

# **ACE AVIATION**

**Quarter 3 2017**

**Management's Discussion and Analysis**

**November 28, 2017**

## Table of Contents

<b>1. Preface .....</b>	<b>1</b>
<b>2. Caution Regarding Forward-Looking Information.....</b>	<b>4</b>
<b>3. Financial and Capital Management .....</b>	<b>5</b>
3.1 Analysis of Net Assets in Liquidation.....	5
3.2 Cash Flows in Liquidation.....	7
3.3 Share Information .....	7
<b>4. Accounting Policies .....</b>	<b>8</b>
<b>5. Consolidated Statement of Changes in Net Assets in Liquidation .....</b>	<b>8</b>
<b>6. Quarterly Financial Information .....</b>	<b>9</b>
<b>7. Off-Balance Sheet Arrangements.....</b>	<b>9</b>
<b>8. Critical Accounting Estimates .....</b>	<b>9</b>
<b>9. Risk Factors .....</b>	<b>9</b>

## 1. Preface

### General

ACE Aviation Holdings Inc. ("ACE" or the "Corporation"), was incorporated on June 29, 2004. As at September 30, 2017, ACE is listed on the NEX board of the TSX Venture Exchange where its common shares are traded under the symbol ACE.H.

As at September 30, 2017, ACE's assets consist of cash in the amount of approximately \$6.5 million.

On April 25, 2012, at ACE's annual and special meeting, ACE's shareholders approved a special resolution providing for an amendment to the articles of ACE pursuant to which all Class A variable voting shares and Class B voting shares of ACE were converted into a new class of common shares of ACE on a one-for-one basis.

The shareholders of ACE also approved a special resolution providing for the voluntary liquidation of ACE pursuant to Section 211 of the Canada Business Corporations Act, through distribution of its remaining assets to shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation, the appointment of a liquidator at a time to be determined by the board of directors of ACE and the ultimate dissolution of ACE in the future, once all the liquidation steps have been completed.

On May 9, 2012, ACE announced that it had declared a distribution in the aggregate amount of \$275 million (or approximately \$8.46 per common share) to common shareholders of record as of June 1, 2012, which was paid as of June 8, 2012.

On June 28, 2012, the Superior Court of Québec (Commercial Division) (the "Court") issued an order appointing Ernst & Young Inc. as liquidator of ACE (the "Liquidator"). Effective June 28, 2012, all of the directors and officers of ACE resigned from their positions and the Liquidator was vested with the powers of the directors of ACE.

On July 16, 2012, ACE announced that the TSX advised ACE that it no longer met the continued listing requirements of the TSX as a result of the previously announced appointment of the Liquidator and the resignation of all of the directors and officers of ACE. The TSX advised ACE that if it did not voluntarily delist by September 14, 2012, the TSX would delist its common shares. As a result, ACE delisted its common shares from the TSX effective at the close of business on September 14, 2012.

ACE transferred the listing of its common shares from the TSX to the NEX board of the TSX Venture Exchange on September 17, 2012, the trading day immediately following the delisting from the TSX.

On November 13, 2012, ACE sold a total of 31 million shares and 2.5 million warrants which represented its entire remaining investment in Air Canada. The net proceeds obtained as a result of the sale of ACE's investment in Air Canada amounted to \$58 million. Following the sale, ACE no longer holds any shares or warrants in Air Canada.

### Liquidation Claims Process

Pursuant to an order issued by the Court on February 25, 2013, the Liquidator established a process for the identification, resolution and barring of claims and other contingent liabilities against ACE. Creditors had until May 13, 2013 to file their proof of claims, failing which their claims would be barred and extinguished.

In connection with the process leading to the issuance of tax clearance certificates in favour of ACE for all taxation years ended on or prior to December 31, 2010, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of \$37.7 million primarily with respect to certain importations of aircraft parts on the basis that it was Air Canada, and not ACE's subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of \$7.4 million relating, inter alia, to certain intercompany transactions on which Revenu

Québec considers that ACE or ACTS LP should have charged Air Canada sales tax in the amount of \$6.8 million. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately \$40.1 million to ACE and ACTS LP and then claimed additional GST/QST refunds for the same amount. ACE agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future.

A substantially similar process occurred with respect to GST payable on importation on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of \$1.1 million and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future.

