CANADA

SUPERIOR COURT
(Commercial Division)
The *Canada Business Corporations 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 EXEMPTING ACE AVIATION HOLDINGS INC. FROM THE REQUIREMENT TO CALL AND HOLD AN ANNUAL MEETING OF SHAREHOLDERS

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANT 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 (the "**Shareholders**") 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. Pursuant to the Liquidation Resolution, the Shareholders also approved the vesting in a liquidator, upon its appointment, of all of the powers of the directors of ACE and the Shareholders;

3. 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;

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4. 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;

5. 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**");

6. On or about June 28th, 2012, Justice Manon Savard issued an order granting the Liquidation Motion and appointing Ernst & Young Inc. as liquidator (the "**Liquidator**") or all the present and future undertakings, property and assets of ACE and ordering that the powers of the directors and Shareholders vest in the Liquidator (the "**Liquidation Order**");

7. On February 22, 2013, ACE filed an "*Application for an Order Establishing a Claims Process* with this Honourable Court.

8. On February 25, 2013, Justice Mark Schrager issuer an order approving, *inter alia*, the claims process.

REQUIREMENTS TO CALL AN ANNUAL MEETING OF SHAREHOLDERS AND PREPARE RELATED MEETING MATERIALS

9. Pursuant to Section 133(1) of the CBCA, directors of a corporation are required to call an annual meeting of Shareholders (the "**Meeting**") no later than fifteen months after holding the last preceding annual meeting and in any event no later than six months after the end of the corporation's preceding financial year;

10. As such, upon a strict application of the above-mentioned provision, the Liquidator (which is vested with the powers of the directors of ACE) would be required to call the Meeting by no later than June 30, 2013;

11. An annual general meeting of shareholders is generally held in order (i) for Shareholders to vote to elect the directors of ACE; (ii) for the annual financial statements of ACE for the year ended December 31, 2012 (the "**Annual Financial Statements**") to be placed before the Shareholders and (iii) for Shareholders to appoint the auditors of ACE;

12. Given that ACE is a reporting issuer, the Liquidator would be required to prepare and file with securities regulatory authorities and send to the shareholders of ACE a notice of Meeting and management information circular in connection with the Meeting;

13. A management information circular typically includes a statement of executive compensation discussion ("**CD&A**") in accordance with National Instrument 51-102F6 – *Statement of Executive Compensation*;

14. However, according to Section 11.6 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") in the event that ACE does not hold a Meeting and no management information circular is issued, the Liquidator can prepare and file a stand-alone CD&A with securities regulatory authorities;

REASONS FOR RELIEF REQUESTED

15. Pursuant to the Liquidation Resolution and the Liquidation Order, the Liquidator is vested with all of the powers of the directors of ACE and of the Shareholders, including the power to appoint directors, should the Liquidator deem it appropriate;

16. Being in liquidation and having appointed the Liquidator, ACE no longer has any directors and the Liquidator would not propose any nominee directors for election at a Meeting, given that the Liquidator shall continue to assume the powers and duties of the directors of ACE;

17. The powers of the Shareholders to appoint the auditors of ACE have also been vested in the Liquidator;

18. As such, the Liquidator submits to this Honourable Court that there is no longer any reason to hold a Meeting, and indeed, that doing so would prejudice the shareholders as it would give rise to unnecessary costs;

19. The Annual Financial Statements and accompanying Management Discussion and Analysis ("**MD&A**") will be filed with Canadian securities regulatory agencies and made available to Shareholders on the Liquidator's website at http://documentcentre.eycan.com/ and on ACE's SEDAR profile at www.sedar.com and, as such, will have been made available to the Shareholders;

20. Assuming that this Honourable Court grants the present Motion, the Liquidator will prepare and file with securities regulatory authorities a CD&A on a stand-alone basis in accordance with Section 11.6 of NI 51-102 and will make it available to Shareholders on the Liquidator's website and on ACE's SEDAR profile at www.sedar.com, along with the Annual Financial Statements and related MD&A;

21. In addition, the Liquidator has issued a press release (i) to the effect that the Liquidator does not plan to hold a Meeting and has applied to this Honourable Court for confirmation that no Meeting shall be held; (ii) directing the Shareholders to the Liquidator's website and ACE's SEDAR profile to access a copy of the relevant documentation, including a copy of this application and (iii) inviting Shareholders to communicate with the Liquidator's at its toll-free telephone number for any question in respect of the decision not to hold a Meeting or any other matter in connection with the Liquidation;

22. The Liquidator has posted a copy of this application to the Court and notice of the hearing for the Motion on its website;

23. As of the date of this Motion, the Liquidator has received only one call relating to the decision not to hold a Meeting, and the caller expressed a positive opinion of this decision, in view of the potential cost savings associated therewith;

24. Requiring the Liquidator to hold the Meeting would require the Liquidator to prepare and mail to Shareholders a management information circular and related meeting materials in accordance with securities regulations, and to incur significant other costs such as meeting room costs, transfer agent, scrutineers and legal costs;

