ACE AVIATION

News Release

ACE AVIATION REPORTS SECOND QUARTER RESULTS

MONTRÉAL, August 13, 2012 – ACE Aviation Holdings Inc. (ACE) announced today its second quarter results for 2012.

In the second quarter of 2012, ACE recorded a reduction in net assets in liquidation of $275 million. This reduction is primarily due to the initial distribution to shareholders in the aggregate amount of $275 million which was paid on June 8, 2012 in connection with the voluntary liquidation of ACE.

On June 28, 2012, further to the approval by ACE shareholders on April 25, 2012 of a special resolution providing for the voluntary liquidation of ACE, the Superior Court of Québec (Commercial Division) (the "**Court**") issued an order appointing Ernst & Young Inc. as liquidator of ACE (the "Liquidator"). Effective as of June 28, 2012, all of the directors and officers of ACE have resigned from their positions and the Liquidator was vested with the powers of the directors of ACE.

Under the supervision of the Court, the Liquidator will establish a process for the identification, resolution and barring of claims and other contingent liabilities against ACE. The Liquidator will also proceed with the distribution of ACE's remaining net cash to its shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation. The final distribution to shareholders and the cancellation of the shares of ACE will not occur earlier than mid-year 2013 in order to allow that any remaining contingent liabilities be settled or otherwise provided for.

On July 16, 2012, ACE announced that the Toronto Stock Exchange ("TSX") had advised ACE that it no longer meets the continued listing requirements of the TSX as a result of the appointment of Ernst & Young Inc. as liquidator of ACE and the resignation of all of the directors and officers of ACE. The TSX has advised ACE that if it did not voluntarily delist by September 14, 2012, the TSX would delist its common shares. As a result, ACE has applied to voluntarily delist its common shares from the TSX effective at the close of business on September 14, 2012.

ACE has confirmed with the NEX board of the TSX Venture Exchange that its common shares will be eligible for listing on NEX. ACE expects that the transfer of the listing of its common shares from the TSX to NEX will occur on September 17, 2012, the trading day immediately following the delisting from the TSX. The listing of the common shares of ACE on NEX is subject to final acceptance by NEX.

On June 30, 2012, ACE's net assets amounted to $104 million or $3.20 per share. ACE's underlying assets are:

- cash and cash equivalents of $74 million;
- 31 million shares in Air Canada which had a market value of $30 million based on the June 30, 2012 closing price on the TSX; and
- 2.5 million warrants for the purchase of Air Canada 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.

In March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency (“CRA”) and Revenu Quebec. The related audits of income taxes and other taxes were completed during Quarter 1, 2012 and additional reassessments of $4 million were paid. On March 7, 2012, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2010. On March 12, 2012, Revenu Québec issued an equivalent certificate.

ACE has agreed to indemnify and hold harmless Air Canada and Aveos from loss should Input Tax Credit claims by Air Canada and Aveos amounting to $40 million and $1 million respectively, be reassessed in the future. These agreements follow related tax reassessments received and paid by ACE as part of the tax audits referred to above.

For additional information with respect to the liquidation of ACE, refer to the management proxy circular dated March 9, 2012 and the other public filings of ACE which are available at www.sedar.com and www.aceaviation.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, future actions, the timing of the liquidation, the final distribution to shareholders and the cancellation of the shares of ACE. 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 Annual MD&A and Second Quarter 2012 MD&A. If ACE does not proceed with the winding-up 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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