ACE AVIATION

News Release

ACE AVIATION REPORTS FULL YEAR AND FOURTH QUARTER RESULTS AND ANNOUNCES INTENTION TO SEEK SHAREHOLDER APPROVAL TO WIND UP, DISTRIBUTE ITS NET ASSETS AND ULTIMATELY DISSOLVE IN THE FUTURE

MONTRÉAL, February 10, 2012 – ACE Aviation Holdings Inc. (ACE) today reported full year and fourth quarter results for 2011 and announced its intention to seek shareholder approval for its winding-up, the distribution of its remaining net assets and ultimately its dissolution in the future.

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 2011, ACE adopted new accounting standard IFRS 9 – Financial Instruments. This required further changes to the 2010 comparative figures.

In accordance with IAS 1 “Presentation of financial statements” and IAS 10 “Events after the reporting period” the Corporation changed the basis of preparing its financial statements from going concern to liquidation, effective January 1, 2011. This change of basis was adopted as IAS 10 does not permit use of the going concern basis of accounting if management intends to liquidate the entity either before or after year-end. As a result, the financial statements as at December 31, 2011 and for the year ended have been prepared using a liquidation basis of accounting. This basis of presentation differs from the presentation adopted in the interim financial reports of the Corporation issued during 2011. The adoption of a liquidation basis of presentation on January 1, 2011 did not result in a change to net assets. If ACE subsequently does not proceed with the liquidation of its net assets, ACE will revert to a going concern basis of presentation.

For 2011, ACE recorded a loss and reduction in net assets in liquidation of $90 million. This includes unrealized losses of $76 million and $5 million respectively on ACE’s investment and warrants in Air Canada. In the fourth quarter of 2011, ACE recorded a loss and reduction in net assets in liquidation of $21 million. This includes unrealized losses of $15 million and $1 million respectively on ACE’s investment and warrants in Air Canada.

ACE recorded income of $35 million in 2010, which included a gain on the sale of ACE’s investment in Air Canada of $26 million, unrealized gains of $15 million on the investment, ACE’s proportionate share of Air Canada’s loss, after adjustments, of $14 million and an unrealized gain of $5 million on ACE’s warrants in Air Canada. In the fourth quarter of 2010, ACE recorded income of $61 million. This included a gain on the sale of ACE’s investment in Air Canada of $26 million, unrealized gains of $15 million on the investment, ACE’s proportionate share of Air Canada’s income, after adjustments, of $21 million and an unrealized gain of $2 million on ACE’s warrants in Air Canada.

Assets and obligations

On January 31, 2012, ACE's net assets amounted to $384 million or $11.83 per share. ACE's underlying assets are:

- cash and cash equivalents of $356 million;
- 31 million Class B Voting Shares in Air Canada which had a market value of $33 million based on the January 31, 2012 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 a nominal value.

At that date, ACE also had total payables and accrued liabilities of $5 million, principally related to taxes.

Update on tax audits and related indemnity agreements

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.

The audits of income taxes and other taxes are now substantially complete and additional reassessments of $4 million are anticipated in Quarter 1, 2012. This amount has been accrued as at December 31, 2011. On the basis of the information available, it is ACE's current expectation that the Certificates of Discharge will be issued in the near future.

In late 2010, ACE received notices of reassessment from Revenu Quebec in the amount of $37.7 million. This amount was 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. $35.1 million of such reassessments were recovered from Air Canada and other parties. The total recovery amount of $35.1 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 were recovered from Air Canada in Quarter 4, 2011. ACE has agreed to indemnify and hold harmless Air Canada from loss should related additional ITC claims by Air Canada be reassessed in the future.

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.

Intention to seek shareholder approval to wind up, distribute its net assets and ultimately dissolve in the future

Given the progress detailed above, the Board has decided to seek shareholder approval to proceed with the winding-up of ACE, the distribution of its net assets, after providing for liabilities, contingencies and costs, and ultimately its dissolution in the future. The shareholders meeting will be held on April 25, 2012 and shareholders of record as of March 6, 2012 will be entitled to receive notice of and to vote at the meeting.

ACE intends to make an initial distribution to its shareholders of an aggregate amount between $250 million and $300 million, within the weeks following the shareholders meeting, on a date to be determined by the board of directors. The final distribution to shareholders will not occur earlier than mid-year 2013 in order to allow that any remaining contingent liabilities be settled or otherwise provided for. The distributions will generally be treated as deemed dividends from a Canadian tax standpoint.

Further details will be disclosed in an information circular to be mailed to the shareholders of ACE in March 2012.

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, future actions, the timing of the liquidation and the distributions to shareholders and the amount of the initial distribution to shareholders. 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 2011 MD&A dated February 9, 2012. The winding-up is subject to the approval of ACE's shareholders. If ACE does not proceed with the winding-up, or does not do so in a timely manner, ACE will continue to incur operating costs and fees. 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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