ACE AVIATION

STATEMENT OF EXECUTIVE COMPENSATION

For the fiscal year ended December 31, 2013

May 20, 2014

INTRODUCTION

As a result of its liquidation process which is described below under "Compensation Discussion and Analysis – Background" and pursuant to an order from Quebec Superior Court (Commercial Division) (the "**Court**") dated May 20, 2014, ACE Aviation Holdings Inc. ("**ACE**" or the "**Corporation**") is not required to hold an annual shareholder meeting with respect to the financial year ended December 31, 2013, and therefore is not required to send to its shareholders an information circular which includes executive compensation information. In addition, as a venture issuer for the purposes of applicable securities laws, ACE is not required to file an annual information form including executive compensation disclosure in accordance with Item 18 of Form 51-102F2 under *Regulation 51-102 Continuous Disclosure Obligations* ("**Regulation 51-102**"). Accordingly, ACE is required by Section 11.6 of Regulation 51-102 to file this Statement of Executive Compensation which includes executive compensation information for its financial year ended December 31, 2013.

COMPENSATION DISCUSSION AND ANALYSIS

Background

Since its inception in 2004, ACE's strategy was to surface, realize and return to its shareholders (the "**Shareholders**") the value of its underlying businesses. Implementation of such strategy has notably involved the initial public offerings of Aeroplan Income Fund (predecessor of Aimia Inc.), Jazz Air Income Fund (predecessor of Chorus Aviation Inc.) and Air Canada and subsequent distributions or sales of ACE's interests in such entities, together with the monetization of ACTS LP and substantial issuer bids to repurchase outstanding securities.

In March 2010, ACE applied for certificates of discharge from the Canada Revenue Agency ("**CRA**") and the Ministère du Revenu du Québec ("**Revenu Québec**") in order to address any remaining tax liabilities of ACE for the fiscal years of ACE up to and including 2010 and thereafter be in a position to liquidate itself. A certificate of discharge was issued by the CRA on March 7, 2012 in connection with all taxation years ended on or prior to December 31, 2010. A similar certificate was issued by Revenu Quebec on March 12, 2012. As result of the completion of such process and other factors stated in the management proxy circular of the Corporation dated March 9, 2012, the Board of Directors of ACE (the "**Board**") determined that it was appropriate to propose to Shareholders to approve the liquidation and dissolution of ACE.

On April 25, 2012, at ACE's annual and special meeting, the 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 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 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 Toronto Stock Exchange (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 had 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 the capital of Air Canada.

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.

The audited consolidated financial statements of ACE for the year ended December 31, 2013 and the related management's discussion and analysis, which are available at www.sedar.com, include a description of proof of claims which were filed. The Liquidator will not proceed with any further distributions to Shareholders pending satisfactory resolution of these matters and any other contingencies that may arise during the course of the liquidation process.

There is no certainty as to the timing or amount of such distributions. The final distribution to shareholders and the cancellation of the shares of ACE will not occur until all remaining contingent liabilities are settled or otherwise provided for. The distributions will generally be treated as deemed dividends from a Canadian tax standpoint. Such deemed dividends will be designated as eligible dividends for the purposes of the *Income Tax Act* (Canada).

Effective as of June 28, 2012, the Liquidator was vested with the powers of the directors and the shareholders of ACE in accordance with the *Canada Business Corporations Act* and the order of the Court issued on that date. Accordingly, ACE obtained an order from the Court on May 20, 2014 confirming that no annual shareholder meeting will be held in 2014 with respect to the financial year ended December 31, 2013.

As at May 20, 2014, ACE's only remaining assets are cash and short-term investments in an aggregate amount of approximately $133 million. ACE has no operations other than managing these assets and related activities. ACE has no employees.

Given that the Liquidator was appointed as liquidator of ACE and the directors and officers of ACE resigned effective as of June 28, 2012, this statement of executive compensation and compensation discussion and analysis provides an overview, discussion and analysis of ACE's compensation program which was effective during the period from January 1, 2011 to June 28, 2012.

ACE's Executive Compensation Program

Prior to May 2009, ACE's executive compensation program, which was designed to emphasize incentive compensation linked to its annual and long-term financial performance, was made up of five components: (i) base salary established based on the responsibilities, contributions, experience and skill set of each executive; (ii) short-term incentive compensation in the form of an annual incentive plan designed to pay a cash award based on the successful execution of ACE's strategy; (iii) long-term incentive compensation in the form of stock options; (iv) pension and benefits, including a supplemental retirement executive plan; and (v) perquisites.

