

News Release

ACE AVIATION REPORTS 2008 FULL YEAR AND FOURTH QUARTER RESULTS

2008 FULL YEAR OVERVIEW

- EBITDAR of \$891 million (before provision for cargo investigations), including EBITDAR of \$934 million at Air Canada.
- Operating loss (before provision for cargo investigations) of \$74 million.
- Gains on assets (primarily relating to the sale of units of Aeroplan and Jazz) of \$946 million.
- Net loss of \$120 million.
- Substantial issuer bid for common shares of \$1.5 billion completed in January 2008.
- Sale of Jazz units 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.
- Sale of remaining stakes in Aeroplan and Jazz in June 2008 for net cash proceeds of \$349 million and \$85 million, respectively.
- Substantial issuer bid for common shares of \$0.5 billion completed in June 2008.

FOURTH QUARTER OVERVIEW

- EBITDAR of \$102 million including EBITDAR of \$108 million at Air Canada.
- Operating loss of \$150 million.
- Net loss of \$633 million (including net foreign exchange losses of \$527 million).
- Substantial issuer bids for preferred shares and convertible senior notes launched in December 2008 and completed in January 2009.
- Announced intention to seek court and shareholder approvals for a plan of arrangement to liquidate and distribute net assets, including ACE's shares in Air Canada, to ACE's shareholders.
- ACE cash of \$408 million on January 31, 2009.

MONTRÉAL, February 13, 2009 – ACE Aviation Holdings Inc. (ACE) today reported 2008 full year and fourth quarter results.

In 2008, EBITDAR for ACE amounted to \$891 million (before the provision for cargo investigations of \$125 million) including EBITDAR at Air Canada of \$934 million.

ACE recorded a 2008 operating loss (before the provision) of \$74 million including an operating loss of \$39 million at Air Canada.

In the fourth quarter of 2008, ACE recorded EBITDAR of \$102 million and an operating loss of \$150 million.

Air Canada reported EBITDAR of \$108 million and an operating loss of \$146 million, decreases of \$166 million and \$218 million, respectively, over fourth quarter 2007.

In accordance with the applicable accounting standards, effective December 31, 2008, ACE changed the basis of preparing its financial statements from going concern to liquidation. If ACE subsequently does not proceed with the liquidation of its net assets, ACE will revert to a going concern basis of presentation.

At January 31, 2009, ACE's principal assets are cash and cash equivalents of \$408 million and its 75 million shares in Air Canada which had a market value of \$173 million on that date. ACE's investment in ACTS Aero has been written down to nil. ACE's obligations include convertible senior notes with a principal amount outstanding of \$64 million and accounts payable and accrued liabilities up to and during liquidation of \$30 million. ACE also has 4.2 million preferred shares outstanding with a fully accreted value of \$104 million at January 31, 2009, together with 34.9 million common shares.

"During 2008, we made good progress with the implementation of ACE's business strategy," said Robert Milton, Chairman, President and Chief Executive Officer, ACE Aviation Holdings Inc.

"On December 10, 2008, we launched substantial issuer bids for all of our outstanding preferred shares and convertible senior notes which were completed on January 19, 2009. ACE purchased for cancellation 66% of the preferred shares outstanding for an aggregate purchase price of \$166 million and 80% of the convertible senior notes outstanding for an aggregate purchase price of \$233 million

"On December 10, 2008, we also announced ACE's intention to seek court and shareholder approvals for a plan of arrangement to liquidate and distribute its net assets. The plan will provide for the distribution of ACE's shares in Air Canada to ACE's shareholders.

"In advance of the plan of arrangement, ACE will continue to explore opportunities, including possible further substantial issuer bids. In this regard, on February 10, 2009, ACE announced a substantial issuer bid to purchase for cancellation its remaining 4.2 million convertible preferred shares at a purchase price of \$20.00 in cash per preferred share. ACE has signed a lock up agreement with GLG Market Neutral Fund, which holds 1.0 million preferred shares, to tender into the offering.

"In addition, in light of the publicly stated opposition of certain shareholders with respect to the plan of arrangement, ACE will continue its ongoing dialogue with shareholders and consider other alternatives available to it with a view to arriving at an optimal outcome," concluded Mr. Milton.

Non-GAAP Measures

The provision for cargo investigations recorded in 2008 by Air Canada amounted to \$125 million. 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 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.

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. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, industry, market, credit and economic conditions, the ability to reduce operating costs and secure financing, pension issues, energy prices, currency exchange and interest rates, employee and labour relations, competition, war, terrorist acts, epidemic diseases, insurance issues and costs, changes in demand due to the seasonal nature of the business, supply issues, changes in laws, 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, in particular, those identified in the Risk Factors section to ACE's 2008 MD&A dated February 13, 2009. The plan of arrangement is subject to the approval by the shareholders and the court, and the final completion of ACE's liquidation is subject to the obtention of any required tax clearance certificates and any tax or other regulatory approvals. If ACE does not proceed with the liquidation of its assets, or to do so in a timely manner, ACE will continue to incur operating costs and fees. The forward-looking statements contained herein represent ACE's expectations as of the date of 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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Statement of Net Assets in Liquidation