25. 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 Inc.;

26. Given that there would be no resolution or matter to be considered by Shareholders at such Meeting, the relevant powers of the Shareholders to appoint directors and auditors having been vested in the Liquidator, the incurrence of the required costs for the Meeting would not be an appropriate use of ACE's assets in liquidation;

27. Given that the Meeting would have no purpose and that Shareholders will be in a position to easily access the Annual Financial Statements, related MD&A and the CD&A, the Liquidator submits that holding a Meeting would impose an unreasonable and unjustified administrative and economic burden to ACE;

28. As such, holding a Meeting would not be justified and would not be in the best interests of the Shareholders and the creditors of ACE;

29. Pursuant to Section 217 of the CBCA, this Honourable Court may, in connection with the liquidation of a corporation, if it is satisfied that the corporation is able to pay or adequately provide for the discharge of its obligations, make any order that it thinks fit in connection with the Liquidation;

30. In view of the above, it is submitted that the relief sought herein is well founded in fact and in law;

31. The proposed order is set forth at Annex A hereto;

WHEREFORE MAY IT PLEASE THE COURT TO:

GRANT the present "*Application for an Order Exempting ACE Aviation Holdings Inc. from the Requirement to Call and Hold an Annual Meeting of Shareholders*";

ISSUE an order as set forth at Annex A hereto;

THE WHOLE WITHOUT COSTS, save in case of contestation.

Montreal, this 11th day of April, 2013

Lenczner Slaght / [illegible]

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

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Applicant
ACE Aviation Holdings 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 Exempting ACE Aviation Holdings Inc. from the Requirement to Call and Hold an Annual Meeting of Shareholders*" and that same will be presented for adjudication before this Honourable Court, at **9:15 A.M.** on **Friday, April 19th, 2013**, at the **Montreal Courthouse**, located at **1 Notre-Dame Street East, Montreal,** Quebec, **H2Y 1B6**, in **room 16.12.**

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 11th day of April, 2013

Lenczner Slaght (signature)

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

Stikeman Elliott LLP (signature)

STIKEMAN ELLIOTT LLP
Attorneys for the Applicant
ACE Aviation Holdings Inc.

ANNEX A

CANADA

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

SUPERIOR COURT
(Commercial Division)
The *Canada Business Corporations Act*

MONTREAL, this _____ day of April, 2013

IN THE PRESENCE OF:
THE HONOURABLE _______________________, J.S.C.

IN THE MATTER OF THE LIQUIDATION OF:

ACE AVIATION HOLDINGS INC.

Applicant

-and-

ERNST & YOUNG INC.

Liquidator

ORDER EXEMPTING ACE AVIATION HOLDINGS INC. FROM THE REQUIREMENT TO CALL AND HOLD AN ANNUAL MEETING OF SHAREHOLDERS

CONSIDERING the "*Application for an Order Exempting ACE Aviation Holdings Inc. from the Requirements to Call and Hold an Annual Meeting of Shareholders*" (the "**Motion**") brought by Ernst & Young Inc. (the "**Liquidator**"), the Liquidator of ACE Aviation Holdings Inc. ("**ACE**").

CONSIDERING the submissions of counsel for the Liquidator and the Applicant;

GIVEN the provisions of the *Canada Business Corporations Act*, (R.S.C., 1985, c. C-44) as amended (the "**CBCA**");

WHEREFORE, THE COURT:

[1] **ORDERS** that, the Liquidator shall publish on its website at www.ey.com/ca/aceaviation and/or the website of ACE at www.aceaviation.com a copy of the Annual Financial Statements of ACE and accompanying Management Discussion and Analysis (**"MD&A"**), as well as the statements of executive compensation (**"CD&A"**) for the year ended December 31, 2012, as soon as possible but no later than the filing dates:

(a) In respect of the financial statements and MD&A: April 30, 2013;

(b) In respect of the CD&A: May 20, 2013;

[2] **ORDERS** that ACE and the Liquidator are exempt from any requirement to call and hold an annual meeting of shareholders (the **"Meeting"**) in respect of the financial year ended December 31, 2012 and **DECLARES** that no Meeting shall be held;

THE WHOLE WITHOUT COSTS.

MONTREAL, this _____ day of April, 2013

THE HONOURABLE
_________________________, J.S.C.

N°.: 500-11-042912-127

SUPERIOR COURT
(Commercial Division)
Companies Creditors Arrangement Act

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE LIQUIDATION OF:

ACE AVIATION HOLDINGS INC.

Applicant

and

ERNST & YOUNG INC.

Liquidator

BS0350 Our File: 120000-1072

APPLICATION FOR AN ORDER EXEMPTING ACE AVIATION HOLDINGS INC. FROM THE REQUIREMENT TO CALL AND HOLD AN ANNUAL MEETING OF SHAREHOLDERS

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