Court File No. 500-11-042912-127

QUEBEC
SUPERIOR COURT
(COMMERCIAL DIVISION)

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*

AND IN THE LIQUIDATION OF
ACE AVIATION HOLDINGS INC.

SECOND REPORT OF THE LIQUIDATOR DATED APRIL 18, 2013

INTRODUCTION

1. On June 28, 2012, ACE Aviation Holdings Inc. ("ACE") applied for and obtained a court order (the "Liquidation Order") appointing Ernst & Young Inc. as the court-appointed liquidator of ACE pursuant to the *Canada Business Corporation Act* (the "Liquidator").

PURPOSE

2. The purpose of this report of the Liquidator (the "Second Report") is to provide this Court with an update in respect of the following:

   a) the liquidation activities; and

   b) the Liquidator's request for an order exempting ACE from the Requirement to Call and Hold an Annual Meeting of Shareholders ("Shareholders Meeting Order").

GENERAL BACKGROUND

3. ACE was incorporated on June 29, 2004, as an investment company.

4. On April 25, 2012, the shareholders of ACE 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 "Liquidation Resolution").

5. Pursuant to the Liquidation Resolution, the Shareholders also approved the vesting in a liquidator, upon its appointment, all of the powers of the directors and Shareholders of ACE.

6. On or about June 27th, 2012, ACE filed an *"Application for an Order Appointing a Liquidator and for an Order that the Liquidation be Continued Under the Supervision of the Court"* (the **"Liquidation Motion"**).

7. On June 28, 2012 Justice Manon Savard issued an order granting the Liquidation Motion and appointing Ernst & Young Inc. as Liquidator of all the present and future undertakings, property and assets of ACE (the "Liquidation Order")

8. The Liquidation Order provides, among other things, that:

   a) the powers of the directors and shareholders are vested in the Liquidator;

   b) the Liquidator shall report periodically to the Court as to the status of the Claims Process (as defined in the Motion), which shall be instituted by subsequent order.

9. On February 22, 2013, ACE filed an "*Application for an Order Establishing a Claims Process* with this Honourable Court. On February 25, 2013, Justice Mark Schrager issuer an order approving, *inter alia,* the claims process.

10. The Liquidator has made various materials relating to the liquidation available on its website at www.ey.com/ca/aceaviation.

LIQUIDATION ACTIVITIES

11. The activities of the Liquidator to February 22, 2013 are set out in the First Report of the Liquidator which has been filed with the Court and is posted on the Liquidator's website at www.ey.com/ca/aceaviation.

12. In accordance with the Claims Process Order, on or about March 8, 2013 the Liquidator sent a copy of the Creditor Instructions to each known Creditor and posted a Newspaper Notice setting out the Claims Bar Date of May 13, 2013. An electronic copy of the Creditors' Instructions is posted on the Liquidator's website at www.ey.com/ca/aceaviation.

13. The Liquidator will provide a summary of the claims filed in its next report to the Court.

14. The Liquidator is preparing the Annual Financial Statements and accompanying Management Discussion and Analysis ("**MD&A**") which will be filed with Canadian securities regulatory agencies and made available to Shareholders on the Liquidator's website at www.ey.com/ca/aceaviation and on ACE's SEDAR profile at www.sedar.com by April 30, 2013.

SHAREHOLDERS' MEETING

15. ACE issued a press release on April 10, 2013, attached hereto as Exhibit "A" and posted at the Liquidator's website which provides notice that ACE does not plan to hold an annual shareholder meeting in 2013 with respect to the financial year ended December 31, 2012 and that ACE will seek confirmation from the Court that no such shareholder meeting shall be held. Shareholders who have questions or require

additional information with respect to ACE and the liquidation process are directed to contact the Liquidator by telephone or fax.

16. To date, the Liquidator has received one call in response to the press release in which a shareholder indicated he was supportive of the decision not to hold a shareholders meeting.

17. The Liquidator estimates that the costs associated with the preparation printing and mailing of the management information circular and the holding of a meeting could amount to $80,000 to $100,000 including fees of ACE's transfer agent, Canadian Stock Transfer Company.

LIQUIDATOR'S ANALYSIS AND RECOMMENDATIONS

18. Given that the powers of shareholders are vested in the Liquidator, it is the recommendation of the Liquidator that no shareholder meeting should be held as it would impose an unreasonable and unjustified administrative and economic burden to ACE.

All of which is respectfully submitted this 18th day of April 2013.

ERNST & YOUNG INC.
In its capacity as Liquidator of ACE Aviation Holdings Inc.

Per: Sha Hamilton

Sharon S. Hamilton
Senior Vice-President