

CANADA

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors Arrangement Act

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-042912-127

IN THE MATTER OF THE LIQUIDATION OF:

ACE AVIATION HOLDINGS INC.

Applicant

-and-

ERNST & YOUNG INC.

Liquidator

**APPLICATION FOR AN ORDER ESTABLISHING A
CLAIMS PROCESS**

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANT, THROUGH THE LIQUIDATOR, RESPECTFULLY SUBMITS THE FOLLOWING:

INTRODUCTION

1. On April 25th, 2012, at the annual and special meeting of shareholders of ACE Aviation Holdings Inc. ("ACE"), the shareholders of ACE approved a special resolution (the "**Liquidation Resolution**"), providing for the voluntary liquidation of ACE at a time to be determined by its board of directors, pursuant to Section 211 of the *Canada Business Corporations Act* ("**CBCA**");
2. On May 9th, 2012, ACE filed a statement of its intent to dissolve pursuant to Subsection 211(4) of the CBCA with the Director appointed under the CBCA, and the Director issued a certificate of intent to dissolve;
3. On May 9th, 2012, ACE declared an initial liquidation distribution in the aggregate amount of two hundred and seventy-five million dollars ((\$275,000,000) (or approximately eight dollars and forty-six cents (\$8.46) per common share) to common shareholders of record as of June 1st, 2012. The initial distribution was paid on or about June 8th, 2012;

4. 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”* with this Honourable Court (the **“Liquidation Motion”**);
5. On or about June 28th, 2012, Justice Manon Savard issued an order granting the Liquidation Motion (the **“Liquidation Order”**);

THE ACTIVITIES OF THE LIQUIDATOR

6. The Liquidator has taken possession of ACE’s Property (as defined in the Liquidation Order) and, in particular, has taken the steps set out in the First Report of the Liquidator.
7. On November 13th, 2012, ACE sold a total of thirty-one million (31,000,000) shares in the capital of Air Canada and two point five million (2,500,000) warrants to purchase shares in the capital of Air Canada at exercise prices of Canadian one dollar and fifty-one cents (CAD \$1.51) (one point two five million (1,250,000) warrants) and one dollar and forty-four cents (CAD \$1.44) (one point two five million (1,250,000) warrants) (the **“Share and Warrant Sale”**), for total net proceeds to ACE of approximately fifty-eight million dollars (CAD \$58,000,000);
8. As a result, ACE no longer holds any shares or warrants in the capital of Air Canada;

THE CLAIMS PROCESS

9. As set forth in the Liquidation Motion, this Honourable Court was advised that the Liquidator would return before it in order to seek an order establishing a claims process;
10. The Liquidator considers that it is now the appropriate time to do so, in light of the completion of the Share and Warrant Sale;
11. By way of the present motion, the Liquidator therefore seeks to proceed with the establishment of the said claims process;
12. The objectives of the claims process are a) to ensure that all parties with a claim or an alleged claim be called upon to advance their claim expeditiously, b) to permit claims to be processed and adjudicated efficiently and c) to allow any creditors to obtain payment before remaining sums are distributed to shareholders;
13. In view of the above, it is submitted that the relief sought herein is well founded in fact and in law;
14. The proposed order is set forth at Annex A hereto;

WHEREFORE MAY IT PLEASE THE COURT TO:

GRANT the present *“Application for an Order Establishing a Claims Process”*;

ISSUE an order as set forth at Annex A hereto;

THE WHOLE WITHOUT COSTS, save in case of contestation.

TRUE COPY

Montreal, this 22nd day of February, 2013

[sgd] Lenczner Slaght

STIKEMAN ELLIOTT LLP

LENCZNER SLAGHT

Attorneys for the Liquidator of ACE Aviation
Holdings Inc.
Ernst & Young Inc.

[sgd] Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

Attorneys for the Applicant
ACE Aviation Inc.

NOTICE OF PRESENTATION

TO: ERNST & YOUNG INC.
Attention: Ms. Sharon Hamilton
Ernst & Young Tower
222 Bay Street
P.O. Box 251
Toronto, Ontario
M5K 1J7

Liquidator

TAKE NOTICE of the foregoing *Application for an Order Establishing a Claims Process* and that same will be presented for adjudication before this Honourable Court, at **9:15 A.M.** on **Monday, February 25th, 2013**, at the **Montreal Courthouse**, located at **1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6**, in room **16.12**.

DO GOVERN YOURSELVES ACCORDINGLY.

TRUE COPY

Montreal, this 22nd day of February, 2013

[sgd] Lenczner Slaght

STIKEMAN ELLIOTT LLP

LENCZNER SLAGHT

Attorneys for the Liquidator of ACE Aviation Holdings Inc.
Ernst & Young Inc.

[sgd] Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

Attorneys for the Applicant
ACE Aviation Inc.

AFFIDAVIT

I, the undersigned, SHARON S. HAMILTON, Senior Vice-President of Transaction Advisory Services of Ernst & Young Inc., in her capacity as Liquidator of the Applicant, doing business at 222 Bay Street, P.O. Box 251, in the City of Toronto, Province of Ontario, M5K 1J7, do solemnly declare as follows:

1. I am a duly authorized representative of Ernst & Young Inc., Liquidator of the Applicant;
2. All the facts alleged in the present motion are true.

AND I HAVE SIGNED:

SHARON S. HAMILTON

SOLEMNLY DECLARED before me on this
_____ day of February, 2013

Notary public

ATTESTATION OF AUTHENTICITY

I, the undersigned, MATTHEW LIBEN, attorney, practicing my profession at Stikeman Elliott LLP, located at 1155 René-Lévesque Boulevard West, Suite 4000, in the City and District of Montreal, Province of Quebec, H3B 3V2, do hereby solemnly affirm as follows:

1. I am an attorney at the law firm of Stikeman Elliott LLP;
2. On February ●, 2013, at ● P.M. Eastern time (EST), I received the Affidavit of Sharon S. Hamilton, dated February ●, 2013, by email received from Ms. Hamilton herself;
3. The copy of the Affidavit attached hereto is a true copy of the said Affidavit of Sharon S. Hamilton received by email today;
4. The facts alleged herein are true.

Solemnly declared before me, at Montreal,
Quebec, this 22nd day of February, 2013

[sgd] Marie-Chantal Casey (172,390)

Commissioner of Oaths for the province of
Quebec

AND I HAVE SIGNED

[sgd] Matthew Liben

MATTHEW LIBEN

TRUE COPY

STIKEMAN ELLIOTT LLP

ANNEX A