

News Release

ACE AVIATION REPORTS THIRD QUARTER 2008 RESULTS

THIRD QUARTER OVERVIEW

- EBITDAR of \$346 million, including EBITDAR of \$355 million at Air Canada.
- Operating income of \$105 million.
- Net loss of \$135 million.
- ACE cash of \$824 million at September 30, 2008.

MONTREAL, November 11, 2008 – ACE Aviation Holdings Inc. (ACE) today reported EBITDAR ⁽¹⁾ of \$346 million for the third quarter of 2008.

Air Canada reported EBITDAR of \$355 million for the quarter, a decrease of \$206 million from the third quarter 2007.

ACE recorded operating income of \$105 million for the quarter. Air Canada reported operating income of \$112 million for the quarter, a decrease of \$239 million from the third quarter 2007.

ACE recorded a net loss of \$135 million for the third quarter of 2008.

The deterioration in operating results was mainly due to unprecedented high fuel prices during the third quarter, combined with the effects of an uncertain global economy on Air Canada's results. Air Canada is the primary remaining aviation interest held by ACE.

In addition, the net loss in the current quarter included Air Canada's mark-to-market losses on financial instruments, consisting primarily of fuel hedge contracts, of \$93 million and net foreign exchange losses of \$87 million due to a weaker Canadian dollar versus the US dollar.

ACE's unconsolidated cash amounted to \$824 million at September 30, 2008.

"We continue to actively explore options for our 75 per cent interest in Air Canada to maximize value for our shareholders," said Robert Milton, Chairman, President and Chief Executive Officer, ACE Aviation Holdings Inc.

"We are also actively exploring options for ACE's capital structure, including its convertible preferred shares," concluded Mr. Milton.

(1) Non-GAAP Measures

EBITDAR is a non-GAAP financial measure commonly used in the airline industry to assess earnings before interest, taxes, depreciation, amortization 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 Third Quarter 2008 Management's Discussion and Analysis (MD&A) for a reconciliation of EBITDAR to operating income (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 11 of ACE's Third Quarter 2008 MD&A dated November 11, 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 September 30		Nine Months Ended September 30	
	2008	2007*	2008	2007*
Operating revenues				
Passenger	\$ 2,766	\$ 2,660	\$ 7,531	\$ 7,148
Cargo	139	132	402	407
Other	170	230	651	751
	3,075	3,022	8,584	8,306
Operating expenses				
Wages, salaries and benefits	479	558	1,462	1,882
Aircraft fuel	1,064	716	2,627	1,938
Aircraft rent	67	66	199	261
Airport and navigation fees	275	284	771	783
Aircraft maintenance	127	85	502	348
Communications and information technology	69	71	214	216
Food, beverages and supplies	86	88	244	252
Depreciation, amortization and obsolescence	174	147	514	442
Commissions	54	54	154	164
Capacity purchase with Jazz	243	234	711	310
Special charge for labour restructuring	-	-	-	15
Other	332	379	1,110	1,288
	2,970	2,682	8,508	7,899
Operating income before under-noted item	105	340	76	407
Provision for cargo investigations	-	-	(125)	-
Operating income (loss)	105	340	(49)	407
Non-operating income (expense)				
Interest income	19	25	67	86
Interest expense	(87)	(96)	(270)	(315)
Interest capitalized	6	24	31	88
Gain on assets	-	2	961	27
Gain (loss) on financial instruments recorded at fair value	(93)	(2)	60	26
Equity and other investment income (loss)	(19)	27	(2)	54
Other	(1)	(7)	(2)	(8)
	(175)	(27)	845	(42)
Income (loss) before the following items	(70)	313	796	365
Non-controlling interest	30	(69)	62	(148)
Foreign exchange gain (loss)	(87)	104	(128)	295
Provision for income taxes				
Current	(1)	(10)	(2)	(16)
Future	(7)	(114)	(215)	(226)
Income (Loss) for the period	\$ (135)	\$ 224	\$ 513	\$ 270
Income (Loss) per share				
Basic	\$ (3.86)	\$ 2.17	\$ 10.26	\$ 2.61
Diluted	\$ (3.86)	\$ 1.84	\$ 7.43	\$ 2.48

*Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS, respectively, 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)	September 30 2008	December 31 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 1,321	\$ 2,300
Short-term investments	617	839
	1,938	3,139
Restricted cash	82	124
Accounts receivable	986	793
Aircraft fuel inventory	94	98
Fuel derivatives	12	68
Prepaid expenses and other current assets	134	182
Future income taxes	-	200
	3,246	4,604
Property and equipment	7,463	7,925
Intangible assets	669	647
Deposits and other assets	548	578
	\$ 11,926	\$ 13,754
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,391	\$ 1,249
Advance ticket sales	1,452	1,300
Current portion of long-term debt and capital leases	408	686
	3,251	3,235
Long-term debt and capital leases	4,245	4,006
Convertible preferred shares	200	182
Future income taxes	50	50
Pension and other benefit liabilities	1,460	1,824
Other long-term liabilities	367	483
	9,573	9,780
Non-controlling interest	695	757
SHAREHOLDERS' EQUITY		
Share capital and other equity	307	450
Contributed surplus	164	504
Retained earnings	1,233	2,209
Accumulated other comprehensive income (loss)	(46)	54
	1,658	3,217
	\$ 11,926	\$ 13,754

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Consolidated Statement of Changes in Shareholders' Equity

