan Miles obligation	55	55
Current portion of long-term debt and capital leases	701	686
	3,372	3,252
Long-term debt and capital leases	4,035	4,006
Convertible preferred shares	188	182
Future income taxes	50	50
Pension and other benefit liabilities	1,773	1,824
Other long-term liabilities	624	483
	10,042	9,797
Non-controlling interest	692	757
SHAREHOLDERS' EQUITY		
Share capital and other equity	336	450
Contributed surplus	277	504
Retained earnings	872	2,209
Accumulated other comprehensive income	202	54
	1,687	3,217
	\$ 12,421	\$ 13,771

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Consolidated Statement of Changes in Shareholders' Equity

Unaudited (Canadian dollars in millions)	Three Months Ended March 31 2008	Year Ended December 31 2007*	Three Months Ended March 31 2007*
Share capital			
Common shares, beginning of period	\$ 243	\$ 533	\$ 533
Repurchase and cancellation of common shares	(115)	-	-
Distributions of Aeroplan units	-	(306)	(274)
Distributions of Jazz units	-	(70)	(51)
Issue of shares through stock options exercised	1	86	19
Total share capital	129	243	227
Other equity			
Convertible preferred shares	117	117	117
Convertible senior notes	90	90	92
Total share capital and other equity	336	450	436
Contributed surplus			
Balance, beginning of period	504	25	25
Repurchase and cancellation of common shares	(228)	-	-
Fair value of stock options issued to Corporation employees recognized as compensation expense	1	25	5
Fair value of exercised stock options to share capital	-	(29)	-
Aeroplan negative investment	-	483	426
Total contributed surplus	277	504	456
Retained earnings			
Balance, beginning of period	2,209	810	810
Repurchase and cancellation of common shares	(1,155)	-	-
Cumulative effect of adopting new accounting policies	-	5	10
Repair Schemes and Non-compete agreement	-	(4)	-
Net income (loss) for the period	1,054 (182)	811 1,398	820 (72)
Total retained earnings	872	2,209	748
Accumulated other comprehensive income			
Balance, beginning of period	54	-	-
Cumulative effect of adopting new accounting policies	-	(7)	(7)
Other comprehensive income	148	61	10
Total accumulated other comprehensive income	202	54	3
Total shareholders' equity	\$ 1,687	\$ 3,217	\$ 1,643

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Consolidated Statement of Comprehensive Income

Unaudited (Canadian dollars in millions)	Three Months Ended	
	March 31 2008	March 31 2007*
Comprehensive income (loss)		
Net loss for the period	\$ (182)	\$ (72)
Other comprehensive income, net of taxes:		
Net change in unrealized loss on US Airways securities (net of tax of \$1)	-	(4)
Net change in unrealized gain on Jazz Air Income Fund (net of tax of (\$15))	71	-
Net gains on fuel derivatives under hedge accounting (net of taxes of 2008 - (\$46), 2007 - (\$3))	100	6
Reclassification of net realized (gains) losses on fuel derivatives to income (net of taxes of 2008 - \$11, 2007 - nil)	(23)	8
	148	10
Total comprehensive loss	\$ (34)	\$ (62)

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Consolidated Statement of Cash Flows

Unaudited (Canadian dollars in millions)	Three Months Ended	
	March 31 2008	March 31 2007*
Cash flows from (used for)		
Operating		
Net loss for the period	\$ (182)	\$ (72)
Adjustments to reconcile to net cash from operations		
Depreciation, amortization and obsolescence	169	146
Gain on disposal of assets	(46)	(7)
Foreign exchange (gain) loss	65	(33)
Future income taxes	(15)	37
Excess of employee future benefit funding over expense	(51)	(69)
Decrease in Aeroplan miles obligation	(16)	(27)
Provision for cargo investigation	125	-
Non-controlling interest	(68)	18
Other	(13)	(25)
Changes in non-cash working capital balances	261	351
	229	319
Financing		
Issue of common shares	1	19
Repurchase and cancellation of common shares	(1,498)	-
Aircraft and facility related borrowings	187	112
Distributions paid to non-controlling interest	-	(53)
Reduction of long-term debt and capital lease obligations	(323)	(78)
Other	-	(1)
	(1,633)	(1)
Investing		
Short-term investments	161	(155)
Proceeds from sale of Jazz units	97	-
Proceeds from escrow related to sale of ACTS	40	-
Proceeds from sale of other assets	27	45
Proceeds from sale leaseback transactions	411	-
Additions to capital assets	(403)	(437)
Deconsolidation of Aeroplan cash	-	(231)
Acquisition of Aeroman, net of cash	-	(53)
Other	25	12
	358	(819)
Decrease in cash and cash equivalents	(1,046)	(501)
Cash and cash equivalents, beginning of period	2,300	1,854
Cash and cash equivalents, end of period	\$ 1,254	\$ 1,353
Cash payments of interest	\$ 68	\$ 60
Cash payments of income taxes	\$ 2	\$ 6

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