In response to ACE's claims process, Air Canada filed a contingent claim related to the tax indemnities referred to above. The contingent claim, in the amount of \$50.1 million, covered any eventual reassessment of Air Canada's input tax credit refund claims plus any related interest and ancillary legal costs. The reassessment periods for substantially all of the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016. See "Section 3.1 – Analysis of Net Assets in Liquidation – Income and other taxes payable" for additional information. Aveos filed a similar contingent claim in the amount of \$1.6 million with respect to any eventual reassessment of input tax credit refund claims and any related interest and ancillary costs. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired at the end of 2014.

ACE also received a claim from a plaintiff relating to a proposed class action initiated in the Ontario Superior Court of Justice by the plaintiff against Air Canada and ACE, which alleged that Air Canada improperly charged the plaintiff and other class members for certain United States taxes in connection with the sale of airfare. The plaintiff alleged that as the former parent or shareholder of Air Canada, ACE was liable for the acts of Air Canada. The plaintiff therefore filed a proof of claim against ACE in the liquidation claims process in the amount of \$200 million, pending determination of the allegedly overcharged amounts. No breakdown or calculation was provided in relation to the amount claimed. ACE was of the view that this claim against ACE had no merit given that ACE is a separate entity from Air Canada and that ACE never sold airfare. Accordingly, the Liquidator delivered a notice of disallowance to the plaintiff and the plaintiff did not contest the notice of disallowance prior to the expiry date for such contestation. The plaintiff subsequently agreed to formally discontinue the action against ACE in the Ontario Superior Court of Justice.

In addition, the Liquidator received a letter from a group acting on behalf of certain air cargo customers (the "Stichting Compensation Foundation") claiming an unspecified amount of compensation from ACE in connection with surcharges for fuel and security for the period from January 1, 2000 to December 31, 2006, which are alleged to have been implemented by certain air cargo carriers in violation of European Union competition law. The Stichting Compensation Foundation relied on a decision of the European Commission issued on November 9, 2010 pursuant to which the European Commission imposed fines on eleven air cargo carriers, including Air Canada the former subsidiary of ACE, for such alleged actions. The decision of the European Commission was appealed by the air cargo carriers to the General Court of the European Union. In December 2015, the General Court of the European Union overturned the European Commission's decision and cancelled the related fines. In March 2017, the European Commission issued a new decision which imposed the same fine initially levied against Air Canada in 2010. ACE was of the view that the Stichting Compensation Foundation's claim was barred and had no merit in any event given that ACE is a separate entity from Air Canada, ACE has never operated an air cargo business or sold cargo fares and no penalties, fines or other measures were imposed or taken by the European Commission against ACE. On May 20, 2014, the Court issued an order confirming that the Stichting Compensation Foundation and the air cargo customers that it purports to represent are barred from advancing a claim against ACE in its liquidation process and shall not be entitled to receive any amount from the Liquidator in connection with ACE's liquidation process.

The only remaining subsidiaries of ACE were ACTS LP and its general partner, 4378555 Canada Inc. ACTS LP previously operated a business of aircraft maintenance, repair and overhaul prior to the sale of its business to a consortium of private equity firms in October 2007. ACTS LP did not have any assets, and had not carried on any business since October 2007. The Liquidator was not aware of any liabilities or contingent liabilities of ACTS LP. In order to ensure that there were no such liabilities or contingent

liabilities against ACTS LP and in anticipation of its dissolution, the Liquidator established a process for the identification, resolution and barring of any claims or other contingent liabilities against ACTS LP and its general partner. Pursuant to an order issued by the Court on May 20, 2014, any potential creditors of ACTS LP and its general partner had until July 18, 2014 to file their proof of claims, failing which their claims against ACTS LP and its general partner would be barred and extinguished. The only proof of claim filed in response to such claims process was filed by Air Canada with respect to certain of the indemnity arrangements referred to above which were entered into by ACTS LP in addition to ACE. As a result of such tax indemnity arrangements entered into with Air Canada, ACTS LP could only be dissolved after the expiration of the indemnity arrangements. Since the last remaining reassessment period covered by such tax indemnity arrangements expired in 2016, ACE completed the dissolution of ACTS LP and its general partner in September 2017.

Given the results of the claims process referred to above and taking into account that the reassessment periods for the large majority of the input tax credit claims covered by the indemnity in favour of Air Canada had then expired, the Liquidator announced on April 28, 2015 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of \$115 million, or approximately \$3.54 per common share of ACE. The Court approved such distribution at a hearing held on May 8, 2015. The record date to determine shareholders entitled to receive the distribution was May 26, 2015 and the payment date for the distribution was June 2, 2015.