In 2009, the Board determined that it was appropriate to dramatically reduce the cost of ACE's executive compensation program. The Board sought advice from compensation consultant Hugessen Consulting Inc. with respect to strategies relating to the implementation of such reduction. As a result of its review, the Board eliminated the executive compensation program applicable prior to May 2009. This was achieved by terminating the employment agreements and compensation arrangements of each of the officers and entering into consulting agreements with them that reflected ACE's circumstances and operational requirements. The officers retained their titles and remained officers of ACE. In particular, Mr. Robert Milton continued to fulfill all functions associated with his position as Chairman and Chief Executive Officer. Following the termination of the employment agreements, ACE no longer benchmarked the compensation payable to its Named Executive Officers (as defined under the heading "**Compensation of Certain Executive Officers**") against a comparator group.

The consulting arrangements, entered into in May 2009 for a period of twelve months, provided that the officers would be available to dedicate time to ACE in consideration of a yearly standby consulting fee of $270,000 in the case of Mr. Milton, $135,000 for each of Mr. Brian Dunne and Mr. Sydney Isaacs and $65,000 for Mr. Jack McLean. If their services were required for more than 40 days per year, they would receive a per diem in the amount of $8,000 in the case of Mr. Milton, $4,000 in the case of Mr. Dunne and Mr. Isaacs and $2,000 in the case of Mr. McLean for every additional day worked.

In May 2010, the Corporation and the officers agreed to enter into new consulting arrangements for a further twelve months ending on May 31, 2011 in the case of each of Messrs. Dunne, Mr. Isaacs and Mr. McLean and, in the case of Mr. Milton, for an indeterminate term. The terms of the new agreements were substantially similar to the May 2009 agreements. In addition, as a retention incentive, the agreements provided for an additional upfront standby fee of $135,000 for each of Mr. Milton, Mr. Dunne and Mr. Isaacs, and $65,000 for Mr. McLean. The consulting agreements with Mr. Milton, Mr. McLean and Mr. Isaacs could be terminated by ACE upon giving a notice of 90 days or could be terminated by the consultants upon giving a notice of 90 days in the case of Mr. Milton and Mr. McLean and a notice of 45 days in the case of Mr. Isaacs.

In December 2010, the Corporation and Mr. Dunne entered into a new consulting agreement for the twelve month period ending on December 31, 2011. The agreement provided that Mr. Dunne would be available to dedicate time to ACE in consideration of a yearly standby consulting fee of $250,000. If his services were required for more than 10 days per quarter, he would receive a per diem in the amount of $7,500 for every additional day worked, subject to a cumulative maximum of additional days of 20 days for the three-month period ended March 31, 2011, 40 days for the six-month period ended June 30, 2011, 60 days for the nine-month period ended September 30, 2011 and 80 days for the twelve-month period ended December 31, 2011. The consulting agreement could be terminated by either ACE or Mr. Dunne upon giving a notice of 120 days.

In May 2011, the Corporation and each of Messrs. Isaacs and McLean agreed to enter into new consulting agreements for a further twelve months ending May 31, 2012. The terms of these agreements were substantially similar to the May 2010 agreements, except that Mr. Isaacs' new consulting agreement provided that if his services were required for more than 10 days per quarter, he would receive a per diem in the amount of $4,000 for every additional day worked, subject to a cumulative maximum of additional days of 8 days for the three-month period ended August 31, 2011, 16 days for the six-month period ended November 30, 2011, 24 days for the nine-month period ending February 29, 2012 and 32 days for the twelve-month period ending May 31, 2012. As a retention incentive, the May 2011 agreements provided for an upfront standby fee of $135,000 for Mr. Isaacs and $65,000 for Mr. McLean, similar to the May 2010 agreements.

In December 2011, the Corporation and Mr. Dunne entered into a new consulting agreement for a further six month period ending on June 30, 2012. The agreement provided that Mr. Dunne would be available to dedicate time to ACE in consideration of a yearly standby consulting fee of $250,000. If his services were required for more than 10 days per quarter, he would receive a per diem in the amount of $7,500 for every additional day worked, subject to a cumulative maximum of additional days of 20 days for the three-month period ended March 31, 2012 and 40 days for the six-month period ended June 30, 2012. The consulting agreement could be terminated by either ACE or Mr. Dunne upon giving a notice of 60 days.

