



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**to be held on May 26, 2011**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**March 18, 2011**

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Dear Shareholders:

You are cordially invited to the 2011 annual meeting of shareholders of Groupe Aeroplan Inc. (“**Groupe Aeroplan**”). It will be held on May 26, 2011 at 1:30 p.m. (Eastern Daylight Time), at the TSX Broadcast Centre, 130 King Street West, Toronto, Ontario.

As a shareholder, you have the right to vote your shares on all items that come before the meeting. You can vote your shares either by proxy or in person at the meeting. This proxy circular will provide you with information about these items and how to exercise your right to vote. It will also tell you about the nominee directors, the proposed auditors, the compensation of directors and certain officers, and our corporate governance practices.

This important meeting is your opportunity to hear first-hand how the business performed in 2010 and our plans for the future. It also provides you with an opportunity to meet and ask questions to the directors and management of Groupe Aeroplan.

We look forward to seeing you at our 2011 annual meeting of shareholders. If you are unable to attend the meeting in person, please complete and return a proxy by the date indicated on your form. We have also made arrangements to provide an audio webcast of the meeting. Details regarding the webcast will be available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com).

Yours very truly,

Robert E. Brown  
Chairman of the Board of Directors

Rupert Duchesne  
President and Chief Executive Officer

**GROUPE AEROPLAN INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

to be held on May 26, 2011

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Shares**”) of Groupe Aeroplan Inc. (“**Groupe Aeroplan**” or the “**Corporation**”) will be held at the TSX Broadcast Centre, 130 King Street West, Toronto, Ontario, on May 26, 2011, at 1:30 p.m. (Eastern Daylight Time) for the following purposes:

- (a) to receive the consolidated financial statements of Groupe Aeroplan for the year ended December 31, 2010, including the auditors’ report thereon;
- (b) to elect the directors of Groupe Aeroplan (collectively, the “**Directors**”, and individually, a “**Director**”) who will serve until the end of the next annual Shareholders meeting or until their successors are appointed;
- (c) to appoint the auditors of Groupe Aeroplan;
- (d) to consider and approve, on an advisory basis, a resolution, in the form set forth in Appendix B to the accompanying Management Information Circular (the “**Information Circular**”), providing for the non-binding advisory vote on executive compensation (the “**Say-on-Pay Advisory Resolution**”); and
- (e) to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters to be put before the Meeting are set forth in the accompanying Information Circular.

The record date (the “**Record Date**”) for determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 31, 2011. Nevertheless, in the event of any transfer of Shares after the Record Date, the right to vote may be exercised by the transferee of such Shares if the transferee establishes that he or she is the owner of the Shares and requests, no later than ten (10) days before the Meeting, that such transferee’s name be included on the list of Shareholders entitled to attend and to vote at the Meeting.

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the proxy must be received by CIBC Mellon Trust Company at one of its principal Corporate Trust offices in Halifax, Montréal, Toronto, Vancouver or Calgary, by no later than 5:00 p.m. (Eastern Daylight Time) on May 24, 2011, or prior to 5:00 p.m. (Eastern Daylight Time) on the second to last business day preceding any adjournment or postponement of the Meeting.**

**A proxyholder has discretion under the accompanying form of proxy to consider a number of matters that are not yet determined. Holders of Shares who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.**

Dated at the City of Montréal, in the Province of Quebec, as of the 18<sup>th</sup> day of March, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
GROUPE AEROPLAN INC.**



Mark Hounsell  
Senior Vice President, General Counsel and Corporate Secretary

## MANAGEMENT INFORMATION CIRCULAR

### Introduction

**This Management Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by and on behalf of management of Groupe Aeroplan (“Management”) for use at the Meeting and any adjournment thereof. No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth in the Notice of Annual Meeting of Shareholders. Unless otherwise indicated in this Information Circular, *Groupe Aeroplan*, *GA*, *we*, *us*, *our*, or *the Corporation* refer to Groupe Aeroplan Inc., and, where the context requires, its subsidiaries and associated companies or Aeroplan Income Fund, the predecessor entity to Groupe Aeroplan, and, where the context requires, its subsidiaries and associated companies; *Aeroplan* or *Aeroplan Canada* refers to the Groupe Aeroplan division operated by Aeroplan Canada Inc.; *Carlson Marketing* refers to the division of Groupe Aeroplan that operates the Carlson Marketing business; and *Groupe Aeroplan Europe* refers to the division of Groupe Aeroplan that operates the Nectar, Air Miles Middle East, I&C and Nectar Italia businesses.

Information contained in this Information Circular is given as of March 18, 2011 unless otherwise specifically stated.

## GENERAL PROXY MATTERS

The following questions and answers provide guidance on how to vote your Shares.

### Who is soliciting my proxy?

**Management of Groupe Aeroplan is soliciting your proxy.** Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers or employees of Groupe Aeroplan who will be specifically remunerated therefor by Groupe Aeroplan. Management of Groupe Aeroplan has retained the services of Kingsdale Shareholder Services Inc. (“**Kingsdale**”) for the solicitation of proxies at an aggregate cost estimated to be \$30,000 to be borne by Groupe Aeroplan. If you need help completing your proxy form, you may contact Kingsdale by telephone at 1-866-879-7644 toll-free in North America or 416-867-2272 outside of North America, or by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

### Who can vote?

Shareholders of record on March 31, 2011 are entitled to receive notice of and vote at the Meeting. Nevertheless, in the event of any transfer of Shares after the Record Date, the right to vote may be exercised by the transferee of such Shares if the transferee establishes that the transferee is the owner of the Shares and requests, no later than ten (10) days before the Meeting, that such transferee’s name be included on the list of Shareholders entitled to attend and to vote at the Meeting. Shareholders are entitled to one vote per Share on any matters that may come before the Meeting. As of March 18, 2011, there were 183,599,570 Shares issued and outstanding.

A quorum of Shareholders shall be present at the Meeting if two or more persons holding not less than 10% of the Shares entitled to vote at the Meeting are present in person or represented by proxy, irrespective of the number of persons actually present at the Meeting.

If a body corporate or association is a Shareholder, Groupe Aeroplan shall recognize any individual authorized by a resolution of the directors or governing body of the body corporate or association to represent it at the Meeting. An individual thus authorized may exercise on behalf of the body corporate or association all the powers it could exercise if it were an individual Shareholder. If two or more persons hold Shares jointly, one of those holders present at the Meeting may in the absence of the others vote the Shares, but if two or more of those persons who are present, in person or by proxy, vote, they shall vote as one on the Shares jointly held by them.

As of March 18, 2011, to the knowledge of the Directors or executive officers of Groupe Aeroplan, no person beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying 10% or more of the votes attached to all outstanding Shares.

### How do I vote?

You can attend the Meeting or you can appoint someone else to vote for you as your proxyholder. A Shareholder entitled to vote at the Meeting may by means of a proxy appoint a proxyholder or one or more alternate proxyholders, who are not required to be Shareholders, to attend and act at the Meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy. Voting by proxy means that you are giving the person named on your form of proxy (“**proxyholder**”) the authority to vote your Shares for you at the Meeting or any adjournment thereof.

You can choose from among three different ways to vote your Shares by proxy:

1. by telephone
2. on the Internet
3. by mail

The persons who are named on the form of proxy are Directors of Groupe Aeroplan and will vote your Shares for you. **You have the right to appoint someone else to be your proxyholder.** If you appoint someone else, he or she must attend the Meeting to vote your Shares.

**How do I vote if I am a registered shareholder?**

You are a registered Shareholder if your name appears on your Share certificate. If you are not sure whether you are a registered Shareholder, please contact CIBC Mellon Trust Company (“**CIBC Mellon**”) at 1-800-387-0825.

Voting by proxy

*By telephone*

Voting by proxy using the telephone is only available to Shareholders located in Canada and the United States. Call 1-866-271-1207 (toll-free in Canada and the United States) from a touchtone telephone and follow the instructions provided. Your voting instructions are then conveyed by using touchtone selections over the telephone.

You will need your 13 digit control number. You will find this number on your form of proxy or in the e-mail addressed to you if you chose to receive this Information Circular electronically.

If you choose the telephone, you cannot appoint any person other than the Directors of Groupe Aeroplan named on your form of proxy as your proxyholder.

**The cut-off time for voting by telephone is 11:59 p.m. (Eastern Daylight Time) on May 24, 2011.**

*On the Internet*

Go to the website [www.eproxyvoting.com/Aeroplan](http://www.eproxyvoting.com/Aeroplan) and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet.

You will need your 13 digit control number. You will find this number on your form of proxy or in the e-mail addressed to you if you chose to receive this Information Circular electronically.

If you return your proxy via the Internet, you can appoint a person other than the Directors of Groupe Aeroplan named in the form of proxy as your proxyholder. This person does not have to be a Shareholder. Indicate the name of the person you are appointing in the space provided on the form of proxy. Complete your voting instructions, and date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

**The cut-off time for voting over the Internet is 11:59 p.m. (Eastern Daylight Time) on May 24, 2011.**

*By mail*

Accompanying this Information Circular is a form of proxy for Shareholders.

Complete your form of proxy and return it in the envelope we have provided or by delivery to one of CIBC Mellon’s principal Corporate Trust Offices in Halifax, Montréal, Toronto, Vancouver or Calgary **for receipt before 5:00 p.m. (Eastern Daylight Time) on May 24, 2011, or prior to 5:00 p.m. (Eastern Daylight Time) on the second to last business day preceding any adjournment or postponement of the Meeting.**

If you return your proxy by mail, you can appoint a person other than the Directors of Groupe Aeroplan named in the form of proxy as your proxyholder. This person does not have to be a Shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions, and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.



Please refer to the section of this Information Circular “General Proxy Matters – How do I complete the form of proxy?” on page 7 for further details.

Voting in person at the Meeting

You do not need to complete or return your form of proxy. You will receive an admission ticket at the Meeting upon registration at the registration desk.

**How do I vote if I am a non-registered shareholder?**

You are a non-registered Shareholder if your bank, trust company, securities broker or other financial institution (“**your nominee**”) holds your Shares for you. If you are not sure whether you are a non-registered Shareholder, please contact CIBC Mellon at 1-800-387-0825.

Voting by voting instruction form

Your nominee is required to ask for your voting instructions before the Meeting. Please contact your nominee if you did not receive a request for voting instructions in this package.

In most cases, non-registered Shareholders will receive a voting instruction form which allows you to provide your voting instructions on the Internet or by mail. You will need your control number found on your voting instruction form, if you choose to vote on the Internet. Alternatively, non-registered Shareholders may complete the voting instruction form and return it by mail, as directed in the voting instruction form.

Voting in person at the Meeting

You can vote your Shares in person at the Meeting if you have instructed your nominee to appoint you as proxyholder. In order to do so, write your name in the space provided on the voting instruction form and otherwise follow the instructions of your nominee.

**How do I vote if I am an employee holding Shares under the Employee Share Purchase Plan of Groupe Aeroplan?**

Shares purchased by employees of Groupe Aeroplan (“**Employee Shares**”) under the employee share purchase plan of Groupe Aeroplan (“**Employee Share Purchase Plan**”) are beneficially held by Computershare Trust Company of Canada (“**Computershare**”), as administrative agent, in accordance with the provisions of the Employee Share Purchase Plan unless the employees have withdrawn their Shares from the plan. If you are not sure whether you are an employee holding your Shares through Computershare, please contact Computershare at 1-866-982-1878.

In the event that an employee holds any Shares other than Employee Shares, he or she must also complete a form of proxy or voting instruction form with respect to such additional Shares in the manner indicated above for registered Shareholders or non-registered Shareholders, as applicable.

Voting by voting instruction form

A voting instruction form is enclosed with this Information Circular which allows you to provide your voting instructions on the Internet or by mail.

*On the Internet*

Go to the website at [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. Your voting instructions are then conveyed electronically over the Internet.

You will need the control number, holder account number and access number found on your voting instruction form.

If you return your voting instruction form via the Internet, you can appoint a person other than Computershare as your proxyholder. This person does not have to be a Shareholder. Indicate the name of the person you are appointing in the space provided on the voting instruction form. Complete your voting instructions, and date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

**The cut-off time for voting over the Internet is 11:59 p.m. (Eastern Daylight Time) on May 24, 2011.**

*By mail*

Alternatively you may vote your Shares by completing the voting instruction form as directed on the form and returning it in the business reply envelope provided **for receipt before 5:00 p.m. (Eastern Daylight Time) on May 24, 2011.**

Voting in person at the Meeting

To appoint yourself as proxyholder, write your name in the space provided on the voting instruction form and follow the instructions otherwise provided in the voting instruction form.

**How do I complete the form of proxy?**

You can choose to vote “For” or “Withhold” with respect to the election of each of the nominated Directors and the appointment of the auditors and “For” or “Against” with respect to the approval of the Say-on-Pay Advisory Resolution. If you are a non-registered Shareholder voting your Shares, or an employee voting your Employee Shares held pursuant to the Employee Share Purchase Plan of Groupe Aeroplan, please follow the instructions provided in the voting instruction form provided.

When you sign the form of proxy without appointing an alternate proxyholder, you authorize Robert E. Brown, Roman Doroniuk or Rupert Duchesne, who are Directors of Groupe Aeroplan, to vote your Shares for you at the Meeting in accordance with your instructions. **If you return your proxy without specifying how you want to vote your Shares, your vote will be FOR the election of each of the nominated Directors, FOR the appointment of the auditors, FOR the approval of the Say-on-Pay Advisory Resolution and as your proxyholder sees fit on any other matters to be considered at the Meeting.**

The board of directors of Groupe Aeroplan (the “**Board of Directors**” or “**Board**”) has adopted a policy regarding majority voting for the election of Directors. This policy is described under “The Nominated Directors – Majority Voting for Election of Directors”.

The Directors of Groupe Aeroplan are not aware of any other matters which will be presented for action at the Meeting. If, however, other matters properly come before the Meeting, the persons designated in the enclosed form of proxy will vote in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy with respect to such matters.

**You have the right to appoint someone other than the proxy nominees to be your proxyholder. If you are appointing someone else to vote your Shares for you at the Meeting, fill in the name of the person voting for you in the blank space provided on the form of proxy.**

A proxyholder has the same rights as the Shareholder by whom it was appointed to speak at the Meeting in respect of any matter, to vote by way of ballot at the Meeting and, except where the proxyholder has conflicting instructions from more than one Shareholder, to vote at the Meeting in respect of any matter by way of any show of hands.

If you are an individual Shareholder, you or your authorized attorney must sign the form of proxy. If you are a corporation or other legal entity, an authorized officer or attorney must sign the form of proxy.

If you need assistance completing your form of proxy (or voting instruction form), please contact Investor Relations at 416-352-3728 for service in English or in French.

**If I change my mind, how can I revoke my proxy?**

In addition to revocation in any other manner permitted by law, a Shareholder giving a proxy and submitting it by mail may revoke it by an instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing and deposited either at the Montréal office of CIBC Mellon, the transfer agent for the Shares (the "**Transfer Agent**"), at 2001 University Street, Suite 1600, Montréal, Quebec, or at Groupe Aeroplan's registered office, at 5100 de Maisonneuve Blvd. West, Montréal, Quebec, Canada, H4A 3T2 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of the Meeting on the day of the Meeting, or any adjournment thereof. If the voting instructions were conveyed by telephone or over the Internet, conveying new voting instructions by any of these two means or by mail within the applicable cut-off times will revoke the prior instructions.

