

News Release

ACE AVIATION REPORTS SECOND QUARTER 2010 RESULTS

MONTRÉAL, August 5, 2010 – ACE Aviation Holdings Inc. (ACE) today reported second quarter results for 2010.

Effective October 27, 2009, when ACE's ownership in Air Canada was reduced from 75% to 27%, ACE no longer consolidates Air Canada's financial position, operating results and cash flows. Since then ACE's investment in Air Canada is accounted for using the equity method.

ACE recorded a consolidated loss for the quarter of \$50 million. This includes ACE's proportionate share of Air Canada's losses, after adjustments, for the quarter of \$51 million and interest income of \$5 million principally from ACE's \$150 million loan to Air Canada.

For the six months ended June 30, 2010, ACE recorded a consolidated loss of \$66 million. This includes ACE's proportionate share of Air Canada's losses, after adjustments, of \$71 million and interest income of \$10 million principally from the loan to Air Canada

On August 3, 2010 following the completion of its offerings of senior secured notes, Air Canada repaid the \$150 million loan from ACE, together with interest and prepayment fees for total proceeds of \$156 million.

Following the repayment, at August 3, 2010, ACE's net assets at fair value (determined on a non-GAAP basis, using market value for ACE's shares in Air Canada instead of the value determined under the equity method) amounted to \$376 million or \$11.58 per share. ACE's assets are:

- cash and cash equivalents of \$212 million;
- 75 million Class B Voting Shares in Air Canada which had a market value of \$166 million based on the closing price on the TSX; and
- 2.5 million warrants for the purchase of Air Canada Class B voting shares at exercise prices of \$1.44 (1.25 million warrants) and \$1.51 (1.25 million warrants) per share which had an estimated fair value of \$2 million.

ACE's obligations are accounts payable and accrued liabilities of \$4 million.

ACE has applied for Certificates of Discharge from the Canada Revenue Agency and Revenue Quebec. ACE is assisting them with their audits of ACE's income tax returns for the years 2005 to 2008. In addition to the audits of income tax returns, audits in respect of other taxes, including GST, QST and Customs, are ongoing. It is possible that the audits, which relate to ACE and its subsidiaries, may lead to some reassessments in the future.

Going forward, the Board will actively review alternatives to return assets to shareholders.

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. 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, credit 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, in particular, those identified in the Risk Factors section of ACE's 2009 MD&A dated February 11, 2010 as updated in the Risk Factors section of ACE's MD&A for Quarter 2, 2010 dated August 4, 2010. 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.

- 30 -

Contact: Des Beaumont (514) 205-7639

Internet: www.aceaviation.com