

News Release

ACE AVIATION REPORTS THIRD QUARTER RESULTS

MONTRÉAL, November 4, 2011 – ACE Aviation Holdings Inc. (ACE) today reported third quarter results for 2011.

Results

Effective January 1, 2011, ACE began preparing its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”), with retroactive restatement of comparative figures for 2010. In the current quarter, ACE adopted new accounting standard IFRS 9 – Financial Instruments. This required further changes to the 2010 comparative figures and also restatements of previously reported income (loss) and other comprehensive income (loss) for the first and second quarters of 2011.

In the third quarter of 2011, ACE recorded a loss of \$28 million, which includes unrealized losses of \$26 million and \$1 million respectively on ACE’s investment and warrants in Air Canada, recorded at fair value.

This compares with income of \$66 million in the third quarter of 2010, which includes ACE’s proportionate share of Air Canada’s income, after adjustments, of \$62 million and an unrealized gain of \$2 million on ACE’s warrants in Air Canada.

Assets and Obligations

On October 31, 2011, ACE’s net assets amounted to \$402 million or \$12.38 per share. ACE’s underlying assets are:

- cash and cash equivalents of \$350 million;
- receivables of \$7 million from Air Canada relating to commodity taxes;
- 31 million Class B Voting Shares in Air Canada which had a market value of \$45 million based on the October 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 \$1 million.

At that date, ACE also had accounts payable and accrued liabilities of \$1 million.

Update on Tax Audits

In March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency (“CRA”) and Revenu Quebec.

Since then, ACE has been actively assisting the CRA and Revenu Quebec with their audits of ACE's income tax returns for the years 2005 to 2010. In addition to the audits of income tax returns, ACE has been assisting with audits in respect of other taxes. The audits of income tax returns required a detailed review of all of the significant corporate transactions undertaken by ACE since its incorporation in 2004, together with a detailed review of all of its returns.

Substantial progress continues to be made in all of the audits, many of which have now been completed. On the basis of the information available, it is ACE's current expectation that the audits will be completed within the next three months.

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

Reassessments to date and related indemnification agreements

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 were recoverable from Air Canada and other parties. The total recoverable amount of \$35.4 million included \$33.4 million recovered 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.

Additional notices of reassessment in respect of GST and QST amounting to \$7.4 million were received and paid in Quarter 2, 2011. \$6.8 million of such reassessments are recoverable from Air Canada.

In Quarter 2, 2011, ACE also received and paid a notice of reassessment for other taxes from Revenu Quebec in the amount of \$2.9 million. The reassessment relates to 2005.

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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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 Amended MD&A dated May 4, 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.

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