Unaudited (Canadian dollars in millions)	Nine Months Ended September 30 2008	Year Ended December 31 2007*	Nine Months Ended September 30 2007*
Share capital			
Common shares, beginning of period	\$ 243	\$ 533	\$ 533
Repurchase and cancellation of common shares	(180)	-	-
Distributions of Aeroplan units	-	(306)	(354)
Distributions of Jazz units	-	(70)	(72)
Issue of shares through stock options exercised	37	86	22
Total share capital	100	243	129
Other equity			
Convertible preferred shares	117	117	117
Convertible senior notes	90	90	92
Total share capital and other equity	307	450	338
Contributed surplus			
Balance, beginning of period	504	25	25
Repurchase and cancellation of common shares	(329)	-	-
Fair value of stock options recognized as compensation expense	(4)	25	12
Fair value of exercised stock options to share capital	(7)	(29)	-
Aeroplan negative investment	-	483	483
Total contributed surplus	164	504	520
Retained earnings			
Balance, beginning of period	2,209	810	810
Repurchase and cancellation of common shares	(1,489)	-	-
Cumulative effect of adopting new accounting policies	-	5	5
Repair schemes and Non-compete agreement	-	(4)	-
Net income for the period	720	811	815
	513	1,398	270
Total retained earnings	1,233	2,209	1,085
Accumulated other comprehensive income (loss)			
Balance, beginning of period	54	-	-
Cumulative effect of adopting new accounting policies	-	(7)	(7)
Other comprehensive income (loss)	(100)	61	2
Total accumulated other comprehensive income (loss)	(46)	54	(5)
Total retained earnings and accumulated other comprehensive income	1,187	2,263	1,083
Total shareholders' equity	\$ 1,658	\$ 3,217	\$ 1,938

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Consolidated Statement of Comprehensive Income

Unaudited (Canadian dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007*	2008	2007*
	Comprehensive income			
Net income (loss) for the period	\$ (135)	\$ 224	\$ 513	\$ 270
Other comprehensive income (loss), net of taxes:				
Net change in unrealized loss on US Airways securities	-	-	-	(8)
Reclassification of realized gains on US Airways securities to income	-	(4)	-	(11)
Net change in unrealized gain on Jazz Air Income Fund	-	-	65	-
Reclassification of net realized gains on Jazz Air Income Fund to income	-	-	(65)	-
Net change in unrealized gain on Aeroplan Income Fund	-	-	331	-
Reclassification of net realized gains on Aeroplan Income Fund to income	-	-	(331)	-
Net (loss) gains on fuel derivatives under hedge accounting	(244)	11	29	25
Reclassification of net realized (gains) losses on fuel derivatives to income	(44)	(3)	(129)	7
Unrealized loss on translation of self-sustaining operation (net of nil tax)	-	(4)	-	(11)
	(288)	-	(100)	2
Total comprehensive income (loss)	\$ (423)	\$ 224	\$ 413	\$ 272

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Consolidated Statement of Cash Flows

Unaudited (Canadian dollars in millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007*	2008	2007*
Cash flows from (used for)				
Operating				
Income (loss) for the period	\$ (135)	\$ 224	\$ 513	\$ 270
Adjustments to reconcile to net cash from operations				
Depreciation, amortization and obsolescence	174	147	514	442
Gain on disposal of assets	-	(2)	(961)	(27)
Foreign exchange loss (gain)	102	(139)	103	(326)
Future income taxes	7	114	215	226
Excess of employee future benefit funding over expense	(150)	(32)	(232)	(170)
Provision for cargo investigations	-	-	125	-
Non-controlling interest	(30)	69	(62)	139
Financial instruments and other	141	15	(40)	23
Changes in non-cash working capital balances	(374)	(273)	6	(7)
	(265)	123	181	570
Financing				
Issue of common shares	-	2	30	21
Repurchase and cancellation of common shares	-	-	(1,998)	-
Aircraft related borrowings	-	449	313	1,093
Distributions paid to non-controlling interest	-	-	-	(61)
Reduction of long-term debt and capital lease obligations	(67)	(138)	(709)	(305)
Other	-	(1)	-	(2)
	(67)	312	(2,364)	746
Investing				
Short-term investments	226	124	222	(15)
Proceeds from sale of Aeroplan units	-	-	692	-
Proceeds from sale of Jazz units	-	-	182	-
Exercise of ACTS Aero put option	-	-	(19)	-
Proceeds from escrow related to sale of ACTS	-	-	40	-
Proceeds from sale of other assets	-	32	27	77
Proceeds from sale-leaseback transactions	-	-	708	-
Additions to capital assets	(105)	(612)	(733)	(1,787)
Deconsolidation of Aeroplan cash	-	-	-	(231)
Deconsolidation of Jazz cash	-	-	-	(138)
Acquisition of Aeroman, net of cash	-	-	-	(53)
Other	51	(42)	85	(45)
	172	(498)	1,204	(2,192)
Decrease in cash and cash equivalents	(160)	(63)	(979)	(876)
Cash and cash equivalents, beginning of period	1,481	1,041	2,300	1,854
Cash and cash equivalents, end of period	\$ 1,321	\$ 978	\$ 1,321	\$ 978
Cash payments of interest	\$ 68	\$ 59	\$ 222	\$ 190
Cash (recoveries) payments of income taxes	\$ (1)	\$ 3	\$ 2	\$ 12

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