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CIRCULAR
February 23, 2005

**INFORMATION BULLETIN
REGARDING EQUITY OPTIONS ON
ACE AVIATION HOLDINGS INC. (ACE)**

THE FOLLOWING INFORMATION BULLETIN HAS BEEN PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE **EQUITY OPTIONS ON ACE AVIATION HOLDINGS INC. (ACE)**. CDCC AND BOURSE DE MONTRÉAL INC. ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION BULLETIN.

Many questions have been raised about the nature of ACE Aviation Holdings Inc. (ACE) voting shares as described and explained in the ACE Short Form Prospectus dated July 12, 2004 and the deliverable shares underlying the ACE equity options listed on Bourse de Montréal Inc. In addition to these questions, there has been concern from the marketplace regarding stock delivery restrictions pertaining to Canadian investors as opposed to Non-Canadian investors and the posting of these delivery restrictions on certain market data vendor pages.

The confusion appears to stem from the fact that there are two categories of ACE Voting Shares: Voting Shares (ACE.B) and Variable Voting Shares (ACE.RV). ACE.B Voting Shares can be held only by Canadians while ACE.RV shares can be held only by non-Canadians. It is therefore not clear for option holders which shares will be delivered or received upon exercise of ACE equity options.

In an effort to clarify these issues, the following is an extract from the ACE Short Form Prospectus dated July 12, 2004 and posted on the ACE web page under the following link; <http://www.aircanada.com/en/notice/document/circularandplan.pdf>. It describes what occurs when a Canadian investor purchases ACE shares.

“ACE Variable Voting Shares – Conversion (page 76 of Short Form Prospectus)

Each issued and outstanding ACE Variable Voting Share shall be converted into one ACE Voting Share, automatically and without any further act of ACE or the holder, if (i) such ACE Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian ...”

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ACE Voting Shares – Conversion (page 77 of Short Form Prospectus)

“... an issued and outstanding ACE Voting Share shall be converted into one ACE Variable Voting Share, automatically and without any further act of ACE or the holder, if such ACE Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Person who is not a Canadian ...”

The above clauses mean that whenever there is a transfer of ownership of ACE Voting Shares between a Canadian and a non-Canadian there is an automatic conversion of the transferred shares into the proper category. For example, if a non-Canadian delivers ACE Variable Voting Shares (ACE.RV) to a Canadian, these shares are automatically converted into ACE Voting Shares (ACE.B).

Therefore, in accordance with the above mentioned conversion provisions, any Canadian or non-Canadian investor who has to deliver or receive ACE shares due to an option exercise or assignment will automatically have such shares converted into the proper share category required by CDCC.

For additional information, please contact Mr. Richard Bourbonnière, Vice-President, Market Operations, Bourse de Montréal Inc. at (514) 871-3548 or by e-mail at rbourbonniere@m-x.ca or your local CDCC office.

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