Since all of the compensation paid to the officers of ACE was determined pursuant to the consulting agreements described above based on a retainer amount, plus a per diem based on the number of days worked, the Board considered that ACE's compensation policies and practices did not create risks for ACE.

Officers and directors of ACE were not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an officer or a director.

Compensation Governance

The Human Resources and Compensation Committee of the Board (the "**Human Resources and Compensation Committee**") was in place up to the appointment of the Liquidator and the resignation of the directors on June 28, 2012. The Human Resources and Compensation Committee was comprised of a minimum of two directors, all of whom were independent (as defined under applicable securities laws). The primary purpose of the Human Resources and Compensation Committee was to assist the Board in fulfilling its oversight responsibilities in the field of human resources and compensation as well as succession planning including appointing, training and monitoring of senior management, compensation of officers, organization plans and compensation philosophy.

Prior to the appointment of the Liquidator and the concurrent resignation of the directors of June 28, 2012, the Human Resources and Compensation Committee was composed of Pierre Marc Johnson, Gregory A. Boland, David J. Kassie and Robert F. MacLellan. Members of the Human Resources and Compensation Committee had experience as directors and/or members of the compensation committees of other public companies which was of benefit to the Human Resources and Compensation Committee in making decisions on the suitability of ACE's compensation policies and practices.

As a result of the retainer of ACE's officers through consulting agreements as described under "Compensation Discussion and Analysis" since 2009, neither ACE nor the Human Resources and Compensation Committee retained a compensation advisor during the three most recently completed financial years. In 2009, ACE and the Human Resources and Compensation Committee had retained the consulting services of Hugessen Consulting Inc. to provide them with advice in relation to the severance and consulting arrangements referred to under "Compensation Discussion and Analysis".

COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The following table provides a summary of the compensation, if any, earned for each of the financial years ended December 31, 2013, 2012 and 2011 by each of Robert A. Milton, ACE's former Chairman and Chief Executive Officer, Brian Dunne, ACE's former President and Chief Financial Officer, and the three other former officers of ACE (together with the former Chairman and former Chief Executive Officer and the President and Chief Financial Officer, the "**Named Executive Officers**"). The compensation included in the following table for the financial years ended December 2012 and 2011, respectively, was previously disclosed in (i) the management proxy circular dated March 9, 2012 for the Shareholder meeting held on April 25, 2012, with respect to the financial year ended December 31, 2011, and (ii) the statement of executive compensation dated May 16, 2013 with respect to the financial year ended December 31, 2012.

Name and principal position[1]	Year	Salary and Consulting Fees ($)[2]	Share-based awards ($)	Option-based awards ($)	Non-equity Incentive plan compensation ($)	Pension Value ($)	All other compensation ($)[3][4]	Total compensation ($)
Robert A. Milton, Chairman and Chief Executive Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	135,000	Nil	Nil	Nil	Nil	18,115	153,115
	2011	405,000	Nil	Nil	Nil	Nil	36,232	441,232
Brian Dunne, President and Chief Financial Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	425,000	Nil	Nil	Nil	Nil	Nil	425,000
	2011	850,000	Nil	Nil	Nil	Nil	Nil	850,000
Sydney John Isaacs, Senior Vice President, Corporate Development and Chief Legal Officer	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	156,820	Nil	Nil	Nil	Nil	Nil	156,820
	2011	432,000	Nil	Nil	Nil	Nil	Nil	432,000
Jack McLean, Controller	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	98,000	Nil	Nil	Nil	Nil	Nil	98,000
	2011	288,000	Nil	Nil	Nil	Nil	Nil	288,000
Carolyn M. Hadrovic[5], Corporate Secretary	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	35,000	Nil	Nil	Nil	Nil	Nil	35,000
	2011	60,000	Nil	Nil	Nil	Nil	Nil	60,000

(1) All of the officers of ACE resigned on June 28, 2012 in connection with the appointment of the Liquidator. See “Compensation Discussion and Analysis – Background”.

(2) The amounts in this column for 2012 reflect, in the case of Messrs. Milton, Dunne, Isaacs and McLean, initial standby consulting fees for the period from January 1, 2012 to June 28, 2012 of $135,000, $125,000, $67,500 and $32,500, respectively, and, in the case of Messrs. Dunne, Isaacs

and McLean, "excess per diem" payments for the period from January 1, 2012 to June 28, 2012 of $300,000, $89,320, and $65,500, respectively. See "Compensation Discussion and Analysis".