Given that the last reassessment period for the input tax credit claims covered by the indemnity in favour of Air Canada expired at the beginning of 2016, the Liquidator announced on April 29, 2016 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of \$12 million, or approximately \$0.36 per common share of ACE. The Court approved such distribution at a hearing held on June 1, 2016. The record date to determine shareholders entitled to receive the distribution was June 14, 2016 and the payment date of the distribution was June 22, 2016. Following this distribution, ACE's only remaining assets as at September 30, 2017 consist of cash in an aggregate amount of approximately \$6.5 million.

ACE is completing the remaining corporate, administrative and tax processes to facilitate its dissolution and the final distribution of the remaining cash of ACE prior to its dissolution.

The final distribution to shareholders, the cancellation of the shares of ACE and the dissolution of ACE will not occur until all necessary corporate, administrative and tax measures to dissolve ACE are completed and until the settlement of any remaining contingencies that may arise in connection with the remaining liquidation and dissolution steps of ACE. There is no certainty as to the timing or amount of such final distribution, cancellation of shares and dissolution.

The distribution paid on June 22, 2016 was, and any additional distributions will be, designated as eligible dividends for the purposes of the *Income Tax Act* (Canada).

### ***Accounting Principles and Additional Information***

The Corporation prepares its financial statements in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the Canadian CPA Handbook – Accounting – Part 1 ("CPA Handbook") which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Corporation changed the basis of preparing its financial statements from going concern to liquidation basis of accounting effective January 1, 2011.

The consolidated financial statements do not include costs to settle any contingent liabilities or future administrative costs and professional fees to wind-up the activities of the Corporation. These costs may be material and the amounts disclosed as net assets in liquidation in total or on a per share basis will change. The actual amounts available for distribution to shareholders will change and such changes may be material.

This MD&A should be read in conjunction with ACE's interim unaudited consolidated financial statements and notes for Quarter 3 2017, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Except as otherwise noted, all monetary amounts are stated in Canadian dollars. Except as otherwise noted, this MD&A is current as of November 28, 2017.

Forward-looking statements are included in this MD&A. See "Caution Regarding Forward-Looking Information" in section 2 of this MD&A for a discussion of risks, uncertainties and assumptions relating to these statements. See section 9 "Risk Factors" of this MD&A.

The Liquidator has reviewed and approved this MD&A and the unaudited consolidated financial statements and notes for Quarter 3 2017 prior to their release. For further information on ACE's public disclosure file, please consult SEDAR at [www.sedar.com](http://www.sedar.com), or ACE's website at [www.aceaviation.com](http://www.aceaviation.com).

## **2. Caution Regarding Forward-Looking Information**

ACE's public communications may include written or oral forward-looking statements within the meaning of applicable securities laws. Such statements are included in this MD&A and may be included in other filings with regulatory authorities and securities regulators. 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, future actions, tax liabilities, the timing of the liquidation, the timing and amount of distributions to shareholders, contingencies and liability under claims filed, the timing of the final distribution to shareholders, the cancellation of the shares of ACE and the dissolution 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, Court discretion in granting approvals to distributions to shareholders, market, regulatory developments or proceedings, and actions by third parties as well as the factors identified throughout this MD&A and, in particular, those referred to in section 9 "Risk Factors" of this MD&A. No assurance can be given as to the timeline of the liquidation and distributions. The forward-looking statements contained in this MD&A represent ACE's expectations as of the date of this MD&A, 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.

### 3. Financial and Capital Management

The following table presents the net assets in liquidation of ACE as at September 30, 2017 and December 31, 2016.

(Canadian dollars in thousands, except per share amounts)	September 30 2017	December 31 2016
Cash and cash equivalents	\$ 6,510	\$ 6,736
Commodity taxes receivable	141	138
	6,651	6,874
Accounts payable and accrued liabilities	67	200
<b>Net assets in liquidation</b>	<b>\$ 6,584</b>	<b>\$ 6,674</b>
<b>Net assets in liquidation per share – Basic and diluted</b>	<b>\$ 0.20</b>	<b>\$ 0.21</b>

ACE has no operations other than managing its net assets in liquidation and related activities.

#### 3.1 Analysis of Net Assets in Liquidation

##### Cash and Cash Equivalents

Cash was \$6.5 million as at September 30, 2017 and \$6.7 million as at December 31, 2016. The net assets in liquidation do not include costs to settle any contingent liabilities or future administrative costs and professional fees to wind-up the activities of the Corporation. These costs may be material and the amounts disclosed as net assets in liquidation in total or on a per share basis will change.

##### Income and other taxes payable

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

ACE assisted the CRA and Revenu Québec with their audits of ACE's income tax returns for the years 2005 to 2010 and 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.