## BUSINESS OF THE MEETING

Five items will be covered at the Meeting:

1. presentation of the consolidated financial statements of Groupe Aeroplan for the year ended December 31, 2010, including the auditors' report thereon;
2. election of the Directors of Groupe Aeroplan who will serve until the end of the next annual Shareholders meeting or until their successors are appointed;
3. appointment of the auditors of Groupe Aeroplan;
4. an advisory vote on executive compensation; and
5. transaction of such further and other business as may properly be brought before the Meeting or any adjournment thereof.

As of the date of this Information Circular, the Directors of Groupe Aeroplan are not aware of any changes to these items, and do not expect any other items to be brought forward at the Meeting. **If there are changes or new items, your proxyholder can vote your Shares on these items as he or she sees fit.**

### Presentation of Financial Statements

The consolidated financial statements of Groupe Aeroplan for the year ended December 31, 2010, including the auditors' report thereon, submitted to the Shareholders are included in Groupe Aeroplan's 2010 annual report and are available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com) or on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of such statements will also be available at the Meeting.

### Election of Directors

Shareholders will be asked to elect the Directors of Groupe Aeroplan. Each Director elected at the Meeting will hold office until the end of the next annual Shareholder meeting or until his or her successor is appointed. Please see "The Nominated Directors" on page 12.

The Board of Directors has adopted a policy regarding majority voting for the election of Directors. This policy is described under "The Nominated Directors – Majority Voting for Election of Directors" on page 22.

All of the individuals nominated for election as Directors are, as at March 18, 2011, members of the Board of Directors.

The Governance and Nominating Committee of the Board of Directors has reviewed the qualifications and recommended for election to the Board each of the nominees. The nominees are, in the opinion of the Board, well qualified to act as Directors for the coming year. Each nominee has established and confirmed his or her eligibility and willingness to serve as a Director, if elected.

**If you do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the election as Directors of each of the nominee directors who are named in this Information Circular.**

### Appointment of Auditors

The Board of Directors, on the advice of the Audit, Finance and Risk Committee of the Board of Directors (the "**Audit Committee**"), recommends that PricewaterhouseCoopers LLP, Chartered Accountants, be reappointed as auditors of Groupe Aeroplan. PricewaterhouseCoopers LLP has served as auditors of Groupe Aeroplan since Groupe Aeroplan's incorporation in May 2008 and as auditors of Aeroplan Income Fund, the predecessor of Groupe

Aeroplan, since its inception on May 12, 2005. The auditors appointed at the Meeting will serve until the end of the next annual Shareholder meeting or until their successors are appointed.

Fees paid for the years ended December 31, 2010 and December 31, 2009 to PricewaterhouseCoopers LLP and its subsidiaries are \$4,209,544 and \$2,748,816, respectively, as detailed below:

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>
Audit fees	\$2,410,254	\$1,091,558
Audit-related fees	\$74,891	\$152,230
Tax fees	\$552,878	\$355,532
All other fees	\$1,171,521	\$1,149,496
	<u>\$4,209,544</u>	<u>\$2,748,816</u>

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of Groupe Aeroplan's annual financial statements and for services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. In 2009, audit-related fees were paid for services rendered in connection with the preparation and filing of the Shelf Prospectus and the offering of \$200 million Series 1 Notes and \$150 million Series 2 Notes. In 2010, audit-related fees were paid for services rendered in connection with the offering of the Series 1 Preferred Shares and the \$200 million Series 3 Notes.

Tax fees. Tax fees were paid in 2009 and 2010 in connection with assistance in the preparation of Scientific Research & Experimental Development tax credit claims, audit fees in connection with the review of tax provisions, and general tax advice and compliance advice.

All other fees. In 2009, other fees were paid for professional services rendered with respect to the translation of the Shelf Prospectus and related prospectus supplements, review of quarterly reporting by Groupe Aeroplan and the due diligence investigation in connection with the Carlson Marketing acquisition. In 2010, other fees were paid for professional services rendered with respect to the review of quarterly reporting by Groupe Aeroplan and the translation thereof, the due diligence investigation in connection with Groupe Aeroplan's investment in Premier Loyalty & Marketing, S.A.P.I. de C.V. and other regulatory and contractual audit related obligations.

**If you do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the appointment of PricewaterhouseCoopers LLP as auditors.**

#### **Advisory Vote on Executive Compensation**

The Board of Directors believes that Shareholders should have the opportunity to fully understand the objectives and principles underlying executive compensation decisions made by the Board of Directors. Groupe Aeroplan's executive compensation policies and programs are based on the fundamental principle of pay-for-performance to align the interests of the senior executive team with those of the Shareholders. This compensation approach allows Groupe Aeroplan to attract and retain high-performing executives who will be strongly incented to create value for Groupe Aeroplan's shareholders on a sustainable basis.

Groupe Aeroplan is committed to providing Shareholders with clear, comprehensive and transparent disclosure relating to executive compensation and to receive feedback from Shareholders on this matter. In this light, the decision to provide a non-binding advisory vote on executive compensation was one that was taken after reviewing

the issue at length and hearing differing views and arguments. The Corporation believes that it is a reflection of the Board of Director's ongoing commitment to engage with Shareholders on issues of concern to them. The resolution Shareholders will be asked to approve set out in Appendix B is the form of resolution recommended by the Canadian Coalition for Good Governance ("CCGG"). Please carefully review the "Compensation Discussion and Analysis" starting on page 31 of this Information Circular before voting on this matter. As this is an advisory vote, the results will not be binding upon the Board of Directors. However, in considering its approach to compensation over the upcoming years, the Board of Directors will take into account the results of this vote, together with the comments and concerns received from Shareholders.

**The Board of Directors of the Corporation recommends to the Shareholders to vote in favour of the approval of the Say-on-Pay Advisory Resolution.**

**If you do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the approval of the Say-on-Pay Advisory Resolution.**

### **Consideration of Other Business**

We will:

- Report on other items that are significant to our business; and
- Invite questions and comments from Shareholders.

## THE NOMINATED DIRECTORS

The articles of incorporation of Groupe Aeroplan provide for the Board of Directors to consist of a minimum of three (3) and a maximum of twelve (12) Directors, a minimum of twenty-five (25) percent of whom must be residents of Canada. The number of Directors presently in office, as determined by the Board of Directors, is nine (9).

The proposed Board of Directors consists of nine (9) Directors, eight (8) of whom are independent from Groupe Aeroplan. Please refer to “Statement of Governance Practices – Board of Directors – Independence” of this Information Circular for a discussion on Director independence.

Directors are elected annually. Each of the nominees whose names are set forth below are currently members of the Board of Directors, and have been so since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the next annual Shareholders meeting or until his or her successor is elected or appointed, unless his or her office is vacated earlier.


### Board Nominees

The following summary sets forth, for each person proposed to be nominated for election as a Director, the following information:


- name;
- age;
- place of residence;
- independence from Groupe Aeroplan;
- date since which the nominee has been a Director of Groupe Aeroplan or its predecessor, Aeroplan Income Fund;
- whether the nominee meets, as at March 18, 2011, the Shareholding Guidelines for Directors described under “Statement of Executive Compensation – Compensation of Directors – Director Share Ownership Requirements”;
- principal occupation (including office with Groupe Aeroplan or any of its significant affiliates);
- biography;
- areas of expertise;
- memberships on Groupe Aeroplan committees, including the Audit Committee, the Governance and Nominating Committee or the Human Resources and Compensation Committee (collectively, the “**Committees**”), if applicable;
- memberships on boards of other public companies (the “**Public Board Membership**”) during the last five (5) years, if applicable;
- number of Board of Directors and Committee meetings attended in 2010;
- aggregate shareholdings as at March 18, 2011 and March 15, 2010 (the date of the 2010 Management Information Circular), including Shares, deferred share units (“**DSUs**”), and net change;
- total at-risk value of Shares and DSUs as at March 18, 2011 and March 15, 2010 and the corresponding multiple in relation to the annual Board retainer of \$45,000 (\$200,000 for the Chairman of the Board); and
- total compensation received for each of the past two (2) years.


The following summary also sets forth, for each nominee proposed for election as a Director, whether, to the knowledge of the Corporation, such nominee, while acting in certain capacities or personally, was involved in certain proceedings, was subject to certain penalties or sanctions, or became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency.

Certain information set out below with respect to Director nominees is not within the knowledge of Groupe Aeroplan and was provided by the respective Director nominees individually.

 <p><b>ROBERT E. BROWN<sup>(A)</sup></b> Age: 66 Montréal, Quebec, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> Chairman since January 1, 2008 and Director since June 21, 2005</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>		Corporate Director														
	<p>Robert E. Brown has been Chairman of Groupe Aeroplan since January 1, 2008, and was President and Chief Executive Officer of CAE Inc., a provider of simulation and modeling technologies as well as integrated training services for both civil aviation and defence customers, from August 2004 to September 2009. Prior to joining CAE Inc., Mr. Brown was Chairman of Air Canada during its restructuring from May 2003 to October 2004. Mr. Brown joined Bombardier Inc. in 1987 and was responsible for the Bombardier Aerospace sector from 1990 to 1999. He was President and Chief Executive Officer of Bombardier Inc. (aerospace, transportation and recreational products) from 1999 to 2002. Mr. Brown also held various senior positions in federal ministries with economic vocations, including the position of Associate Deputy Minister in the Department of Regional Industrial Expansion. He holds a Bachelor of Science Degree from the Royal Military College and attended the Advanced Management Program at the Harvard Business School. Mr. Brown is a Director of BCE Inc., Bell Canada, Rio Tinto Plc and Rio Tinto Limited. He has also received honorary doctorates from five Canadian universities. Mr. Brown is a Member of the Order of Canada and an Officer of the <i>Ordre National du Québec</i>.</p> <p><i>Areas of Expertise:</i> Aviation Industry; Executive Leadership; and International Business</p> <p><i>Public Board Membership During Last 5 Years:</i></p> <table> <tr> <td>Rio Tinto plc</td> <td>February 2010 – Present</td> </tr> <tr> <td>Rio Tinto Limited</td> <td>February 2010 – Present</td> </tr> <tr> <td>BCE Inc.</td> <td>May 2009 – Present</td> </tr> <tr> <td>Bell Canada</td> <td>May 2009 – Present</td> </tr> <tr> <td>CAE Inc.</td> <td>August 2004 – September 2009</td> </tr> <tr> <td>ACE Aviation Holdings Inc.</td> <td>September 2004 – April 2009</td> </tr> </table>					Rio Tinto plc	February 2010 – Present	Rio Tinto Limited	February 2010 – Present	BCE Inc.	May 2009 – Present	Bell Canada	May 2009 – Present	CAE Inc.	August 2004 – September 2009	ACE Aviation Holdings Inc.	September 2004 – April 2009
	Rio Tinto plc	February 2010 – Present															
	Rio Tinto Limited	February 2010 – Present															
	BCE Inc.	May 2009 – Present															
	Bell Canada	May 2009 – Present															
	CAE Inc.	August 2004 – September 2009															
	ACE Aviation Holdings Inc.	September 2004 – April 2009															
	<b>Meetings Attended in 2010</b>		#	%													
	Board of Directors		10 of 10	100%													
<b>Securities Held or Controlled</b>																	
	<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>												
March 18, 2011	44,571	13,192	57,763	722,038	3.6 x												
March 15, 2010	44,571	10,702	55,273	608,003	3.0 x												
Net change	0	2,490	2,490	114,035													
<b>Value of Total Compensation Received</b>																	
<b>Year</b>	<b>(\$)</b>																
2010	218,968																
2009	232,561																




 <p><b>ROMAN DORONIUK</b><sup>(B)</sup> Age: 53 Toronto, Ontario, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> June 21, 2005</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>		Consultant			
	<p>Roman Doroniuk is a consultant providing financial and strategic advisory services to a variety of companies in the healthcare, industrial manufacturing and media industries. Mr. Doroniuk was Executive Vice President of Magna International Inc. and Chief Operating Officer of Magna Entertainment Corp. from January 2003 to October 2003, President of Lions Gate Entertainment from October 1998 to April 2000, and Chief Financial Officer of Alliance Communications Corporation from October 1995 to September 1998. Mr. Doroniuk holds a Bachelor of Business Management from Ryerson University and is a Chartered Accountant.</p> <p><i>Areas of Expertise:</i> Financial Literacy; Executive Leadership; International Business; and Retail Industry</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Chair of the Audit Committee and Member of the Governance and Nominating Committee<sup>(C)</sup></p> <p><i>Public Board Membership During Last 5 Years:</i>      The Forzani Group Ltd.      June 1997 - Present</p>					
	<b>Meetings Attended in 2010</b>		#	%		
	Board of Directors		10 of 10	100%		
	Audit Committee		5 of 5	100%		
	Human Resources and Compensation Committee		4 of 4 <sup>(D)</sup>	100%		
	<b>Securities Held or Controlled</b>					
		<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>
	March 18, 2011	5,000	5,195	10,195	127,438	2.8 x
	March 15, 2010	5,000	3,512	8,512	93,632	2.1 x
Net change	0	1,683	1,683	33,806		
<b>Value of Total Compensation Received</b>						
<b>Year</b>	<b>(\$)</b>					
2010	121,058					
2009	120,617					


 <p><b>RUPERT DUCHESNE</b><sup>(E)</sup> Age: 51 Toronto, Ontario, Canada</p> <p><b>Not Independent (Management)</b></p> <p><b>Director since:</b> June 21, 2005</p> <p>Meets Minimum Shareholding Guidelines **</p>	<b>Principal Occupation</b>	President and Chief Executive Officer of Groupe Aeroplan								
	<p>Rupert Duchesne is President and Chief Executive Officer of Groupe Aeroplan. Prior to his current position, Mr. Duchesne spent twelve years in strategy and investment consulting around the world before he joined Air Canada in 1996 as Vice President, Marketing, and in 1999 was promoted to Senior Vice President, International. During that year, he served on the Executive team which defeated the Onex take-over bid, and was appointed Chief Integration Executive, overseeing the integration of Canadian Airlines and Air Canada. He was appointed to the position of President and CEO of Aeroplan in August 2000. Mr. Duchesne holds a Masters in Business Administration from the University of Manchester and a Bachelor Honours degree in Pharmacology from the University of Leeds, both in England. He is a Director of Dorel Industries Inc., and was previously a Director of Alliance Atlantis Communications Inc. He is Chair of the boards of the NeuroScience Canada Partnership and Brain Canada Foundation. He is Vice President of the Art Gallery Ontario's Board of Trustees, where he chairs both the Finance and Photography committees, co-chairs the Grange Park Advisory Council and is a member of the Executive, Nominating and Strategic Directions Committee. He is also a member of the boards of Greenwood College School, Business for the Arts and the Luminato Festival in Toronto.</p> <p><i>Areas of Expertise:</i> Loyalty Marketing Industry; Aviation Industry; Executive Leadership; and International Business</p> <p><i>Public Board Membership During Last 5 Years:</i></p> <table border="0"> <tr> <td>Dorel Industries Inc.</td> <td>May 2009 - Present</td> </tr> <tr> <td>Alliance Atlantis Communications Inc.</td> <td>February 2006 - August 2007</td> </tr> </table>						Dorel Industries Inc.	May 2009 - Present	Alliance Atlantis Communications Inc.	February 2006 - August 2007
	Dorel Industries Inc.	May 2009 - Present								
	Alliance Atlantis Communications Inc.	February 2006 - August 2007								
	<b>Meetings Attended in 2010</b>		#	%						
	Board of Directors		10 of 10	100%						
	<b>Securities Held or Controlled</b>									
		<b>Shares<sup>(1)</sup> (#)</b>	<b>RSUs/DSUs* (#)</b>	<b>Total Shares and RSUs/DSUs (#)</b>	<b>Total at Risk Value of Shares and RSUs/DSUs*** (\$)</b>	<b>Multiple of Annual Base Salary**</b>				
	March 18, 2011	71,450	300,203	371,653	4,645,663	6.0 x				
	March 15, 2010	30,316	278,340	308,656	3,395,216	4.9 x				
Net change	41,134	21,863	62,997	1,250,447						