As at December 31 (Canadian dollars in millions except per share figures)	2008*
ASSETS	
Cash and cash equivalents	\$ 808
Investment in Air Canada	133
Investment in ACTS Aero	-
Future income taxes	-
	\$ 941
LIABILITIES	
Convertible senior notes	\$ 298
Convertible preferred shares	272
Accounts payable and accrued liabilities	27
Accrued future costs to be incurred up to and during liquidation	5
	\$ 602
NET ASSETS IN LIQUIDATION	\$ 339
NET ASSETS IN LIQUIDATION PER SHARE	
Basic	\$ 9.71
Diluted	\$ 9.71

**Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com.*

Statement of Changes in Net Assets in Liquidation

For the period ended December 31, 2008
(Canadian dollars in millions)

Shareholders' Equity at December 31, 2008 on a Going Concern Basis	\$ 464
Effects of adopting a liquidation basis of presentation:	
Adjustment of investment in Air Canada to estimated net realizable value	(46)
Adjustment of convertible senior notes to present value of estimated amounts to be paid	(9)
Adjustment of convertible preferred shares to present value of estimated amounts to be paid	(66)
Accrual of future costs to be incurred up to and during liquidation	(5)
Reversal of accrued interest on convertible senior notes	1
Net effect of adopting a liquidation basis of presentation	(125)
Net assets in liquidation at December 31, 2008	\$ 339

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Consolidated Statement of Operations (Going Concern Basis)

For the year ended December 31 (Canadian dollars in millions except per share figures)	2008*	2007*
Operating revenues		
Passenger	\$ 9,713	\$ 9,344
Cargo	515	548
Other	852	934
	11,080	10,826
Operating expenses		
Aircraft fuel	3,419	2,553
Wages, salaries and benefits	1,908	2,383
Airport and navigation fees	1,001	1,021
Capacity purchase with Jazz	948	537
Depreciation, amortization and obsolescence	686	582
Aircraft maintenance	659	515
Food, beverages and supplies	314	318
Communications and information technology	286	281
Aircraft rent	279	323
Commissions	194	201
Special charge for labour restructuring	-	15
Other	1,460	1,644
	11,154	10,373
Operating income (loss) before under-noted item	(74)	453
Provision for cargo investigations	(125)	-
Operating income (loss)	(199)	453
Non-operating income (expense)		
Interest income	84	126
Interest expense	(373)	(420)
Interest capitalized	37	108
Gain on assets	946	1,366
Gain on financial instruments recorded at fair value	92	26
Equity and other investment income (loss)	(64)	71
Other	(2)	(12)
	720	1,265
Income before the following items	521	1,718
Non-controlling interest	238	(157)
Foreign exchange gain (loss)	(655)	313
Provision for income taxes		
Current	(3)	(15)
Future	(221)	(461)
Income (loss) for the year	\$ (120)	\$ 1,398
Income (loss) per share		
Basic	\$ (2.59)	\$ 13.51
Diluted	\$ (2.59)	\$ 11.44

*Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS Aero, respectively, are not consolidated with ACE. Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com.

Consolidated Statement of Financial Position (Going Concern Basis)

As at December 31 (Canadian dollars in millions)	2007*
ASSETS	
Current	
Cash and cash equivalents	\$ 2,300
Short-term investments	839
	3,139
Restricted cash	124
Accounts receivable	793
Aircraft fuel inventory	98
Fuel derivatives	68
Prepaid expenses and other current assets	182
Future income taxes	200
	4,604
Property and equipment	7,925
Intangible assets	647
Deposits and other assets	578
	\$ 13,754
LIABILITIES	
Current	
Accounts payable and accrued liabilities	\$ 1,249
Advance ticket sales	1,300
Current portion of long-term debt and capital leases	686
	3,235
Long-term debt and capital leases	4,006
Convertible preferred shares	182
Future income taxes	50
Pension and other benefit liabilities	1,824
Other long-term liabilities	483
	9,780
Non-controlling interest	757
SHAREHOLDERS' EQUITY	
Share capital and other equity	450
Contributed surplus	504
Retained earnings	2,209
Accumulated other comprehensive income	54
	3,217
	\$ 13,754

*Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS Aero, respectively, are not consolidated with ACE. Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation; accordingly, a Consolidated Statement of Financial Position on a going concern basis is not presented. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com.

Consolidated Statement of Changes in Shareholders' Equity (Going Concern Basis)