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 authorizing the distribution of property up to \$500 million. ACE does not expect to incur income tax liabilities for the taxation years ended December 31, 2011 and beyond. On August 21, 2015, ACE received a tax clearance certificate from the CRA in connection with all taxation years ended on or prior to December 31, 2013. On June 30, 2016, ACE received a tax clearance certificate from the CRA in connection with all taxation years ended on or prior to December 31, 2014.

In connection with the process leading to the issuance of tax clearance certificates in favour of ACE for all taxation years ended on or prior to December 31, 2010, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of \$37.7 million primarily with respect to certain importations of aircraft parts on the basis that it was Air Canada, and not ACE's subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of \$7.4 million relating, inter alia, to certain intercompany transactions on which Revenu Québec considers that ACE or ACTS LP should have charged Air Canada sales tax in the amount of \$6.8 million. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately \$40.1 million to ACE and ACTS LP and then claimed additional GST/QST refunds for the same amount. ACE agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future.

The reassessment periods for substantially all of the input tax credit claims expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016. The actual expiration dates of the reassessment periods for the input tax credits and input tax refunds covered by Air Canada's aggregate proof of claim in the amount of \$50.1 million are described below:

Amount of potential contingent liability under the indemnity arrangement in the event of reassessment	Expiration date of tax reassessment period	Additional period to provide for delivery and receipt of reassessment notice, if any
\$34,305,115.31	November 1, 2014	One month, to December 1, 2014
\$6,445,809.44	December 1, 2014	One month, to January 1, 2015
\$5,435,437.41	June 1, 2015	One month, to July 1, 2015
\$3,053,487.09	January 1, 2016	One month, to February 1, 2016
\$921,472.00(*)	January 1, 2016(*)	One month, to February 1, 2016 (*)

(\*) This amount related to potential fees and expenses which could have been reimbursable to Air Canada under the indemnity agreements in connection with any reassessment covered by the indemnity agreements.

A substantially similar process occurred with respect to GST payable on importation on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of \$1.1 million and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired at the end of 2014. For additional information, see "Section 1. Preface – Liquidation Claims Process".

ACE claimed an aggregate refund of \$0.4 million from the CRA and Revenu Québec further to the expiration of a statute of limitation for reassessment of the income of an operating partnership in which ACE previously had an interest. ACE applied to the tax authorities to obtain such refund. Further to such application, in October 2017, ACE received a refund in the amount of approximately \$0.3 million from the CRA, and a refund in the amount of approximately \$0.178 million from Revenu Québec.

Administrative and other expenses for the quarter ended September 30, 2017 and the year ended December 31, 2016 include net provisions for other taxes of nil.

Advance Tax Ruling

In 2012, ACE obtained an advance tax ruling from the CRA in order to confirm that neither the Share Conversion referenced in section 3.3 below nor the other liquidation steps will result in the Common Shares of ACE being considered short-term preferred shares or taxable preferred shares for the purpose of the Income Tax Act (Canada) (the "Tax Act") and the regulations thereunder, such that no tax under Part VI.1 of the Tax Act will be payable by ACE in connection with the liquidation steps.



### Contingencies

As part of the wind-up process, a claims process was implemented in order to identify and resolve claims against the Corporation. See "Preface – Liquidation Claims Process" for a description of certain claims filed in response to the Corporation's liquidation claims process and the status of such claims. Refer to section 9 of this MD&A for a discussion of risk factors.

### Future costs

Future costs will be incurred up to and during liquidation and have not been accrued. These costs include liquidator fees and other operating costs. In addition, future interest income is expected to be earned on cash.

## **3.2 Cash Flows in Liquidation**

As discussed in Section 3.1, cash was \$6.5 million at September 30, 2017 and \$6.7 million at December 31, 2016.

## **3.3 Share Information**

At September 30, 2017, the issued and outstanding common shares of ACE were as follows:

<b>Number of shares (000)</b>	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>Issued and outstanding common shares</b>		
Common shares	32,475	32,475
<b>Total issued and outstanding common shares</b>	<b>32,475</b>	<b>32,475</b>

On April 25, 2012, ACE's shareholders approved a special resolution providing for an amendment to the articles of ACE pursuant to which all Class A variable voting shares and Class B voting shares were converted, on a one-for-one basis, into a new class of common shares (the "Common Shares"), each entitled to one vote per share (the "Share Conversion").

The terms of the Common Shares pertaining to dividend entitlements and entitlement upon liquidation or dissolution are the same as the rights previously attached to Class A variable voting shares and Class B voting shares of ACE. The Common Shares carry one vote per share and are not subject to any ownership restriction.

The holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of ACE and each Common Share confers the right to one vote in person or by proxy at all meetings of shareholders of ACE.

With respect to dividends, the holders of the Common Shares will, if declared, be entitled to receive, out of monies, assets or property of ACE properly applicable to the payment of dividends, any dividends declared and payable by ACE on the Common Shares.

Upon liquidation, dissolution or winding up of ACE or other distribution of ACE's assets among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares are entitled to receive the remaining property of ACE and are entitled to share equally, share for share, in all distributions of such assets.

#### 4. Accounting Policies

This MD&A should be read in conjunction with ACE's interim unaudited consolidated financial statements and notes for Quarter 3 2017.

Effective January 1, 2011, the Corporation changed the basis of presenting its financial statements from going concern to liquidation basis of accounting (Refer to section 1 of this MD&A for additional information relating to the Corporation's liquidation process).

For additional information on ACE's significant accounting policies and methods used in preparation of ACE's 2017 interim unaudited consolidated financial statements and notes, please refer to Note 2 to ACE's 2016 audited consolidated financial statements.

The preparation of ACE's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. ACE evaluates these estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual amounts could differ materially from those estimates and assumptions. Refer to section 8 of this MD&A for a discussion of ACE's critical accounting estimates.

#### 5. Consolidated Statement of Changes in Net Assets in Liquidation

(Canadian dollars in thousands, except per share amounts)	Three Months Ended September 30 2017	Year Ended December 31 2016	Three Months Ended September 30 2016
<b>Net assets in liquidation, beginning of period</b>	\$ 6,564	\$ 18,957	\$ 6,767
Interest income	14	94	16
Administrative and other expenses	6	(377)	(39)
<b>Income (Loss) for the period</b>	<b>20</b>	<b>(283)</b>	<b>(23)</b>
Provision for income taxes	-	-	-
<b>Income (Loss) for the period</b>	<b>20</b>	<b>(283)</b>	<b>(23)</b>
<b>Distribution to common shareholders</b>	<b>-</b>	<b>(12,000)</b>	
<b>Net assets in liquidation, end of period</b>	<b>\$ 6,584</b>	<b>\$ 6,674</b>	<b>\$ 6,744</b>
<b>Income per share – Basic and diluted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

ACE recorded nominal administrative and other expenses in Quarter 3, 2017 (\$0.4 million in the year ended December 31, 2016). In the same period in 2016, ACE recorded nominal administrative and other expenses.

The income in Quarter 3, 2017 was nominal (loss of \$0.3 million in the year ended December 31, 2016). In Quarter 3, 2016 ACE recorded a nominal loss.

## 6. Quarterly Financial Information

(\$ thousands, except per share amounts)	Q4 2015 (Liquidation Basis)	Q1 2016 (Liquidation Basis)	Q2 2016 (Liquidation Basis)	Q3 2016 (Liquidation Basis)	Q4 2016 (Liquidation Basis)	Q1 2017 (Liquidation Basis)	Q2 2017 (Liquidation Basis)	Q3 2017 (Liquidation Basis)
Interest income	\$33	\$33	\$33	\$16	\$12	\$11	\$12	\$14
Administrative and other expenses	(8)	(75)	(181)	(39)	(82)	(50)	(83)	6
Provision for income taxes	-	-	-	-	-	-	-	-
<b>Income (loss)</b>	<b>\$ 25</b>	<b>\$ (42)</b>	<b>\$ (148)</b>	<b>\$ (23)</b>	<b>\$ (70)</b>	<b>\$ (39)</b>	<b>\$ (71)</b>	<b>\$ 20</b>
<b>Earnings per share – basic and diluted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 7. Off-Balance Sheet Arrangements

### Indemnification agreements

Refer to Section 1 (Preface – Liquidation Claims Process) and Section 3.1 of this MD&A for a description of indemnification agreements between ACE and Air Canada related to certain commodity tax reassessments and the expiration dates of the related tax reassessment periods. Refer to section 1 (Preface – Liquidation Claims Process) for a description of the proofs of claim filed in response to ACE's claims process.

## 8. Critical Accounting Estimates

Critical accounting estimates are those that are most important to the portrayal of ACE's financial condition and results of operations. Information on ACE's critical account estimates is disclosed in section 10 of ACE's 2016 MD&A dated April 28, 2017.

## 9. Risk Factors

For a description of the risk factors associated with the Corporation, refer to Section 11 "Risk Factors" of ACE's 2016 MD&A dated April 28, 2017.