The amounts in this column for 2011 reflect, in the case of Messrs. Milton, Dunne, Isaacs and McLean, initial standby consulting fees of $270,000, $250,000, $135,000 and $65,000, respectively, and, in the case of Messrs. Milton, Isaacs and McLean, additional upfront standby consulting fees of $135,000, $135,000, and $65,000, respectively, and, in the case of Messrs. Dunne, Isaacs and McLean, "excess per diem" payments of $600,000, $162,000, and $158,000, respectively.

(3) In accordance with the consulting arrangements described under "Compensation Discussion and Analysis", none of the Named Executive Officers have been entitled to benefits and perquisites from ACE since May 2009.

(4) The amounts under this column for 2012 and 2011 in the case of Mr. Milton represent the airline transportation allowance of up to $25,000 per year granted to the directors of ACE from January 1, 2011 to June 28, 2012, plus an amount equivalent to applicable income taxes on such allowance.

(5) Ms. Hadrovic was the Corporate Secretary of ACE. She is also Corporate Secretary of Air Canada. During the financial years ended December 31, 2012 and 2011, she received $35,000 and $60,000, respectively, in salary for her duties of Corporate Secretary of ACE, in addition to her compensation as Corporate Secretary of Air Canada.

ACE Long-Term Incentive Plan Awards

No stock options were granted in 2013, 2012 or 2011 under ACE's stock option plan (the "**Stock Option Plan**"), and no stock options were held by the Named Executive Officers as at December 31, 2013 or vested during the financial year ended December 31, 2013. As at December 31, 2013, there were no options issued and outstanding under the Stock Option Plan. In accordance with the terms of the Stock Option Plan, the cash distribution to Shareholders of $275 million on June 8, 2012 triggered an adjustment to the exercise price and the number of options outstanding.

All outstanding options under the Stock Option Plan expired in accordance with their term on February 9, 2013. As a result, as of May 20, 2014, no shares are subject to outstanding options.

Terms of ACE's Stock Option Plan

The persons eligible to receive options ("**Eligible Optionees**") under the Stock Option Plan were the executives, senior managers and other employees, as the Human Resources and Compensation Committee determined, who were in key positions with the Corporation or its subsidiaries. Pursuant to an amendment implemented in 2005, the non-executive directors were not eligible to participate in the Stock Option Plan.

Options granted were based on the Eligible Optionee's position and annual compensation, taking into account the market price of the shares and each Eligible Optionee's potential contribution to ACE's success in a given year. The terms of the grants were determined by the Board. Previous grants of options were taken into account when considering new grants.

Pursuant to the terms of the Stock Option Plan, the aggregate number of shares reserved for issuance at any time to any one Eligible Optionee could not exceed 5% of the outstanding Shares. The aggregate number of shares issued to any one insider within any one-year period could not exceed 5% of the outstanding Shares.

The Stock Option Plan provided that the options had an exercise price of not less than 100% of the market price of the underlying shares at the time of grant. The market price of the underlying shares at the time of grant was equal to the greater of the (i) average closing price of the underlying shares on the TSX for the five trading day period ending on the last trading day before the day on which the option was granted and (ii) the average of the high and low trading prices of the underlying shares on the TSX for the five trading day period ending on the last trading day before the day on which the option was granted. The Stock Option Plan provided that the term of the options shall not be more than ten (10) years from the date of grant. Options granted under the Stock Option Plan could not be assigned or transferred.

Unless otherwise provided for in an individual's employment agreement with the Corporation, the following table details the treatment of an employee's stock options upon his or her retirement, resignation, termination for reasons other than cause or for cause.

Event	**Vesting of Stock Options and Exercise Limitations**
Retirement	Rights to vesting continued to accrue. All vested options were required to be exercised by the earlier of: (i) the third anniversary date of the retirement and (ii) the scheduled expiry date of the options
Resignation	No further options vested. All vested options were required to be exercised within 30 days from the date of the resignation
Termination for reasons other than cause	No further options vested. All vested options were required to be exercised within 30 days from the date of the termination for reasons other than cause
Termination for cause	Forfeiture of all unexercised options

In the event of a change of control of the Corporation, any unvested options held by participants became exercisable immediately prior to the date of such change of control and all options were required to be exercised prior to their original term.

Pension Plan Benefits

From May 2009, as a result of the elimination of the executive compensation program for the reasons described under "Compensation Discussion and Analysis", ACE no longer provided its Named Executive Officers with retirement and pension benefits.