\* "RSUs/DSUs" for Mr. Duchesne refers to the aggregate number of Time-Vesting RSUs and DSUs held at the respective dates under the Omnibus Plan and DSU Plan described under "Appendix C – Omnibus Plan and Groupe Aeroplan Deferred Share Unit Plan". As at March 18, 2011, Mr. Duchesne also held an aggregate of 31,966 performance-based Restricted Shares, 60,203 Performance Share Units and 196,831 Options;


\*\* As Mr. Duchesne is President and Chief Executive Officer of Groupe Aeroplan, he does not receive an annual retainer for his services to the Board of Directors. Please refer to the section entitled "Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation of Named Executive Officers – President and Chief Executive Officer, Groupe Aeroplan" for a description of Mr. Duchesne's employment agreement. Pursuant to his employment agreement, Mr. Duchesne must achieve a minimum ownership level of Shares, Time-Vesting RSUs and DSUs equal to four times his base salary by June 1, 2012. As at March 18, 2011, Mr. Duchesne achieved such minimum ownership level. Mr. Duchesne's base salary as at March 15, 2010 and March 18, 2011 was \$700,000 and \$770,000, respectively;


\*\*\* The Total at Risk Value of Shares and RSUs/DSUs is based on the closing price of the Shares as of March 18, 2011 (\$12.50) and as of March 15, 2010 (\$11.00), the date of the 2010 Management Information Circular.


 <p><b>JOANNE FERSTMAN</b> Age: 44 Toronto, Ontario, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> June 21, 2005</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>	President and Chief Executive Officer of Dundee Capital Markets Inc.				
	<p>Joanne Ferstman is President and Chief Executive Officer of Dundee Capital Markets Inc. Prior to taking this position on January 31, 2011, Ms. Ferstman was Vice Chair and Head of Capital Markets of DundeeWealth Inc., and prior to 2009, was Executive Vice President and Chief Financial Officer of DundeeWealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. Over the past 15 years, Ms. Ferstman has held a variety of executive positions with the Dundee group of companies and in early 2009 assumed leadership of Dundee Capital Markets, including all Investment Banking activities. Prior to joining the Dundee Group of companies in 1998, Ms. Ferstman spent four years as chief financial officer for a national securities firm and five years at a major international accounting firm. Ms. Ferstman holds a Bachelor of Commerce from McGill University and is a Chartered Accountant.</p> <p><i>Areas of Expertise:</i> Financial Literacy; and Capital Markets</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Chair of the Human Resources and Compensation Committee and Member of the Audit Committee</p> <p><i>Public Board Membership During Last 5 Years:</i> Dundee Real Estate Investment Trust March 2007 - Present Breakwater Resources Ltd. June 2007 - Present</p>					
	<b>Meetings Attended in 2010</b>					
	Board of Directors		10 of 10		100%	
	Human Resources and Compensation Committee		8 of 8		100%	
	Audit Committee		5 of 5		100%	
	<b>Securities Held or Controlled</b>					
		<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>
	March 18, 2011	5,000	9,034	14,034	175,425	3.9 x
	March 15, 2010	5,000	5,213	10,213	112,343	2.5 x
Net change	0	3,821	3,821	63,082		
<b>Value of Total Compensation Received</b>						
<b>Year</b>	<b>(\$)</b>					
2010	127,591					
2009	119,723					

 <p><b>HON. MICHAEL M. FORTIER, PC</b> Age: 49 Town of Mount-Royal, Québec, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> January 19, 2009</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>	Vice-Chairman, RBC Capital Markets				
	<p>Michael M. Fortier joined RBC Capital Markets (RBCCM) as a Vice-Chairman in October 2010. Prior to joining RBCCM, Mr. Fortier was a partner of Ogilvy Renault LLP and a Senior Advisor to Morgan Stanley in Canada since January 2009. Between February 2006 and October 2008, Mr. Fortier held various positions in the Government of Canada, including as Minister of International Trade and Minister responsible for Greater Montréal. Prior to that, Mr. Fortier was active in the investment banking industry, first as a Managing Director with Credit Suisse First Boston (1999-2004) and then as a Managing Director with TD Securities (2004-2006). Mr. Fortier also practiced law with Ogilvy Renault LLP from 1985 to 1999 in the areas of corporate finance and mergers and acquisitions. He was based in London (England) for several years during this period. Mr. Fortier holds a Bachelor of Laws from Université Laval.</p> <p><i>Areas of Expertise:</i> Capital Markets; Corporate Governance; Financial Literacy; and International Business</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Member of the Governance and Nominating Committee and the Human Resources and Compensation Committee</p> <p><i>Public Board Membership During Last 5 Years:</i> CAE Inc. August 2010 - Present</p>					
	<b>Meetings Attended in 2010</b>	<b>#</b>	<b>%</b>			
	Board of Directors	10 of 10	100%			
	Governance and Nominating Committee	4 of 4	100%			
	Human Resources and Compensation Committee	3 of 3 <sup>(F)</sup>	100%			
	<b>Securities Held or Controlled</b>					
		<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>
	March 18, 2011	8,000	3,451	11,451	143,138	3.2 x
	March 15, 2010	8,000	1,843	9,843	108,273	2.4 x
Net change	0	1,608	1,608	34,865		
<b>Value of Total Compensation Received</b>						
<b>Year</b>	<b>(\$)</b>					
2010	102,301					
2009	98,328					



 <p><b>DAVID H. LAIDLEY, FCA</b> Age: 64 Westmount, Québec, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> January 19, 2009</p> <p>Meets Shareholding Guidelines for Directors <sup>(4)</sup></p>	<b>Principal Occupation</b>		Corporate Director								
	<p>David H. Laidley is a retired partner of Deloitte &amp; Touche LLP (Canada), where he served as a partner from 1975 until his retirement in 2007. A chartered accountant, he has enjoyed a distinguished career spanning 40 years with Canada's largest professional services firm, with specialization in its tax and audit practices. He was elected Chairman of the firm in 2000 and served in that capacity until 2006. In addition to the boards of other public companies listed below, he currently serves as a Director of the Bank of Canada and Aviva Canada Inc., and as Chairman of the Board of Nautilus Indemnity Limited. He also serves on the Boards of the Lester B. Pearson College of the Pacific, the McGill University Health Centre Foundation, and the Desautels Faculty of Management of McGill University. Mr. Laidley is a Fellow of the Québec Order of Chartered Accountants and holds a Bachelor of Commerce degree from McGill University.</p> <p><i>Areas of Expertise:</i> Financial Literacy; Corporate Governance; and International Business</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Member of the Audit Committee and the Governance and Nominating Committee</p> <p><i>Public Board Membership During Last 5 Years:</i></p> <table border="0"> <tr> <td>EMCOR Group Inc.</td> <td>December 2008 - Present</td> </tr> <tr> <td>ProSep Inc.</td> <td>August 2008 – Present</td> </tr> <tr> <td>Biovail Corporation</td> <td>August 2008 - September 2010</td> </tr> </table>					EMCOR Group Inc.	December 2008 - Present	ProSep Inc.	August 2008 – Present	Biovail Corporation	August 2008 - September 2010
	EMCOR Group Inc.	December 2008 - Present									
	ProSep Inc.	August 2008 – Present									
	Biovail Corporation	August 2008 - September 2010									
	<b>Meetings Attended in 2010</b>		#	%							
	Board of Directors		10 of 10	100%							
	Audit Committee		5 of 5	100%							
	Governance and Nominating Committee		2 of 2 <sup>(G)</sup>	100%							
	<b>Securities Held or Controlled</b>										
	<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>						
March 18, 2011	1,000	22,382	23,382	292,275	6.5 x						
March 15, 2010	1,000	13,167	14,167	155,837	3.5 x						
Net change	0	9,215	9,215	136,438							
<b>Value of Total Compensation Received</b>											
<b>Year</b>	<b>(\$)</b>										
2010	112,012										
2009	104,710										

 <p><b>DOUGLAS D. PORT<sup>(H)</sup></b> Age: 67 Oakville, Ontario, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> July 17, 2007</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>	Consultant				
	<p>Douglas D. Port provides advisory services on aviation and airport issues. He is a retired senior airline executive with more than 30 years experience in the airline industry, including 11 years as an executive with Air Canada, where he headed major portfolios such as Airports, International, Marketing and Sales, Sales and Product Distribution, Corporate Affairs and Government Relations, Corporate Communications and Customer Service. He also served as Chairman of the Air Transport Association of Canada, Chairman of Galileo Canada and Chairman and CEO of Air Canada Vacations. From 2005 through 2010, he was an executive consultant at an international transportation consultancy.</p> <p><i>Areas of Expertise:</i> Aviation Industry; and International Business</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Chair of the Governance and Nominating Committee and Member of the Human Resources and Compensation Committee</p>					
	<b>Meetings Attended in 2010</b>			<b>#</b>	<b>%</b>	
	Board of Directors			10 of 10	100%	
	Governance and Nominating Committee			4 of 4	100%	
	Human Resources and Compensation Committee			8 of 8	100%	
	<b>Securities Held or Controlled</b>					
		<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>
	March 18, 2011	3,200	8,265	11,465	143,313	3.2 x
	March 15, 2010	3,200	6,447	9,647	106,117	2.4 x
Net change	0	1,818	1,818	37,196		
<b>Value of Total Compensation Received</b>						
<b>Year</b>	<b>(\$)</b>					
2010	124,779					
2009	117,652					

 <p><b>ALAN P. ROSSY</b> Age: 48 Town of Mount-Royal, Québec, Canada</p> <p><b>Independent</b></p> <p><b>Director since:</b> July 17, 2007</p> <p>Meets Shareholding Guidelines for Directors<sup>(4)</sup></p>	<b>Principal Occupation</b>	President and Chief Executive Officer of Copley Investments Inc.				
	<p>Alan P. Rossy is President and Chief Executive Officer of Copley Investments Inc., a real estate company which purchases, develops and leases properties in Montréal and Toronto. Mr. Rossy was Executive Vice-President of Store Operations at Dollarama L. P., a national chain of dollar stores operating at the 1\$ or more price point, from 1991 to 2007. His responsibilities included new store growth, sales, merchandising, advertising and human resources consulting. Mr. Rossy is a founding family member of Dollarama and current shareholder. Mr. Rossy serves on the Board of Directors of Selwyn House School, a private boys school in Westmount, Québec. He is also a Director of the Montréal Children's Hospital Corporate Appeal Board. Mr. Rossy graduated in 1985 from McGill University with a Bachelor's of Arts, majoring in Economics.</p> <p><i>Areas of Expertise:</i> Retail Industry; Executive Leadership; and Media and Advertising</p> <p><i>Membership – Groupe Aeroplan Committees:</i> Member of the Audit Committee and the Human Resources and Compensation Committee</p>					
	<b>Meetings Attended in 2010</b>		<b>#</b>	<b>%</b>		
	Board of Directors		10 of 10	100%		
	Audit Committee		3 of 3 <sup>(1)</sup>	100%		
	Human Resources and Compensation Committee		4 of 4 <sup>(1)</sup>	100%		
	Governance and Nominating Committee		2 of 2 <sup>(K)</sup>	100%		
	<b>Securities Held or Controlled</b>					
		<b>Shares<sup>(1)</sup> (#)</b>	<b>DSUs<sup>(2)</sup> (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total at Risk Value of Shares and DSUs<sup>(3)</sup> (\$)</b>	<b>Multiple of Annual Retainer</b>
	March 18, 2011	15,228	3,538	18,766	234,575	5.2 x
March 15, 2010	10,836	1,927	12,763	140,393	3.1 x	
Net change	4,392	1,611	6,003	94,182		
<b>Value of Total Compensation Received</b>						
<b>Year</b>	<b>(\$)</b>					
2010	110,501					
2009	104,351					

- (1) "Shares" refers to the number of Shares held as of March 18, 2011 and as of March 15, 2010.
- (2) "DSUs" refers to the number of DSUs held by the nominee under the DSU Plan described under "Appendix C – Groupe Aeroplan Deferred Share Unit Plan" (the "DSU Plan"). The DSU Plan was implemented as of January 1, 2009.
- (3) The "Total at Risk Value of Shares and DSUs" is based on the closing price of the Shares as of March 18, 2011 (\$12.50) and as of March 15, 2010 (\$11.00), the date of the 2010 Management Information Circular.
- (4) Pursuant to the Shareholding Guidelines for Directors described under "Statement of Executive Compensation – Compensation of Directors – Director Share Ownership Requirements", Directors are required to hold Shares or DSUs with an aggregate minimum value at least equal to (i) the lesser of two times the annual retainer and 25,000 Shares and DSUs in the case of the Chairman of the Board, and (ii) the lesser of three times the annual retainer and 8,000 Shares and DSUs in the case of any other Director. Directors have a four-year period to comply with the Shareholding Guidelines for Directors, starting at the later of (i) November 14, 2008, or (ii) the date of election of the Director to the Board of Directors.
- (A) Robert E. Brown was a director of Air Canada when Air Canada filed for protection under the *Companies' Creditors Arrangement Act* (the "CCAA") on April 1, 2003 and became Chairman of Air Canada on May 13, 2003. Robert E. Brown was a director of Nortel



Networks Corporation when, on or about May 31, 2004, cease trade orders were issued against directors, officers and certain other current and former employees of Nortel Networks Corporation and Nortel Networks Limited (“**Nortel Networks**”). The management cease trade orders were imposed in response to the failure by Nortel Networks to file certain financial statements with the Canadian securities regulators.