For the year ended December 31 (Canadian dollars in millions)	2008*	2007*
Share capital		
Common shares, beginning of year	\$ 243	\$ 533
Repurchase and cancellation of common shares	(180)	-
Distributions of Aeroplan units	-	(306)
Distributions of Jazz units	-	(70)
Issue of shares through stock options exercised	37	86
Total share capital	100	243
Other equity		
Convertible preferred shares	117	117
Convertible senior notes	90	90
Total share capital and other equity	307	450
Contributed surplus		
Balance, beginning of year	504	25
Repurchase and cancellation of common shares	(329)	-
Fair value of stock options recognized as compensation expense (recovery)	(5)	25
Fair value of exercised stock options to share capital	(7)	(29)
Aeroplan negative investment	-	483
Total contributed surplus	163	504
Retained earnings		
Balance, beginning of year	2,209	810
Repurchase and cancellation of common shares	(1,489)	-
Cumulative effect of adopting new accounting policies	-	5
Repair schemes and Non-compete agreement	-	(4)
	720	811
Income (loss) for the year	(120)	1,398
Total retained earnings	600	2,209
Accumulated other comprehensive income (loss)		
Balance, beginning of year	54	-
Cumulative effect of adopting new accounting policies	-	(7)
Other comprehensive income (loss)	(660)	61
Total accumulated other comprehensive income (loss)	(606)	54
Total retained earnings and accumulated other comprehensive income (loss)	(6)	2,263
Total shareholders' equity before adoption of liquidation basis of presentation	\$ 464	\$ 3,217

*Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS Aero, respectively, are not consolidated with ACE. Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com

Consolidated Statement of Comprehensive Income (Loss) (Going Concern Basis)

For the year ended December 31 (Canadian dollars in millions)	2008*	2007*
Comprehensive income (loss)		
Income (loss) for the year	\$ (120)	\$ 1,398
Other comprehensive income (loss), net of taxes:		
Net change in unrealized loss on US Airways securities	-	(13)
Reclassification of realized gain on US Airways securities to income	-	(6)
Net change in unrealized gain on Jazz Air Income Fund	65	-
Reclassification of net realized gain on Jazz Air Income Fund to income	(65)	-
Net change in unrealized gain on Aeroplan Income Fund	331	-
Reclassification of net realized gain on Aeroplan Income Fund to income	(331)	-
Net gains (losses) on fuel derivatives under hedge accounting (net of taxes of 2008 - nil and 2007 - (\$39))	(605)	107
Reclassification of net realized gains on fuel derivatives to income (net of taxes of 2008 - \$22 and 2007 - \$11)	(57)	(25)
Unrealized gain (loss) on translation of self-sustaining operation operation (net of nil tax)	2	(9)
Proportional reclassification adjustment from foreign currency translation to income related to disposal of ACTS (net of nil tax)	-	7
	(660)	61
Total comprehensive income (loss)	\$ (780)	\$ 1,459

**Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS Aero, respectively, are not consolidated with ACE. Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation. The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com.*

Consolidated Statement of Cash Flow (Going Concern Basis)

For the year ended December 31 (Canadian dollars in millions)	2008*	2007*
Cash flows from (used for)		
Operating		
Income (loss) for the year	\$ (120)	\$ 1,398
Adjustments to reconcile to net cash from operations		
Depreciation, amortization and obsolescence	686	582
Gain on assets	(946)	(1,366)
Foreign exchange loss (gain)	822	(387)
Future income taxes	221	461
Excess of employee future benefit funding over expense	(316)	(205)
Provision for cargo investigations	125	-
Non-controlling interest	(238)	146
Fuel and other derivative instruments	(208)	(3)
Fuel hedge collateral deposits, net	(322)	-
Equity investment (income) loss	69	(71)
Other	(3)	124
Changes in non-cash working capital balances	120	(42)
	(110)	637
Financing		
Issue of common shares	30	56
Repurchase and cancellation of common shares	(1,998)	-
Borrowings	871	1,914
Distributions paid to non-controlling interest	-	(25)
Reduction of long-term debt and capital lease obligations	(993)	(504)
Other	(5)	(38)
	(2,095)	1,403
Investing		
Short-term investments	334	83
Proceeds from sale of Aeroplan units	692	463
Proceeds from sale of Jazz units	182	263
Proceeds from sale of ACTS to ACE	-	723
Proceeds from sale of ACTS to Air Canada	-	65
Exercise of ACTS Aero put option	(19)	-
Proceeds from escrow related to sale of ACTS	40	-
Proceeds from sale of other assets	38	106
Proceeds from sale-leaseback transactions	708	-
Additions to capital assets	(883)	(2,730)
Deconsolidation of Aeroplan cash	-	(231)
Deconsolidation of Jazz cash	-	(138)
Deconsolidation of ACTS cash	-	(7)
Acquisition of Aeroman, net of cash	-	(53)
Funding of ACTS Aero letter of credit	59	(101)
Other	61	(37)
	1,212	(1,594)
Increase (decrease) in cash and cash equivalents	(993)	446
Cash and cash equivalents, beginning of year	2,300	1,854
Cash and cash equivalents, end of year before adoption of liquidation basis of accounting	\$ 1,307	\$ 2,300
Cash payments of interest	\$ 307	\$ 281
Cash payments of income taxes	\$ 2	\$ 13

*Effective March 14, 2007, May 24, 2007, and October 16, 2007, the results and financial position of Aeroplan, Jazz and ACTS Aero, respectively, are not consolidated with ACE. Effective December 31, 2008, the Corporation changed the basis of presenting its financial statements from going concern to liquidation. Cash and cash equivalents before adoption of liquidation basis of presentation exclude Short-term investments of \$506 as at December 31, 2008 (\$839 as at December 31, 2007). The notes are an integral part of the interim consolidated financial statements and are available on SEDAR at www.sedar.com.