ACE AVIATION

News Release

ACE AVIATION REPORTS 2010 FULL YEAR AND FOURTH QUARTER RESULTS

MONTRÉAL, February 10, 2011 – ACE Aviation Holdings Inc. (ACE) today reported 2010 full year and fourth quarter results.

Results

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. Between that date and December 23, 2010 ACE's investment in Air Canada was accounted for using the equity method.

On December 23, 2010, ACE completed a secondary offering on a bought deal basis of 44 million Class B Voting Shares of Air Canada at an offering price of $3.70 per share for aggregate gross proceeds of $162.8 million (net proceeds of approximately $156.3 million). Since December 23, 2010, ACE's remaining 11.11% investment (31 million Class B voting shares) in Air Canada is accounted for as an available-for-sale financial instrument.

For 2010, ACE recorded consolidated income of $98 million. This includes ACE's proportionate share of Air Canada's earnings, after adjustments, of $43 million, a gain on the partial sale of its investment in Air Canada of $43 million, interest income of $14 million principally from the loan to Air Canada and gains of $5 million related to the Air Canada warrants issued under the credit facility.

In the fourth quarter of 2010, ACE recorded consolidated income for the quarter of $86 million. This includes ACE's proportionate share of Air Canada's earnings, after adjustments, for the quarter of $40 million and the gain of $43 million on the partial sale of ACE's investment in Air Canada.

Assets and obligations

On January 31, 2011, ACE's net assets amounted to $463 million or $14.26 per share. ACE's underlying assets are:

- cash and cash equivalents of $363 million;
- 31 million Class B Voting Shares in Air Canada which had a market value of $99 million based on the January 31 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 $4 million.

At that date, ACE also has accounts payable and accrued liabilities of $4 million, offset by commodity taxes receivable of $1 million.

ACE has applied for Certificates of Discharge from the Canada Revenue Agency and Revenu Quebec. ACE is assisting them with their audits of ACE's income tax returns for the years 2005 to 2009. In addition to the audits of income tax returns, audits in respect of other taxes, including GST and QST, are ongoing.

In late 2010, ACE received notices of reassessment from Revenu Quebec in the amount of $37.7 million. This amount has been paid. The reassessments primarily related to audits of GST and QST with respect to ACTS LP, and its predecessor ACTS Limited Partnership, for periods prior to ACE's monetization of ACTS LP in October 2007.

$35.4 million of such reassessments are recoverable from Air Canada and other parties, of which $34.5 million has been recovered to date. The total recoverable amount of $35.4 million includes $33.4 million recoverable from Air Canada and $1.1 million from Aveos Fleet Performance Inc. following their filings of related Input Tax Credit claims from the Canada Revenue Agency. ACE has agreed to indemnify and hold harmless Air Canada and Aveos from loss should the additional ITC claims be reassessed in the future.

It is possible that the ongoing audits of income tax returns and other taxes may lead to reassessments in the future.

Strategy

Going forward, the Board will actively review alternatives to maximize shareholder value and 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.

<u>CAUTION REGARDING FORWARD-LOOKING INFORMATION</u>

Certain statements in this news release may contain forward-looking statements. Forward-looking statements may relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, planned operations or future actions. 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. 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, market, regulatory developments or proceedings, 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 2010 MD&A dated February 9, 2011.The forward-looking statements contained in this news release 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.

Contact: Des Beaumont (514) 205-7639

Internet: www.aceaviation.com