- (B) Roman Doroniuk was a director of Canadian Airlines Corporation when Canadian Airlines Corporation initiated bankruptcy proceedings under the CCAA in May 2000.
- (C) Roman Doroniuk served as a member of the Human Resources and Compensation Committee from May 2010 to February 2011. Effective as of February 25, 2011, he was appointed to the Governance and Nominating Committee.
- (D) Roman Doroniuk was appointed to the Human Resources and Compensation Committee in May 2010, and therefore attended four out of the eight Human Resources and Compensation Committee meetings held during the 2010 year. He attended all four of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (E) Rupert Duchesne was President and Chief Executive Officer, Aeroplan when Air Canada filed for protection under the CCAA on April 1, 2003.
- (F) Michael M. Fortier was appointed to the Human Resources and Compensation Committee in June 2010, and therefore attended three out of the eight Human Resources and Compensation Committee meetings held during the 2010 year. He attended all three of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (G) David H. Laidley was appointed to the Governance and Nominating Committee in May 2010, and therefore attended two out of the four Governance and Nominating Committee meetings held during the 2010 year. He attended both of the Governance and Nominating Committee meetings held in 2010 from the date of his appointment.
- (H) Douglas D. Port was Senior Vice President, Customer Service, Air Canada when Air Canada filed for protection under the CCAA on April 1, 2003.
- (I) Alan P. Rossy was appointed to the Audit Committee in May 2010, and therefore attended three out of the five Audit Committee meetings held during the 2010 year. He has attended all three of the Audit Committee meetings held in 2010 from the date of his appointment.
- (J) Alan P. Rossy was appointed to the Human Resources and Compensation Committee in May 2010, and therefore attended four out of the eight Human Resources and Compensation Committee meetings held in 2010. He attended all four of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (K) Alan P. Rossy served as a member of the Governance and Nominating Committee until May 2010, and therefore attended two out of the four Governance and Nominating Committee meetings held during the 2010 year. He attended both of the Governance and Nominating Committee meetings held in 2010 while he was a member thereof.

### Shareholdings of Nominated Directors

The following table sets out the total number of Shares and Time-Vesting RSUs and DSUs held by nominated Directors as at March 18, 2011, as well as the value of such holdings based on the closing price of Shares on the Toronto Stock Exchange (“**TSX**”) on March 18, 2011 (\$12.50).

Shares (#)	RSUs / DSUs (#)	Total Value (\$)
161,549	374,923	6,705,900

### Board Interlocks

The Governance and Nominating Committee has reviewed the membership on the boards of other public companies of Groupe Aeroplan’s proposed nominees to the Board of Directors. With the exception of Messrs. Roman Doroniuk and John M. Forzani, who both sit on the board of directors of The Forzani Group Ltd., no two proposed nominees to the Board of Directors are members of the same board of directors of another public company.

Mr. Doroniuk is the chair of the audit committee and member of the human resources and compensation committee of the board of directors of The Forzani Group Ltd. Mr. Forzani is chairman of the board of The Forzani Group Ltd. and does not sit on any of its committees.

### Majority Voting for Election of Directors

On November 14, 2008, the Board of Directors adopted a “majority voting” policy, pursuant to which if a nominee for election as Director receives a greater number of votes “withheld” than votes “for” at a meeting of Shareholders, he or she will be expected to tender his or her resignation to the Board of Directors promptly following the meeting of Shareholders at which the director is elected. Upon receiving such resignation, the Governance and Nominating

Committee will consider it and make a recommendation to the Board of Directors whether to accept it or not. The Board of Directors will make its decision and announce it in a press release within 90 days following the meeting of Shareholders. The Director who tendered his or her resignation should not be part of any deliberations of any Committee or the Board of Directors pertaining to the resignation offer.

The policy only applies in circumstances involving an uncontested election of Directors. For the purpose of the policy, an “uncontested election of Directors” means that the number of Director nominees is the same as the number of Directors to be elected to the Board of Directors and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board of Directors.

### Directors Attendance Record

In the 2010 financial year, the Board of Directors and its three standing Committees held the following number of meetings:

Board of Directors	10
Audit Committee	5
Governance and Nominating Committee	4
Human Resources and Compensation Committee	<u>8</u>
Total	27

Overall, the combined attendance by the Directors at Board of Directors and Committee meetings was 100%. A record of attendance by individual Directors at meetings of the Board of Directors and its Committees, as applicable, for the 2010 financial year is set out below.

<b>Director</b>	<b>Board Meetings Attended</b>		<b>Committee<sup>(1)</sup> Meetings Attended</b>	
Robert E. Brown <sup>(2)</sup>	10 of 10 (Chair)	100%	-	-
Roman Doroniuk	10 of 10	100%	5 of 5 AC (Chair) 4 of 4 HRCC <sup>(3)</sup>	100% 100%
Rupert Duchesne <sup>(2)</sup>	10 of 10	100%	-	-
Joanne Ferstman	10 of 10	100%	8 of 8 HRCC (Chair) 5 of 5 AC	100% 100%
Michael M. Fortier	10 of 10	100%	4 of 4 GN 3 of 3 HRCC <sup>(4)</sup>	100% 100%
John M. Forzani	10 of 10	100%	8 of 8 HRCC 4 of 4 GN	100% 100%
David H. Laidley	10 of 10	100%	5 of 5 AC 2 of 2 GN <sup>(5)</sup>	100% 100%
Douglas D. Port	10 of 10	100%	4 of 4 GN (Chair) 8 of 8 HRCC	100% 100%

Director	Board Meetings Attended		Committee <sup>(1)</sup> Meetings Attended	
Alan P. Rossy	10 of 10	100%	3 of 3 AC <sup>(6)</sup>	100%
			4 of 4 HRCC <sup>(7)</sup>	100%
			2 of 2 GN <sup>(8)</sup>	100%
Attendance Record	Board	100%	AC	100%
			GN	100%
			HRCC	100%

- (1) GN: Governance and Nominating Committee  
AC: Audit Committee  
HRCC: Human Resources and Compensation Committee
- (2) Robert E. Brown, as Chairman of the Board, and Rupert Duchesne, as President and Chief Executive Officer, attend all Committee meetings.
- (3) Roman Doroniuk was appointed to the Human Resources and Compensation Committee in May 2010, and therefore attended four out of the eight Human Resources and Compensation Committee meetings held during the 2010 year. He attended all four of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (4) Michael M. Fortier was appointed to the Human Resources and Compensation Committee in June 2010, and therefore attended three out of the eight Human Resources and Compensation Committee meetings held during the 2010 year. He attended all three of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (5) David H. Laidley was appointed to the Governance and Nominating Committee in May 2010, and therefore attended two out of the four Governance and Nominating Committee meetings held during the 2010 year. He attended both of the Governance and Nominating Committee meetings held in 2010 from the date of his appointment.
- (6) Alan P. Rossy was appointed to the Audit Committee in May 2010, and therefore attended three out of the five Audit Committee meetings held during the 2010 year. He attended all three of the Audit Committee meetings held in 2010 from the date of his appointment.
- (7) Alan P. Rossy was appointed to the Human Resources and Compensation Committee in May 2010, and therefore attended four out of the eight Human Resources and Compensation Committee meetings. He attended all four of the Human Resources and Compensation Committee meetings held in 2010 from the date of his appointment.
- (8) Alan P. Rossy served as a member of the Governance and Nominating Committee until May 2010, and therefore attended two out of the four Governance and Nominating Committee meetings held during the 2010 year. He attended both of the Governance and Nominating Committee meetings held in 2010 while he was a member thereof.

### Sessions without Management and Meetings Held

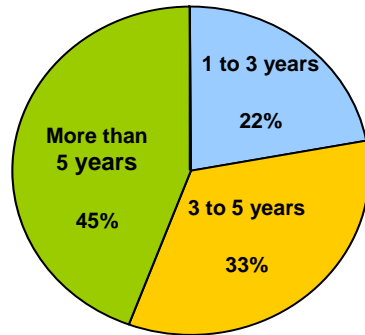
The non-Management Directors meet “in camera” (without Management representatives) at each regularly scheduled and special Board and Committee meeting. The Chairman of the Board or, as the case may be, the Chair of the Committee, presides over these sessions and informs Management of the nature of the items discussed and if any action is required.

### Retirement Policy for Directors

Groupe Aeroplan’s policy for retirement is that no person shall be appointed or elected as a Director if the person is aged 75 or more. The policy allows for an exception where the Board determines it is in the interest of Groupe Aeroplan to request a Director to extend his/her term beyond the regular retirement age, provided however that such extension is requested in one-year increments.

## Board Tenure

The following chart shows the tenure of the Corporation's Board as of March 18, 2011:



Please refer to the biographies contained in the section “The Nominated Directors” for details regarding length of Board tenure of each nominee for election as directors.

## Areas of Expertise

Groupe Aeroplan maintains a skills matrix for its Directors and each Director indicates her or his expertise level in each area based on the following ratings:

- no or limited knowledge;
- basic knowledge;
- strong working knowledge; or
- expert.

<b>Expertise Description:</b>		<b>Number of Nominee Directors with Strong Working Knowledge or Expertise</b>
<b>Aviation Industry:</b>	Knowledge of or senior executive experience in the aviation industry	3
<b>Capital Markets:</b>	Knowledge of or senior executive or similar experience in corporate finance and capital markets	4
<b>Compensation:</b>	Knowledge of issues and best practices relating to benefit and pension programs and executive compensation, including incentives and perquisites	5
<b>Corporate Governance:</b>	Legal training or other experience in or knowledge of issues or best practices relating to the governance of Canadian public companies	5
<b>Executive Leadership:</b>	Senior executive experience driving strategic direction and leading growth	6
<b>Financial Literacy:</b>	Knowledge of or senior executive or equivalent experience in financial accounting and reporting	6
<b>International Business:</b>	Senior executive experience in an organization with international operations	7
<b>Loyalty Marketing Industry:</b>	Knowledge of or senior executive experience in the loyalty marketing industry	5
<b>Media and Advertising:</b>	Knowledge of or senior executive experience in the media, advertising and marketing industries	2
<b>Retail Industry:</b>	Knowledge of or senior executive experience in the retail industry	2

## STATEMENT OF EXECUTIVE COMPENSATION

### Human Resources and Compensation Committee Report to Shareholders

To our fellow shareholders:

The Board of Directors of Groupe Aeroplan believes that one of its core responsibilities is to provide transparent disclosure of all aspects of the Corporation's executive compensation programs. This report is intended to provide an overview of how we pay our executives and the important work relative to executive compensation that was completed over the course of fiscal 2010. A more detailed discussion of our executive compensation program is provided in the Compensation Discussion and Analysis that follows this report on page 31.

#### *The Role of the Human Resources and Compensation Committee*

The Board of Directors, assisted by the Human Resources and Compensation Committee (the "HRCC"), is responsible for the executive compensation policies and practices of Groupe Aeroplan, with specific accountability for the compensation of the President and Chief Executive Officer (the "CEO") and the senior executives, including (with the CEO) the Named Executive Officers (the "NEOs") whose compensation is detailed in the Compensation Discussion and Analysis and supporting tables that follow. The members of the HRCC have extensive experience in compensation, business management, finance, law and corporate governance, among other areas. All of the Directors who served as members of the HRCC during the year ended December 31, 2010 are independent within the meaning of applicable regulatory requirements. The HRCC held eight meetings in the fiscal year ended December 31, 2010 and met without Management present at each meeting. In addition, the HRCC employs an independent compensation consultant, PCI – Perrault Consulting Inc., that advises the HRCC on the design and market competitiveness of our executive compensation program. While the advice of the external consultant is an important input into the HRCC's decision-making process, all decisions regarding executive compensation are the ultimate responsibility of the Board of Directors. When making recommendations to the Board of Directors, the HRCC believes that shareholder interests should be considered first and foremost. In addition, the HRCC exercises its judgment and considers a variety of additional important factors, including Groupe Aeroplan's business strategy, competitive market forces, independent external advice, internal business needs, and governance best practices.

#### *Groupe Aeroplan's Executive Compensation Program Summary*

The table on the following page provides an overview of each of the components of Groupe Aeroplan's executive compensation program. A more detailed explanation of each component is provided in the Compensation Discussion and Analysis which begins on page 31.

<b>Component</b>	<b>Design</b>
<b>Fixed Compensation</b>	
Base Salary	<ul style="list-style-type: none"> <li>• Provide a compelling offer in order to attract and retain the key executive talent required to successfully lead Groupe Aeroplan</li> <li>• Generally set at the median of the peer group, with adjustments above or below median in recognition of skills, competencies and experience</li> </ul>
Perquisites, Benefits and Retirement Program	<ul style="list-style-type: none"> <li>• Provide perquisites and benefits that are generally competitive with market practices in the specific regions where our executives reside (primarily Canada, the US and the UK)</li> <li>• Executive retirement programs are defined contribution programs, with the philosophy that the majority of long-term wealth creation for executives should be derived from performance-based variable compensation programs</li> </ul>
<b>Variable Compensation</b>	
Short-Term Incentive Plan	<ul style="list-style-type: none"> <li>• Annual cash bonus for performance against key business objectives within the prior fiscal year</li> <li>• Payout is based on annual consolidated Adjusted EBITDA (“<b>A-EBITDA</b>”) and Free Cash Flow per share metrics, as established by the Board of Directors, plus divisional Revenues / Gross Billings for division executives</li> <li>• Individual bonus payouts can be adjusted within a range of 85% to 115% of the payout calculated using the financial metrics based on individual performance</li> </ul>
Long-Term Incentive Plan: <i>Performance Share Units (PSUs)</i>	<ul style="list-style-type: none"> <li>• PSUs are generally granted annually, following approval of the Board of Directors</li> <li>• PSUs are earned based on the achievement of Groupe Aeroplan’s A-EBITDA growth targets over a three-year period, and earned PSUs vest and become payable at the end of three years</li> <li>• No payout if minimum A-EBITDA performance threshold is not achieved; up to 100% of PSUs are paid if targets are met or exceeded over the three-year period</li> <li>• PSUs are intended to focus executives on the achievement of Groupe Aeroplan’s longer-term objectives and promote alignment with shareholder interests</li> </ul>
Long-Term Incentive Plan: <i>Options</i>	<ul style="list-style-type: none"> <li>• Options are generally granted annually, following approval of the Board of Directors</li> <li>• Options vest over four years, 25% per year, with a seven year term</li> <li>• Options are intended to promote value creation and align executives with long-term shareholder interests – Options have no value unless the share price increases above the value on the date of grant</li> <li>• None of the NEOs exercised any of their vested Options in the 2010 fiscal year</li> </ul>
<b>Total Compensation</b>	
Fixed + Variable Compensation	<ul style="list-style-type: none"> <li>• Designed to provide market median total compensation when target performance levels are achieved</li> <li>• Provide the opportunity for top-quartile total compensation when performance is exceptional</li> <li>• Reduced to below-median total compensation levels when performance targets are not achieved</li> <li>• Reviewed annually by the HRCC under a variety of performance scenarios to ensure that compensation programs do not promote excessive risk taking</li> </ul>
<b>Share Ownership</b>	
Shareholding Guidelines for Executives	<ul style="list-style-type: none"> <li>• Prescribes minimum share ownership levels that executives are required to achieve within five to seven years of being named to their position in order to increase the alignment of executive interests with those of shareholders</li> <li>• The CEO currently exceeds the minimum share ownership requirement; all other executives are on-target to meet the requirement within the applicable timelines</li> </ul>

### *Key Events and Activities in 2010*

The 2010 fiscal year was a period of significant transformation for Groupe Aeroplan. The acquisition and integration of Loyalty Management Group (“**LMG**”) in 2007 and Carlson Marketing at the end of 2009 have resulted in a global business with operations in close to 20 countries and capabilities across the full spectrum of loyalty management. In response to these significant events, the HRCC undertook a number of important activities in 2010:

- 1- *Review of Groupe Aeroplan's executive compensation peer group.* As a result of Groupe Aeroplan's global expansion, roughly half of the Corporation's employees, including two of our five NEOs, work outside of Canada and more than 40% of the Corporation's 2010 Gross Billings were derived from operations outside of Canada. Based on this new reality, the HRCC undertook a comprehensive review of the peer companies used to evaluate the competitiveness and effectiveness of Groupe Aeroplan's executive compensation programs. This review resulted in the adoption of a new peer group in 2010 which includes a broader selection of (i) Canadian companies and (ii) international peer companies that are focused on specific areas of the global loyalty marketing industry. The HRCC believes that this expanded group of peer companies more accurately reflects the complexities of the various geographies within which Groupe Aeroplan competes for talent, and allows us to establish compensation levels and designs that are globally consistent but also regionally competitive. Detailed information regarding the new executive compensation peer group and the key factors considered when selecting peer companies is provided in the section titled "Use of Compensation Consultants and Benchmarking Peer Groups" starting on page 32.
- 2- *Review of the design and structure of Groupe Aeroplan's short-term incentive plan (the "STIP").* The HRCC believes that it is important to review the effectiveness and appropriateness of Groupe Aeroplan's incentive plan designs annually, to ensure that they closely align executive interests with the Corporation's strategic objectives and support the Corporation's pay for performance philosophy. In 2010, the HRCC adopted changes to the STIP for executive employees, in order to ensure that there is a balanced focus on results at the corporate, divisional, and individual levels. These changes, which have been implemented for the 2011 annual performance cycle, are described in the section titled "Short-Term Incentives" starting on page 38, along with a full explanation of the STIP design for 2010 and the associated performance levels and incentive payouts that were approved under the plan.
- 3- *Review of the performance criteria for Groupe Aeroplan's long-term incentive plan.* The HRCC conducted an analysis of the criteria and metrics used to evaluate performance under the Corporation's long-term incentive plan (the "**Groupe Aeroplan LTIP**"). Correlation analysis was undertaken to measure alternative "relative to peers" metrics against an array of different peer companies. Following this analysis, the HRCC re-approved its selection of three-year A-EBITDA growth as the performance metric for the PSUs awarded under the Groupe Aeroplan LTIP. Furthermore, the HRCC re-confirmed its decision that the stock options awarded under the Groupe Aeroplan LTIP should be time-vesting. A complete description of the Groupe Aeroplan LTIP is provided in the section entitled "Long-Term Incentives" starting at page 42 as well as in Appendix C to this Information Circular.
- 4- *Review of the impact of extraordinary events on Groupe Aeroplan's incentive compensation program and determination of an appropriate course of action.* The evaluation of performance and payouts under Groupe Aeroplan's incentive compensation program is one of the HRCC's key responsibilities. The HRCC believes that when evaluating performance results, the occurrence of extraordinary events should always be taken into account. Two extraordinary events, as described more fully on page 40, occurred in 2010 and had a significant impact on the Corporation's financial results:
  - a. *The adverse European Court of Justice ("ECJ") Value Added Tax ("VAT") Judgment.* As more fully discussed in Groupe Aeroplan's 2010 annual report and on page 40 of this Information Circular, LMG has been in litigation with the UK tax authorities since 2003 relating to the VAT treatment of the Nectar Program. While a favourable final judgment was reasonably expected, the ECJ ruled against LMG on October 7, 2010. The adverse ECJ VAT judgment resulted in a reduction in reported A-EBITDA.
  - b. *The Carlson Marketing reclassification accounting adjustment.* Following the closing of the Carlson Marketing acquisition in 2009, a reclassification of customer deposits to deferred revenue caused a significant increase in A-EBITDA for the 2010 fiscal year.

The HRCC carefully evaluated both of the extraordinary events described above and considered the potential implications of alternative decisions regarding the Corporation's incentive program. A full description of the HRCC's reasoning, and the potential STIP and LTIP payouts under the various scenarios considered, is provided in the Sections titled "Short-Term Incentives" starting on page 38, and "Long-Term Incentives" starting on page 42.



*Conclusion*

We know that executive compensation is a high-profile area of shareholder focus, and believe that shareholders should have transparent information regarding how much our executives are paid, how the Corporation's executive compensation program works, and why the HRCC approved the payments that were made to executives. The HRCC takes its responsibilities very seriously, and believes that the compensation program described in these pages is consistent with Groupe Aeroplan's business strategy, is aligned with shareholder interests, and supports emerging governance best practices regarding executive compensation.

Sincerely,

Joanne Ferstman (Chair)  
Michael Fortier  
John Forzani  
Doug Port  
Alan Rossy

## Compensation Discussion and Analysis

The following Compensation Discussion and Analysis provides a detailed discussion of the structure of Groupe Aeroplan's executive compensation program as well as the specific compensation decisions that were made with respect to the fiscal year ended December 31, 2010. The Compensation Discussion and Analysis is structured as follows:

<u>Section</u>	<u>Page Number</u>
1- Executive Compensation Approach and Key Objectives	31
2- Use of Compensation Consultants and Benchmarking Peer Groups	32
3- Elements of Groupe Aeroplan's Compensation Program – Fixed Compensation	37
a. Base Salary	37
b. Perquisites and Other Benefits	37
c. Retirement Plans	37
4- Elements of Groupe Aeroplan's Compensation Program – Variable Compensation	38
a. Short-Term Incentives	38
b. Long-Term Incentives	42
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a. President and Chief Executive Officer, Groupe Aeroplan	44
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### *Executive Compensation Approach and Key Objectives*

Groupe Aeroplan's executive compensation program, as described in the following pages, is designed to achieve the following key objectives:

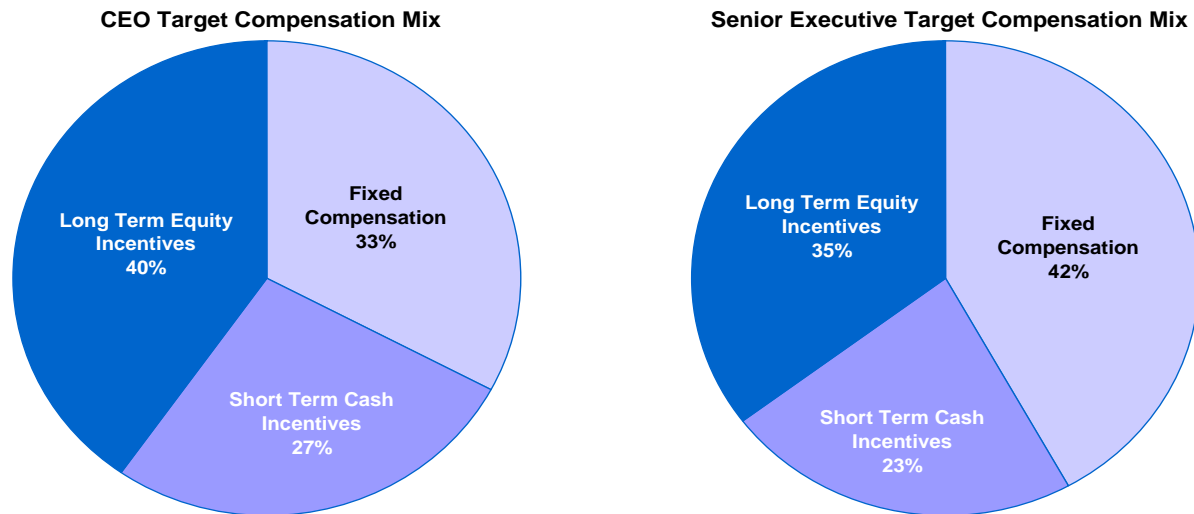
#### Compensation Objective

- Attract and retain senior executives with the skills, capabilities, talent and passion required for Groupe Aeroplan to achieve its long-term strategic objectives.
- Motivate executives and reward them for the achievement of ambitious company objectives, thereby building a strong results-oriented culture that directly links pay with performance.
- Align executive interests with those of shareholders with the ultimate objective of sustained long-term shareholder value creation.

#### Design Criteria

- ➔ Deliver total compensation levels that are competitive with the median of the applicable peer group, as described in the following section, when target performance levels are achieved.
- ➔ Provide the opportunity for top-quartile total compensation when performance is exceptional, reduced to below-median total compensation levels when performance targets are not achieved.
- ➔ Ensure that a large proportion of compensation is equity-based with a multi-year vesting period, combined with minimum shareholding requirements, which promote sustained performance and value growth.

To achieve these objectives, over half of Groupe Aeroplan's executive compensation is incentive-based, as illustrated in the following charts:



#### *Use of Compensation Consultants and Benchmarking Peer Groups*

During the 2010 financial year, the HRCC and the Governance and Nominating Committee retained the services of PCI – Perrault Consulting Inc. for the purpose of providing external market data and expertise on the compensation of senior management, including the NEOs identified in this Information Circular, and members of the Board of Directors. Upon approval of the HRCC, Groupe Aeroplan also retained the services of PCI - Perrault Consulting Inc. to perform other compensation consulting services for Management. In all cases, the Board Committees are responsible for the selection of the consultants to the Board and must pre-approve other work provided to Management by the Board’s consultants.

In addition, Management retained Mercer (US) Inc. during the 2010 financial year to provide various services related to compensation design and benchmarking, and to support the implementation of stand-alone HR systems and processes for Carlson Marketing’s United States employees.

The aggregate fees paid to PCI - Perrault Consulting Inc. and to Mercer (US) Inc. for services provided to the HRCC and the Governance and Nominating Committee and to Groupe Aeroplan during the 2010 financial year are shown in the following table.

Type of Fees	Consulting Fees Billed in 2010		Percentage of Total Fees Billed in 2010	
	PCI – Perrault Consulting Inc.	Mercer (US) Inc.	PCI – Perrault Consulting Inc.	Mercer (US) Inc.
Committee Work	\$149,374	\$0	83%	0%
Management Work	\$31,300	\$171,742	17%	100%
<b>Total Annual Fees</b>	<b>\$180,674</b>	<b>\$171,742</b>	<b>100%</b>	<b>100%</b>

While the advice of external consultants is an important input into the HRCC’s decision-making process, all decisions regarding executive compensation are the ultimate responsibility of the Board of Directors. When making recommendations to the Board of Directors, the HRCC exercises its judgment and considers a variety of important factors, including Groupe Aeroplan’s business strategy, competitive market forces, independent external advice, internal business needs, governance best practices and, most importantly, shareholder interests.

External market benchmarking is an important component of Groupe Aeroplan’s executive compensation design. However, in order to calibrate the Corporation’s pay for performance programs relative to the marketplace, it is

important to have a benchmarking peer group that accurately reflects the various markets within which Groupe Aeroplan competes for executive talent. The acquisition of Carlson Marketing in late 2009, and the execution of the Corporation’s strategy to be recognized as the global leader in loyalty management, have had a significant impact on the leadership skills and talent required for Groupe Aeroplan to be successful. Groupe Aeroplan now operates in close to 20 countries (including a significant presence in the United States) – roughly half of the Corporation’s employees, including two of our five NEOs, are now based outside of Canada and more than 40% of the Corporation’s 2010 Gross Billings were derived from operations outside of Canada. Based on this new reality, and with the assistance and expertise of the HRCC external consultant, the HRCC undertook a comprehensive review of the peer companies used to evaluate the competitiveness and effectiveness of Groupe Aeroplan’s executive compensation programs. As part of this review, the HRCC considered the following important factors and challenges:

- As a Canadian company, an important point of reference is similar companies within the Canadian marketplace. However there is a lack of other Canadian companies that are direct peers within the loyalty industry;
- Within the broader North American (or international) marketplace, there are few companies that have a mix of businesses and geographic footprint that compares well with Groupe Aeroplan;
- Many loyalty management organizations are embedded within larger companies (such as financial institutions, credit card companies, or airlines) which are not reasonable peers from an executive compensation point of view; and
- Smaller players occupying niche segments of the market represent a new and powerful source of competitive demand for talent.

This review resulted in the adoption of a multi-faceted approach which considers compensation peers from a variety of angles and includes a broader selection of both Canadian and international peer companies (the “**Comparator Groups**”), as follows:

<b>Comparator Group &amp; Rationale</b>	<b>Selection Criteria</b>
<ul style="list-style-type: none"> <li>• <i>Canadian peer group</i> – developed in order to provide a view of compensation practices for companies of similar size in the Canadian market</li> </ul>	<ul style="list-style-type: none"> <li>– Companies similar in size based on annual revenues (within roughly 0.5x to 2.0x of Groupe Aeroplan’s annual revenues)</li> <li>– Companies with significant international operations</li> <li>– Companies identified as peers from a shareholder point of view (based on analyst reports)</li> </ul>
<ul style="list-style-type: none"> <li>• <i>Industry peer group</i> – developed to provide a view of compensation practices within peer companies that are more directly comparable from an industry point of view and provide peer data for executives based in the United States</li> </ul>	<ul style="list-style-type: none"> <li>– Companies similar in size based on annual revenues (within roughly 0.5x to 2.0x of Groupe Aeroplan’s annual revenues)</li> <li>– Companies within similar industry sectors               <ul style="list-style-type: none"> <li>○ Advertising/media, data analytics, internet retail, market research, business services, IT consulting</li> </ul> </li> <li>– Companies identified as peers from a shareholder point of view (based on analyst reports)</li> </ul>
<ul style="list-style-type: none"> <li>• <i>European peer group</i> – developed to reflect Groupe Aeroplan’s international expansion and provide peer data for executives based in Europe</li> </ul>	<ul style="list-style-type: none"> <li>– Companies similar in size based on annual revenues (within roughly 0.5x to 2.0x of Groupe Aeroplan’s annual revenues)</li> <li>– Companies within similar industry sectors               <ul style="list-style-type: none"> <li>○ Advertising/media, data analytics, internet retail, market research, business services, IT consulting</li> </ul> </li> </ul>

To establish competitive market ranges for Groupe Aeroplan's executives, market compensation data from each of the Comparator Groups was weighted in proportion to the geographic breakdown of revenue sources. To reflect the scope of responsibilities for each role, the Comparator Group weighting was established at 100% of the applicable regional peer group for divisional executives and in proportion to the Corporation's overall revenue sources for corporate executives:

Executive Position	Comparator Group Weighting		
	Canadian Peer Group	Industry Peer Group	European Peer Group
Corporate Executives (CEO, CFO)	60%	25%	15%
Canadian Division Executives	100%		
US Division Executives		100%	
European Division Executives			100%

The HRCC believes that this multi-faceted approach using the expanded groups of peer companies more accurately reflects the complexities of the various markets within which Groupe Aeroplan competes for talent, while allowing the Corporation to establish compensation levels and designs that are globally consistent but also regionally competitive.

The following tables describe the companies which have been identified in accordance with the above criteria and included in the Comparator Groups, and provide additional data regarding each peer company. All financial data for the peer companies was obtained from publicly available sources, and represents the most recent data available when the HRCC reviewed and approved the Comparator Groups over the course of 2010.

#### Canadian Peer Group

Peer Company	FY 2009				12/31/2009	Industry
	Revenue <i>(millions)</i>	Assets <i>(millions)</i>	Net Income <i>(millions)</i>	EBITDA <i>(millions)</i>	Market Cap <i>(millions)</i>	
TRANSAT A T INC	\$3,545	\$1,130	\$62	\$87	\$797	Travel Services
TRANSCONTINENTAL INC	\$2,295	\$2,550	(\$82)	\$349	\$1,039	Media / Internet / Commercial Printing
TIM HORTONS INC	\$2,044	\$1,993	\$285	\$522	\$5,815	Services
YELLOW PAGES INCOME FUND	\$1,640	\$8,942	\$227	\$771	\$2,749	Media / Internet / Publishing
CAE INC	\$1,662	\$2,676	\$199	\$375	\$2,246	Technology
TORSTAR CORP	\$1,536	\$1,788	(\$180)	\$210	\$438	Media / Internet / Publishing
FORZANI GROUP LTD	\$1,347	\$689	\$29	\$97	\$431	Specialty Retail
GILDAN ACTIVEWEAR INC	\$1,038	\$1,082	\$95	\$165	\$2,949	Apparel, Accessories & Luxury Goods
ASTRAL MEDIA INC	\$906	\$2,405	(\$158)	\$298	\$1,876	Media & Entertainment
CORUS ENTERTAINMENT INC	\$719	\$1,709	(\$52)	\$370	\$1,442	Media & Entertainment

#### Summary Statistics

75th Percentile	\$1,948	\$2,514	\$173	\$374	\$2,623
<b>Median</b>	<b>\$1,588</b>	<b>\$1,890</b>	<b>\$46</b>	<b>\$324</b>	<b>\$1,659</b>
25th Percentile	\$1,115	\$1,274	(\$74)	\$177	\$858

## Industry Peer Group (all data in USD)

Peer Company	2009 FY				12/31/2009	Industry
	Revenue (millions)	Assets (millions)	Net Income (millions)	EBITDA (millions)	Market Cap (millions)	
<b>Advertising, Media and Publishing</b>						
VALASSIS COMMUNICATIONS INC	\$2,244	\$1,744	\$67	\$256	\$879	Media / Publishing
HARTE HANKS INC	\$860	\$908	\$48	\$119	\$685	Advertising / Media
<b>Internet Retail, Data Processing and Software</b>						
EXPEDIA INC	\$2,955	\$5,937	\$300	\$814	\$6,771	Internet Retail
PRICELINE.COM INC	\$2,338	\$1,834	\$489	\$513	\$9,599	Internet Retail
ALLIANCE DATA SYSTEMS CORP	\$1,964	\$5,226	\$144	\$510	\$3,376	Analytics / Data Services
TOTAL SYSTEM SERVICES INC	\$1,688	\$1,711	\$215	\$396	\$3,405	Analytics / Data Services
GLOBAL PAYMENTS INC	\$1,602	\$1,677	\$37	\$375	\$4,365	Analytics / Data Services
GSI COMMERCE INC	\$1,004	\$1,062	(\$11)	\$76	\$1,515	Internet Software & Services
<b>Other Business Services</b>						
DUN & BRADSTREET CORP	\$1,687	\$1,749	\$319	\$516	\$4,385	Business / Data Services
ACXIOM CORP	\$1,099	\$1,363	\$45	\$265	\$1,062	IT Consulting & Other Services
<b>Summary Statistics</b>						
	75th Percentile	\$2,174	\$1,813	\$278	\$512	\$4,380
	<b>Median</b>	<b>\$1,688</b>	<b>\$1,727</b>	<b>\$105</b>	<b>\$386</b>	<b>\$3,391</b>
	25th Percentile	\$1,225	\$1,442	\$45	\$258	\$1,175

## European Peer Group

<b>2009 FY</b>					
<b>(As Reported in Local Currency)</b>					
<b>Peer Company</b>	<b>Revenue</b>	<b>Net Income</b>	<b>Assets</b>	<b>Industry</b>	<b>Country</b>
	<i>(millions)</i>	<i>(millions)</i>	<i>(millions)</i>		
THE CAPITA GROUP <sup>(1)</sup>	£2,687	£238	£2,372	Analystic / Data Services	United Kingdom
EXPERIAN PL <sup>(4)</sup>	USD 3,873	USD 506	USD 4,651	Analystic / Data Services	United Kingdom
YELL GROUP PLC <sup>(1)</sup>	£2,398	-£1,141	£1,491	Media / Publishing	United Kingdom
THE SAGE GROUP <sup>(1)</sup>	£1,439	£190	£2,739	Software & Computer Services	United Kingdom
AEGIS GROUP PLC <sup>(1)</sup>	£1,342	£89	£4,114	Marketing / Advertising	United Kingdom
HAVAS <sup>(2)</sup>	€ 1,568	€ 104	€ 4,509	Marketing / Advertising	France
GFK AG <sup>(2)</sup>	€ 1,165	€ 82	€ 1,521	Market Research	Germany
PUBLIGROUPE SA <sup>(3)</sup>	SFr. 1,609	SFr. -11	SFr. 960	Marketing / Advertising	Switzerland
IPSOS SA <sup>(2)</sup>	€ 944	€ 58	€ 1,132	Market Research	France
<i>Summary Statistics Converted to CAD*</i>					
75th Percentile	\$3,735	\$295	\$4,651		
<b>Median</b>	<b>\$2,090</b>	<b>\$138</b>	<b>\$3,695</b>		
25th Percentile	\$1,540	\$77	\$2,012		

(1) Based on current exchange rate as of 5/7/2010, 1 GBP = 1.55753 CAD.

(2) Based on current exchange rate as of 5/7/2010, 1 EUR = 1.32272 CAD.

(3) Based on current exchange rate as of 5/7/2010, 1 CHF = 0.93302 CAD.

(4) USD converted to CAD at par.

In addition to proxy compensation data for the peer companies in the Comparator Groups, Groupe Aeroplan reviews general compensation surveys on a regular basis to compare its compensation policies to generally accepted practices for publicly traded companies of similar scope and scale of operations, as well as incorporating data from a range of external sources, such as public disclosure documents from a variety of entities, and access to research carried out by the Conference Board of Canada and other agencies. It is important to note that, while market data from the variety of sources described above is an important input into the HRCC's compensation decisions, the HRCC does not make these decisions based exclusively on market compensation data. In addition to market data, the HRCC considers additional information such as (but not limited to):

- Each executive's experience, progression and success within their role;
- Each executive's leadership of their specific part of the business, in addition to the Corporation as a whole;
- The Corporation's strategic plans with respect to executive talent development and succession.

## ***Elements of Groupe Aeroplan’s Compensation Program – Fixed Compensation***

### ***Base Salary***

The HRCC reviews and approves the base salary for each executive officer of Groupe Aeroplan taking into account the executive’s responsibilities, the scale and scope of the business operations under his/her supervision, personal experience and competencies and overall performance assessment. As the base salary represents the reference for many of the other elements of compensation, critical attention is paid to the positioning of the individual salary against external benchmarks for similar roles and within the Corporation. Base salaries are evaluated on a regional basis (e.g., Canada, the United States, the United Kingdom) and are targeted to the median levels of comparable roles within the Comparator Group (or weighted group for the CEO and CFO).

### ***Perquisites and Other Benefits***

Groupe Aeroplan’s executive benefits, pension and perquisite programs have been designed to reflect competitive market practices in each of the regional markets where we compete for talent and to support the contributions of executive officers in meeting the ongoing demands of a dynamic business environment. Details on the value of these programs to individual executive officers are included in the Summary Compensation Table shown on page 51.

Groupe Aeroplan’s executives participate in the same benefits programs that are offered to all employees of Groupe Aeroplan. These programs are tailored to the typical market practices and conditions in the various countries where the Corporation operates, and include mandatory and voluntary participation options for employees and their eligible dependents. Key elements of the benefit plans are basic group life insurance, accidental death and dismemberment insurance, short and long-term disability coverage, medical and dental coverage, out-of-country insurance and supplementary life and accidental death and dismemberment insurance. In addition to these benefits, Groupe Aeroplan’s executive officers are provided with supplemental perquisites and benefits as follows:

<b>Executive Roles by Region</b>	<b>Supplemental Perquisites and Benefits</b>
President and CEO, Groupe Aeroplan Executive Vice President and Chief Financial Officer (“ <b>EVP and CFO</b> ”), Groupe Aeroplan	Flexible perquisites account equal to 15% of base salary (capped at \$70,000 for the CEO)
President and CEO, Aeroplan Canada	
President and CEO, Carlson Marketing	Car allowance of \$12,000 USD per year Club dues of \$10,800 USD per year
President and CEO, Groupe Aeroplan Europe	Flexible perquisites allowance of £43,630 per year

### ***Retirement Plans***

Groupe Aeroplan’s executives participate in retirement programs that are tailored to the market practices and conditions in the various countries where the Corporation operates. Details regarding the retirement plans available to the Corporation’s executive officers in each region are as follows:

Canada: Retirement savings for Canadian-based executive officers is delivered through a registered defined contribution pension plan (the “**Defined Contribution Plan**”) and a supplementary executive retirement plan (the “**SERP**”). The Defined Contribution Plan involves annual contributions, through co-payment by the Corporation and executive officers, of 15% of base salary, up to the annual maximums permitted under Canadian tax legislation at which point a Corporation-paid defined contribution SERP completes the contribution to achieve the target annual contribution.

United States: Retirement savings for US-based executive officers is delivered through a defined contribution 401(k) retirement plan. The 401(k) plan allows employees to contribute to their retirement savings on a voluntary basis through regular payroll deductions. The Corporation matches 20% of the employee contribution up to the annual combined maximum permitted under US tax legislation. There is no supplemental retirement plan for US-based executive officers.



United Kingdom: Executives based in the United Kingdom participate in the defined contribution pension plan established for all UK-based employees. Under the plan, the Corporation matches the employee contribution up to a maximum of 10% of base salary. There is no supplemental retirement plan for UK-based executive officers.

### ***Elements of Groupe Aeroplan's Compensation Program – Variable Compensation***

#### ***Short-Term Incentives***

Groupe Aeroplan's annual performance-based cash incentive plan (the "**Annual Performance Incentive Plan**") is a critical component of Groupe Aeroplan's executive compensation program. The primary objective of the plan is to recognize and reward executives for the achievement of results that are aligned with business objectives over the annual performance cycle.

Each executive is assigned an annual performance incentive target, expressed as a percentage of her or his base salary, which is established based on the market median of the applicable Comparator Group (or weighted group for the CEO and CFO). Actual incentive payments can range from 0x to 2x the target incentive, based on the achievement of corporate, divisional, and individual results. The performance metrics used in the plan, and the business rationale for their selection, are discussed in the following table:

<b>Performance Metrics</b>	<b>Reasons for Selection</b>
<i>Corporate Metrics:</i>	
– A-EBITDA <sup>(1)</sup>	– A-EBITDA and FCF/share are two of the primary metrics tracked by shareholders to evaluate the profitable growth of our business and our ability to generate returns for shareholders
– Free Cash Flow <sup>(1)</sup> per Share ("FCF/share")	
<i>Divisional Metrics:</i>	
– Divisional A-EBITDA or EBITDA	– Divisional executives are directly responsible for A-EBITDA / EBITDA results within their divisions
– Divisional Gross Revenues / Gross Billings	– Gross Revenues / Billings is a key indicator of our success in implementing Groupe Aeroplan's growth strategy
<i>Individual Strategic Metrics:</i>	
– Strategic objectives that are directly impacted by each executive	– The HRCC believes that each executive should also be evaluated on the successful achievement of objectives that are linked to the Corporation's business strategy, as well as critical qualitative metrics, such as effective leadership and behaviours that demonstrate and promote the Corporation's core values

(1) A-EBITDA refers to earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for certain factors particular to the Groupe Aeroplan business, such as changes in deferred revenue and future redemption costs. A-EBITDA is used by Management to evaluate performance and to measure compliance with debt covenants. Management believes A-EBITDA assists investors in comparing Groupe Aeroplan's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods and non-operating factors such as historical cost. A-EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net income in measuring performance, and is not comparable to similar measures used by other issuers. Free Cash Flow is defined as cash flows from operating activities, as reported in accordance with GAAP, less adjustments for: a) total capital expenditures as reported in accordance with GAAP; and b) dividends, when stipulated, unless deducted in arriving at cash flows from operating activities.

The weighting of corporate and divisional metrics depends on the level and scope of each executive position. Financial metrics are measured against specific targets set at the beginning of the plan year, and payouts can range from 0x to 1.75x target for each metric, which are evaluated independently of each other. Individual strategic metrics are measured using a mix of quantitative results and qualitative evaluation by the HRCC of each executive's performance, often including input from the CEO and other members of Management. Each executive's annual performance incentive can be increased or decreased by +/- 15% based on their performance with respect to their individual strategic metrics. Together, the financial and individual performance metrics can result in a total incentive payment from 0x to 2.0x the target amount.

The annual performance incentive formula for each of the NEOs, with the respective weightings of each metric, is shown in the following table:

<b>2010 Annual Performance Incentive Plan Formula / Weightings</b>						
<b>Role</b>	<b>Target Incentive</b> (% of base salary)	<b>Corporate Metrics</b>		<b>Divisional Metrics</b>		<b>Individual Multiplier</b>
		<b>A-EBITDA</b>	<b>FCF / Share</b>	<b>A-EBITDA / EBITDA</b>	<b>Billings / Revenues</b>	
President and CEO, Groupe Aeroplan	100%	50%	50%	n/a	n/a	0.85 – 1.15
EVP and CFO, Groupe Aeroplan	65%	50%	50%	n/a	n/a	0.85 – 1.15
Presidents and CEOs, Aeroplan Canada; Carlson Marketing; Groupe Aeroplan Europe	65%	25%	25%	37.5%	12.5%	0.85 – 1.15

The threshold, target and maximum performance levels and corresponding payouts are established annually by the HRCC based on the annual Board-approved targets for Groupe Aeroplan's financial results. For A-EBITDA and FCF/share, the minimum threshold and maximum are 90% and 110% of target, respectively, while for Gross Billing / Gross Revenue the minimum threshold and maximum are 95% and 105% of target, respectively. The overall threshold for any payment under the Annual Performance Incentive Plan to any participant is the achievement of 85% of the annual Board-approved target for Groupe Aeroplan's consolidated A-EBITDA to align bonuses with Groupe Aeroplan's capacity to pay.

In 2010, the HRCC adopted changes to the Annual Performance Incentive Plan for executive employees which have been implemented for the 2011 plan year. The key changes are:

- Adjusted Net Income (“A-NI”) has been added as a corporate performance metric;
- The individual multiplier has been replaced by a set of individual metrics; and
- The formula will now be additive, such that each metric is evaluated separately from the others, and the results are then added together to determine the aggregate bonus payment.

The new plan design is summarized in the following table.

<b>2011 Annual Performance Incentive Plan Formula / Weightings</b>						
<b>Role</b>	<b>Corporate Metrics</b>			<b>Divisional Metrics</b>		<b>Individual Metrics</b>
	<b>A-EBITDA</b>	<b>FCF / Share</b>	<b>A-NI</b>	<b>A-EBITDA / EBITDA</b>	<b>Billings / Revenues</b>	
President and CEO, Groupe Aeroplan	30%	30%	20%	N/A	N/A	20%
EVP and CFO, Groupe Aeroplan	30%	30%	20%	N/A	N/A	20%
Presidents and CEOs, Aeroplan Canada; Carlson Marketing; Groupe Aeroplan Europe	15%	15%	10%	30%	10%	20%

The HRCC believes strongly that the evaluation of performance and payouts under Groupe Aeroplan's Annual Performance Incentive Plan is one of its key responsibilities. As such, the HRCC considers that it is important to exercise a degree of judgment when evaluating performance results, especially when considering the impact of extraordinary events. There were two extraordinary events in 2010 which were not related to Groupe Aeroplan's operating performance, but which had an important impact on the Corporation's 2010 financial results:

1. *The adverse ECJ VAT Judgment.* As more fully discussed in Groupe Aeroplan's 2010 annual report, LMG has been in litigation with the UK tax authorities since 2003 relating to the VAT treatment of the Nectar Program. On the basis of two previous favourable judgments, including a decision by the UK Court of Appeal, the 2010 A-EBITDA target for the Annual Performance Incentive Plan was established on the expectation of a favourable final judgment. On October 7, 2010, the ECJ ruled against LMG, resulting in a substantial reduction in reported A-EBITDA relative to the target that was established at the start of the year, and would have severely impacted incentive payouts under the 2010 STIP and potentially through several years of LTIP (which has a three-year performance cycle).
2. *The Carlson Marketing reclassification accounting adjustment.* Following the Carlson Marketing acquisition which closed in 2009, a reclassification of customer deposits to deferred revenue resulted in a significant increase in A-EBITDA for the 2010 fiscal year which was not included in the original projection when targets under the Annual Performance Incentive Plan were established. This non-operating positive credit would have increased payout levels under Groupe Aeroplan's STIP formula for 2010.

The Annual Performance Incentive Plan threshold, target, and maximum performance objectives for 2010 are presented in the following table, along with the actual reported full year 2010 results, both including and excluding the non-operating events described above:

	2010 Performance Objectives			Actual 2010 results	
	Threshold	Target	Maximum	As reported including extraordinary events	Adjusted to exclude extraordinary events
<i>Corporate Performance Objectives and Results (in millions of CAD, except per share amounts)</i>					
A-EBITDA	\$266.0	\$295.2	\$325.1	\$255.7	\$294.4 <sup>(1)</sup>
FCF/share	\$0.290	\$0.322	\$0.354	\$0.608	\$0.608
<i>Divisional Performance Objectives and Results</i>					
Aeroplan Canada (in millions of CAD)					
A-EBITDA	\$267.2	\$296.9	\$326.6	\$312.5	\$312.5
Gross Billings	\$996.4	\$1,048.8	\$1,101.2	\$1,082.5	\$1,082.5
Carlson Marketing (in millions of USD)					
EBITDA <sup>(2)</sup>	\$39.2	\$43.6	\$48.0	\$48.0	\$48.0
Total Revenues	\$554.9	\$584.1	\$613.3	\$603.1 <sup>(3)</sup>	\$603.1 <sup>(3)</sup>
Groupe Aeroplan Europe (in millions of GBP)					
A-EBITDA	£2.7	£3.0	£3.3	£(33.3)	£4.8 <sup>(4)</sup>
Gross Billings	£270.4	£284.6	£298.8	£295.1	£295.1

- (1) Excludes the effect of \$56.1 million (£35.2 million) resulting from the ECJ VAT Judgment and the positive effect of a \$17.4 million (\$US16.2 million) adjustment resulting from the reclassification of deferred revenue amounts previously included in customer deposits. For additional information refer to the Corporation's 2010 annual report.
- (2) At the start of the 2010 financial year EBITDA targets were established for Carlson Marketing excluding the one-time cost of migration (US\$14.0 million), non-recurring costs (US\$3.6 million) and the amortization of an acquisition accounting fair value adjustment against revenue (US\$10.6 million). The amount of US\$48 million under the "As reported including extraordinary events" excludes these costs. For additional information on the one-time costs refer to the Corporation's 2010 annual report.
- (3) Excludes the amortization of an acquisition accounting fair value adjustment against revenue (US\$10.6 million). For additional information refer to the Corporation's 2010 annual report.
- (4) Excludes the effect of \$56.1 million (£35.2 million) resulting from the ECJ VAT Judgment and includes certain divisional adjustments. For additional information refer to the Corporation's 2010 annual report.

The HRCC carefully evaluated both of the extraordinary events described above and considered the potential implications of alternative decisions regarding the Corporation's Annual Performance Incentive Plan. Ultimately, the HRCC used its discretion to approve annual performance incentive awards for the CEO and his direct reports at target performance levels for 2010, as shown in the Summary Compensation Table on page 51. This resulted in annual performance incentive payments that were lower than what would have been paid if the incentives were calculated based only on operating results (adjusted to exclude the impact of both extraordinary events), but higher than if both events had been fully included in the calculation.

The individual strategic objective multiplier, which can impact individual bonus payouts by +/- 15%, is determined based on quantitative results and a qualitative evaluation by the HRCC of each executive's performance, including input from the CEO. Strategic objectives for each executive are established at the start of each year and include metrics from the following performance categories:

- Operational effectiveness and efficiency targets:
  - Revenue enhancement
  - Budget oversight and resource management
  - Project delivery that meets/exceeds targets
- Innovation and business growth targets:
  - Customer service enhancements
  - Business, product and/or process design and development
  - Product and program enhancements
- Talent development and succession planning targets:
  - Development of effective leadership and communications processes within areas under control
  - Performance management systems applications
  - Identification and development of critical talent
- Enhancement of the Corporation's capabilities and reputation targets:
  - Extension of personal influence, capability and capacity in service of business objectives
  - Sustainability of the business and the communities in which we operate
  - Enhancement of professional skill set

In the context of the overall business planning process, the Chairman of the Board of Directors and the Chair of the HRCC review and set the strategic performance objectives of the President and CEO, who in turn develops the individual performance objectives for the Corporation's most senior executives, including the NEOs, which reflect the specific strategic objectives within each of the categories listed above, in accordance with the executive's role, scope and specific mandate.

The Corporation operates loyalty marketing programs in a very highly competitive global environment, characterized by multiple competitor programs/services delivered through a very large variety of business models, including credit card operations within financial institutions, proprietary programs through retailers, and multi-partner coalition programs. In each of our operating markets, our programs enjoy a leadership position, with active engagement of both consumers and commercial partners. As such, our commercial practices, business development, and consumer marketing efforts reflect significant differentiation that requires active protection from wide-ranging competitive challenges. The individual performance objectives of our executives include specific targets that would, if made public, provide explicit identification of both financial and strategic direction of the Corporation, including timing of strategic initiatives, and therefore provide highly competitive data as well as inappropriate market guidance to our competitors. As such, disclosure of the specific individual performance objectives of our executives would seriously prejudice the Corporation's interests and significantly weaken our ability to maintain and build our market leadership. Hence, these objectives are not disclosed.

However, in the spirit of nurturing increasing shareholder value and driving a performance-based reward system, the performance objectives for both disclosed and undisclosed metrics are appropriately ambitious and significantly difficult each year to ensure the leadership across the organization recognizes and delivers, to our performance-

driven and continuous improvement rewards philosophy. For individual performance objectives, the threshold targets must generally meet or exceed the actual result in that category, if applicable, from the previous year. The proportion of total compensation represented by this undisclosed component of the short-term incentive plan is provided in the table on page 49 under the section “Total Compensation Pay Mix”.

### Long-Term Incentives

Groupe Aeroplan’s long-term incentive programs are designed to provide eligible participants with incentive compensation that enhances the Corporation’s ability to attract, retain and motivate the key contributors to Groupe Aeroplan’s long-term business success and to reward executives and other critical employees for significant performance that results in Groupe Aeroplan meeting or exceeding its specified performance targets over the long-term. For the fiscal year ended December 31, 2010, long-term incentives were awarded under the Groupe Aeroplan Long-Term Incentive Plan as described below:

- **Groupe Aeroplan LTIP:** Upon completion of the conversion on June 25, 2008 of Aeroplan Income Fund from an income trust structure to a corporate structure, Groupe Aeroplan implemented a new long-term incentive program. The Groupe Aeroplan LTIP is more suited to a corporate structure as opposed to an income trust tailored plan and, other than for outstanding awards made as a result of pre-existing contractual commitments to the CEO and one other executive, has now completely replaced the Ongoing LTIP and Omnibus Plan (as described in the following sections and in Appendix C) as the Corporation’s principal long-term incentive plan. The Groupe Aeroplan LTIP provides for awards of Options and Performance Share Units to eligible plan participants. A summary of the design of the awards granted in 2010 is provided in the following table:

<b>LTIP Award Type</b>	<b>Design Details</b>	<b>Design Objectives</b>
Options	<ul style="list-style-type: none"> <li>– Exercise price set at the market price on the date of grant</li> <li>– Vest over four years from the date of grant, 25% per year</li> <li>– Expire seven years after the date of grant</li> </ul>	<ul style="list-style-type: none"> <li>– Align plan participants with shareholders – Options only have value if the share price increases from the date of grant</li> <li>– Motivate plan participants to pursue strategies that will enhance shareholder value over the long term</li> </ul>
Performance Share Units (PSUs)	<ul style="list-style-type: none"> <li>– Vest at the end of three years from the date of grant</li> <li>– PSUs are earned based on the achievement of the Corporation’s A-EBITDA growth targets over the three-year vesting period, with 50% weighted on the performance for each of the three years, and 50% on the aggregate performance for the full three year vesting period</li> </ul>	<ul style="list-style-type: none"> <li>– Align plan participants with shareholders – PSU value directly tracks the share price</li> <li>– Reward plan participants for consistent earnings performance over the long-term</li> <li>– A-EBITDA was selected as the PSU performance metric since it is one of the principal metrics used by the investment community to evaluate Groupe Aeroplan’s performance and is considered to have an important impact on long-term value growth</li> </ul>

The HRCC undertook a detailed analysis of the criteria and metrics used to evaluate performance under the Groupe Aeroplan LTIP in 2010. The HRCC thoroughly evaluated a number of different approaches, including a number of “relative to peers” metrics (such as Relative Total Shareholder Return or “TSR”). Correlation analysis was used to test alternative “relative to peers” metrics against a variety of different peer companies in order to evaluate the meaningfulness of both the metrics and the potential peers and to evaluate the potential outcomes under different performance scenarios. The analysis indicated that the relative performance of the potential peer companies was largely influenced by a variety of external factors that are not directly within Management’s control, and could result in unexpected pay outcomes that are not necessarily aligned with performance. As a result of this analysis, the

HRCC re-confirmed its selection of three-year A-EBITDA growth as the performance metric for the PSUs awarded under the Groupe Aeroplan LTIP. A-EBITDA is a key indicator of the Corporation's ability to generate positive returns for shareholders and as such is a primary measure of performance used by the investment community to value Groupe Aeroplan. Given the lack of an accurate "relative to peers" metric or peer group for use in performance benchmarking, the HRCC believes that A-EBITDA growth is the most suitable long-term performance metric by which Groupe Aeroplan's executive team should be measured.

The three-year A-EBITDA targets that apply to the PSU component of the Groupe Aeroplan LTIP are established based on the projections that are contained in the Corporation's three-year business plan, which is approved by the Board of Directors. The Corporation believes that the specific three-year A-EBITDA targets are competitively sensitive since they represent earnings projections into the future. Furthermore, since these targets reflect a rolling three-year performance horizon, and as the Corporation does not provide financial forecasts with respect to these metrics in any of its public disclosure documents, disclosing such targets could be misinterpreted as guidance. Hence, these objectives are not disclosed. To support the Corporation's intent to continuously increase shareholder value and foster a performance-based reward mind-set, the targets approved by the Board for A-EBITDA growth rates reflect increasing expectations and demands on executives each year and explicitly align the leadership across the organization to our performance-driven and continuous improvement rewards philosophy. The percentage of each NEO's total compensation that is related to these PSU targets is shown in the "Total Compensation Pay Mix" table on page 49 under the column labeled "% of Total Compensation from Share-Based Awards".

In addition, the HRCC re-confirmed its decision that the Options awarded under the LTIP should be time-vesting, since the Options only have value if the share price increases and therefore inherently include a performance element in their design. The HRCC believes that the combination of performance vesting share units (the PSUs) and time-vesting Options provide a strong link between pay and performance, by focusing executives on both financial objectives over a three year time horizon (measured by A-EBITDA growth) and share price appreciation over the longer term.

In addition to the Groupe Aeroplan LTIP, a full description of which is provided in Appendix C, the Corporation also manages the long-term incentive plans described below which were used to grant long-term incentives in prior years (details of which are also provided in Appendix C). None of these plans were used to grant awards to Groupe Aeroplan executives in 2010, with the exception of the Omnibus Plan, which was used to grant Restricted Share Units to the CEO under his employment contract.

- ***Ongoing Long-Term Incentive Plan ("Ongoing LTIP")***: Established by the Board of Directors in 2006, under the Ongoing LTIP, a trustee purchased units of Aeroplan Income Fund at the time of the grant on the secondary market and at the expense of the Fund. These units were converted into Shares following the conversion of Aeroplan Income Fund to Groupe Aeroplan on June 25, 2008. The trustee holds the Shares until such time as ownership vests to each participant. At the time of vesting, participants receive the Shares underlying the grants they received. There have been three cycles of grants under this program, reflecting the plan's three-year time and performance vesting conditions: 2006-2008, 2007-2009, and the last grant under this program, 2008-2010, which vested and were paid-out in March of 2010. This program has consequently terminated.
- ***Omnibus Plan***: In 2006, the Board of Directors approved the implementation of the Omnibus Plan for attraction and retention purposes. The only remaining outstanding awards under the Omnibus Plan were made as a result of pre-existing contractual commitments to the CEO and one other executive. No further grants under the Omnibus Plan are anticipated, and the Omnibus Plan will terminate at the completion of the last award grant vesting cycle.
- ***Deferred Share Unit Plan***: In 2008, the Board of Directors approved the DSU Plan in order to provide Directors and designated officers and executives of Groupe Aeroplan with DSUs to promote a greater alignment of interests with the Shareholders. DSUs are a regular component of compensation for members of the Board of Directors but are only awarded to the Corporation's executives on an exceptional basis. No DSUs were awarded to executives in the fiscal year ended December 31, 2010.

### ***Senior Executives' Minimum Shareholding Requirements***

At its meeting held on November 14, 2008, the Board of Directors, on recommendation of the HRCC, approved shareholding guidelines for the executives of Groupe Aeroplan (the “**Shareholding Guidelines for Executives**”) effective as of January 1, 2009. The Shareholding Guidelines for Executives were subsequently amended by the Board of Directors on February 27, 2009. The Shareholding Guidelines for Executives are designed to promote Share ownership by executives of Groupe Aeroplan to better align their interests with those of Shareholders.

The Shareholding Guidelines for Executives require certain executives of Groupe Aeroplan to hold Shares, DSUs or time-vesting restricted Shares issued pursuant to the Omnibus Plan or the Groupe Aeroplan LTIP (“**Time-Vesting RSUs**”) with an aggregate minimum value (the “**Minimum Share Ownership Value for Executives**”) at least equal to (i) four times the salary for the CEO; (ii) two times the salary for an Executive Vice-President; and (iii) one time the salary for a Senior Vice-President and a Vice-President, within a five-year period (seven-year period for Vice-Presidents) starting at the later of (a) January 1, 2009; and (b) the executives' date of hiring or promotion. The extent to which the Minimum Share Ownership Value for Executives is achieved will be evaluated annually at the end of each financial year.

### ***Compensation of Named Executive Officers***

#### *President and Chief Executive Officer, Groupe Aeroplan*

The Chair of the HRCC works closely with the Chairman of the Board of Directors in completing the final performance appraisal of the CEO. The Chairman submits the annual performance appraisal and accompanying compensation recommendations to the HRCC for review and subsequent submission for approval by the Board of Directors.

In order to promote alignment between the CEO and the rest of his senior executive team, the CEO participates in the same annual performance incentive plan as described in the section titled “Short-Term Incentives” starting on page 38. As described in that section, for the financial year ended December 31, 2010, the corporate performance metrics of A-EBITDA and FCF/share were judged to have been achieved at target. A full discussion of the 2010 targets, results achieved, and the HRCC's evaluation of performance relative to the targets is provided on page 39. The 2010 individual strategic objectives set by the Board of Directors for the CEO were focused on an important set of enterprise development objectives. Details regarding these objectives and the HRCC's assessment of the CEO's performance relative to these objectives are discussed in the following table.

<b>Individual Strategic Objectives</b>	<b>Specific areas of focus in 2010</b>	<b>Discussion of Achievement in 2010</b>
Deliver 2010 budget, integrate Carlson Marketing, and complete balance-sheet restructuring	Achieve 2010 targets for revenue growth and profitability, ensure that Carlson Marketing is integrated on time and on budget, restructure public market debt and bank terms.	<b>Evaluation: Outstanding</b> The Corporation was successful in managing to budget (excluding extraordinary non-operating events). The Carlson Marketing integration was successfully completed on time and on budget (excluding the increase in costs resulting from a change in technology migration approach as a result of certain security requirements of the seller). Balance sheet restructuring completed with Series 3 Notes and Series 1 Preferred Shares issued and share buy back initiated.
Improve investor communications and reduce share-price volatility	Improve the clarity of communication with shareholders and ensure that the financial markets have a consistent and accurate view of our business and understand its growth prospects.	<b>Evaluation: Exceeded expectations</b> Hired a new senior executive to lead the investor relations function. Held a very successful investor day in London and conducted multiple investor meetings which broadened knowledge of and ownership in Groupe Aeroplan.

<b>Individual Strategic Objectives</b>	<b>Specific areas of focus in 2010</b>	<b>Discussion of Achievement in 2010</b>
Demonstrate growth through greenfield start-ups, acquisitions, and investments	Develop a five-year analysis of business potential by market, capabilities and organization required, and revenue and cost synergies across our businesses.	<b>Evaluation: Outstanding</b> Reorganized business around three regions. Launched Nectar Chile and Nectar Italia. Completed an initial investment in Aeromexico's Club Premier. Developed market entry strategies for future implementation.
Develop the senior executive team	Continue to work with the management board to increase the executive team's capabilities through new hires and internal skill development.	<b>Evaluation: Met expectations</b> Successfully recruited a new leader for Groupe Aeroplan Europe, and strengthened the corporate executive team with a number of new hires with strong functional expertise.
Corporate reputation and personal development	Enhance Groupe Aeroplan's reputation with business and government communities in Canada and abroad.	<b>Evaluation: Met expectations</b> Initiated media and investor outreach in the UK as well as increased activity in the US. Actively participated in the Canadian Council of Chief Executives and many not-for-profit initiatives during the year.

The CEO's achievements of substantial contribution to these areas led the HRCC to recommend to the Board of Directors that the CEO be awarded a maximum individual multiplier of 1.15 under the Annual Performance Incentive Plan for financial year 2010, resulting in the payment of an annual cash bonus for 2010 of 115% of the base salary earned in 2010, the whole in accordance with the formula set forth under "Short-Term Incentives". Details regarding the calculation of the annual performance incentive for the CEO are provided in the following table:

<b>Role</b>	<b>2010 Base Salary Paid (CAD)</b>	<b>Target Incentive (% of base salary)</b>	<b>% of Performance Target Achieved</b>		<b>Annual Incentive Paid (CAD)<sup>(1)</sup></b>
			<b>Corporate Metrics</b>	<b>Divisional Metrics</b>	
President and CEO, Groupe Aeroplan	\$731,682	100%	100%	n/a	\$841,434

(1) Represents the total annual incentive paid including the impact of the individual multiplier.

Pursuant to Groupe Aeroplan's clawback policy, the Board of Directors reserves the right, to the full extent permitted by applicable laws and to the extent it determines that it is in the best interests of Groupe Aeroplan, to require reimbursement of all or a portion of the CEO's 2010 performance incentive award outlined above, in the event that (i) the amount of the performance incentive award was calculated based upon, or contingent upon, the achievement of certain financial results that are subsequently the subject of or affected by a restatement of Groupe Aeroplan's financial statements, (ii) the CEO engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement, as determined by the Board of Directors, and (iii) the amount of the 2010 performance incentive award would have been lower had the financial results been properly reported.

For the financial year ended December 31, 2010, the following recommendations on compensation for the CEO were submitted for review and subsequently approved by both the HRCC and the Board of Directors:

- Increase the CEO's base salary from \$700,000 to \$770,000, effective July 1, 2011.
- Increase his target annual bonus from 75% to 100% of base salary, effective for the 2010 fiscal year.
- Award the CEO a bonus under the Annual Performance Incentive Plan in the amount of \$841,434 (115% of the aggregate base salary earned in 2010, as described above).



- Approve the vesting in December of 2010 of the RSUs awarded on December 21, 2007 under the Omnibus Plan, as described in Appendix C.
- Grant the CEO 80,000 RSUs for the 2010 financial year as per the terms of the Omnibus Plan and his employment agreement dated December 14, 2007, as amended, with the following vesting conditions:
  - 50,000 of the RSUs will vest no later than the third calendar year following the calendar year during which such RSUs were granted, and are not tied to additional performance criteria.
  - The balance of 30,000 RSUs are performance vesting at a rate of 33⅓% per calendar year and become payable no later than December 31 of the third calendar year following the calendar year during which such RSUs were granted.
    - These RSUs will vest and become payable if Groupe Aeroplan meets or exceeds its A-EBITDA targets each calendar year within the three-year period, as determined by the Board of Directors. The payment of all or any part of the vested RSUs is deferred to the end of the third calendar year following the calendar year during which such RSUs were granted.
    - The three-year A-EBITDA targets are the same as those described in the “Long-Term Incentives” section starting on page 42, and are not disclosed due to their strategically sensitive and forward-looking nature, discussed on page 43.

In addition to the 80,000 RSUs granted under the terms of his employment agreement in each of 2007, 2008, 2009 and 2010, Mr. Duchesne was eligible to receive an additional 180,000 RSUs as per the terms set out below:

<b>Years</b>	<b>RSUs</b>
2011	80,000
2012-2014	30,000 per year
2015	10,000
<b>Total RSUs to be granted (2011-2015)</b>	<b>180,000</b>

However, in order to improve the alignment of his interests with those of his senior executive team, the HRCC and the CEO have agreed to amend his employment agreement such that the balance of the RSUs will not be awarded. Instead, the CEO will participate in the Groupe Aeroplan LTIP, as described in the section “Long-Term Incentives” starting on page 42, and will receive grants under the Groupe Aeroplan LTIP starting in fiscal year 2011.

Unvested RSUs are forfeited if Mr. Duchesne resigns or is terminated for cause prior to the applicable vesting date. In the event of his death, unvested RSUs vest based on the number of months worked during the respective performance period. With respect to unvested RSUs awarded pursuant to the terms of the Omnibus Plan, if Mr. Duchesne is terminated without cause or resigns for good reason, his unvested time-based RSUs vest pro-rata based on the number of months worked, including the 24 months’ severance period, during each respective performance period and his unvested performance-based RSUs vest pro-rata based on the number of months worked during the respective performance period; if he becomes disabled, unvested RSUs continue to vest until the end of the respective performance period; in the event of his death, unvested RSUs vest immediately.

Pursuant to the terms of the Omnibus Plan, upon a “change of control” as defined therein, all outstanding RSUs will immediately become vested whether or not the vesting conditions have been met. The CEO’s employment agreement provides that if, prior to January 1, 2013, there is a “change of control” as per the terms of the Omnibus Plan, or in the event of his death prior to January 1, 2013, the CEO shall be deemed to have been granted 20,000 additional RSUs for each calendar year from 2007 up to the date of the change of control or death, which RSUs shall be treated in accordance with the terms of the Omnibus Plan.

Rupert Duchesne’s employment agreement also stipulates that he must comply with the Corporation’s Minimum Shareholding Requirements, as described on page 44, and achieve a minimum ownership level of Shares, Time-Vesting RSUs and DSUs equal to four times his base salary as follows:

- 50% of minimum ownership level by December 1, 2009 (achieved); and
- 100% of minimum ownership level by June 1, 2012 (achieved as of March 18, 2011).

Please refer to the Summary Compensation Table and other tabular disclosure on page 51 of this Information Circular for further details on the total compensation awarded to the CEO for the 2010 financial year.

Other Named Executive Officers

All of the Corporation's NEOs identified in the Summary Compensation Table on page 51 participate in the same Annual Performance Incentive Plan as described in the section titled "Short-Term Incentives" starting on page 38. As described in that section, for the financial year ended December 31, 2010, the corporate and divisional performance metrics were judged to have been achieved at target.

The CEO works closely with the Chairman of the Board and the HRCC to establish financial and individual performance objectives for each of the executive officers of the Corporation, including the NEOs. The critical financial and individual performance categories are described starting on page 41, with specific individual areas of focus aligned to each executive's respective roles and responsibilities. The set of each executive's individual strategic objectives includes specific targets that would, if made public, provide explicit identification of both the financial and strategic direction for the Corporation, including timing of strategic initiatives, and therefore provide highly competitive data as well as inappropriate market guidance to our competitors. The HRCC believes that disclosure of the specific individual strategic objectives under the Annual Performance Incentive Plan would seriously prejudice the Corporation's interests and significantly weaken our ability to maintain and build our market leadership. Hence, these objectives are not disclosed. The CEO develops an annual performance appraisal for each of the executive officers, including the NEOs, based on quantitative results and a qualitative evaluation of each executive's performance measured against the predetermined criteria set at the beginning of each fiscal year. These performance appraisals are used to determine the individual strategic objective multiplier, which can impact individual bonus payouts by +/- 15%, and is presented to the HRCC for subsequent submission for approval by the Board of Directors.

Bonuses awarded to the NEOs with respect to financial year 2010 were determined by applying the Annual Performance Incentive Plan formula presented in the section "Short-Term Incentives" (the same formula that was used to determine the CEO's bonus). The following table provides additional detail regarding the annual performance incentive calculation for each of the NEOs for the 2010 performance year. Note that these payouts reflect the HRCC's decision to evaluate the financial metrics at 100% of target for 2010, even though the actual operating results for 2010 (adjusted to exclude the impact of extraordinary non-operating events) were above target and would have resulted in higher bonus amounts being paid and reflect the application of the individual multiplier approved by the Board for each NEO. A full discussion of the 2010 targets, results achieved, and the HRCC's evaluation of performance relative to the targets is provided on page 39.

Role	2010 Base Salary Paid (CAD)	Target Incentive (% of base salary)	% of Performance Target Achieved		Annual Incentive Paid (CAD) <sup>(1)</sup>
			Corporate Metrics	Divisional Metrics	
EVP and CFO, Groupe Aeroplan	\$378,241	65%	100%	n/a	\$258,149
President and CEO, Aeroplan Canada	\$408,368	65%	100%	100%	\$278,711
President and CEO, Carlson Marketing	\$547,030	65%	100%	100%	\$355,570
President and CEO, Groupe Aeroplan Europe <sup>(2)</sup>	\$415,669	65%	100%	100%	\$318,890

- (1) Represents the total annual incentive paid including the impact of the individual multiplier.
- (2) All amounts have been converted from British pounds to Canadian dollars using a conversion rate of \$1.5513 per GBP, which corresponds to the exchange rate on December 31, 2010.

Pursuant to Groupe Aeroplan's clawback policy, the Board of Directors reserves the right, to the full extent permitted by applicable laws and to the extent it determines that it is in the best interests of Groupe Aeroplan, to require reimbursement of all or a portion of the 2010 performance incentive award paid to the CFO as outlined above, in the event that (i) the amount of the performance incentive award was calculated based upon, or contingent upon, the achievement of certain financial results that are subsequently the subject of or affected by a restatement of Groupe Aeroplan's financial statements, (ii) the CFO engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement, as determined by the Board of Directors, and (iii) the amount of the 2010 performance incentive award would have been lower had the financial results been properly reported.

In addition to the annual performance incentive awards described in the preceding table, each of the NEOs was granted awards under the Groupe Aeroplan LTIP in 2010 as follows:

Role	Target Annual LTIP (% of base salary) <sup>(1)(2)</sup>	Annual 2010 LTIP Awards			New Hire LTIP Awards	
		# of Options	Options Exercise price	PSUs # of PSUs	# of Options	Options Exercise price
EVP and CFO, Groupe Aeroplan	100%	90,986	\$10.85	8,182	n/a	n/a
President and CEO, Aeroplan Canada	100%	101,096	\$10.85	9,091	n/a	n/a
President and CEO, Carlson Marketing	100%	146,636	\$10.85	13,186	n/a	n/a
President and CEO, Groupe Aeroplan Europe	100% <sup>(3)</sup>	166,808	\$10.85	15,000	100,000	\$11.33

- (1) The HRCC has the discretion to make annual LTIP awards above or below target, based on the recommendations of the CEO.
- (2) The target annual LTIP is generally awarded in a mix of 75% to 80% Options and 20% to 25% PSUs.
- (3) The President and CEO of Groupe Aeroplan Europe received an annual LTIP award for 2010 that was above target as part of his new hire employment agreement.

Please refer to the Summary Compensation Table and other tabular disclosure on page 51 of this Information Circular for further details on the total compensation awarded to the named executives for the 2010 financial year.

### ***Total Compensation Pay Mix***

The following table provides the "pay mix" (as hereinafter defined) of the total compensation awarded in 2010 for each of the NEOs. "Pay mix" is the resulting relative value of each compensation element following the allocation of total compensation value. It is expressed as a percentage of the total compensation.

Name and Principal Position	% of Total Compensation from Salary	% of Total Compensation from Share-Based Awards	% of Total Compensation from Option-Based Awards	% of Total Compensation from Annual Incentive Plans	% of Total Compensation from Pension Value	% of Total Compensation from All Other Compensation
<b>Rupert Duchesne</b> President and CEO, Groupe Aeroplan	26%	31%	0%	30%	4%	9%
<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	33%	8%	27%	23%	4%	5%
<b>Jeff Balagna<sup>(1)</sup></b> President and CEO, Carlson Marketing	35.3%	9.2%	32.4%	23%	0%	0.1%
<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	22%	8%	49%	16%	0%	5%
<b>Vince Timpano</b> President and CEO, Aeroplan Canada	33%	8%	28%	23%	4%	4%

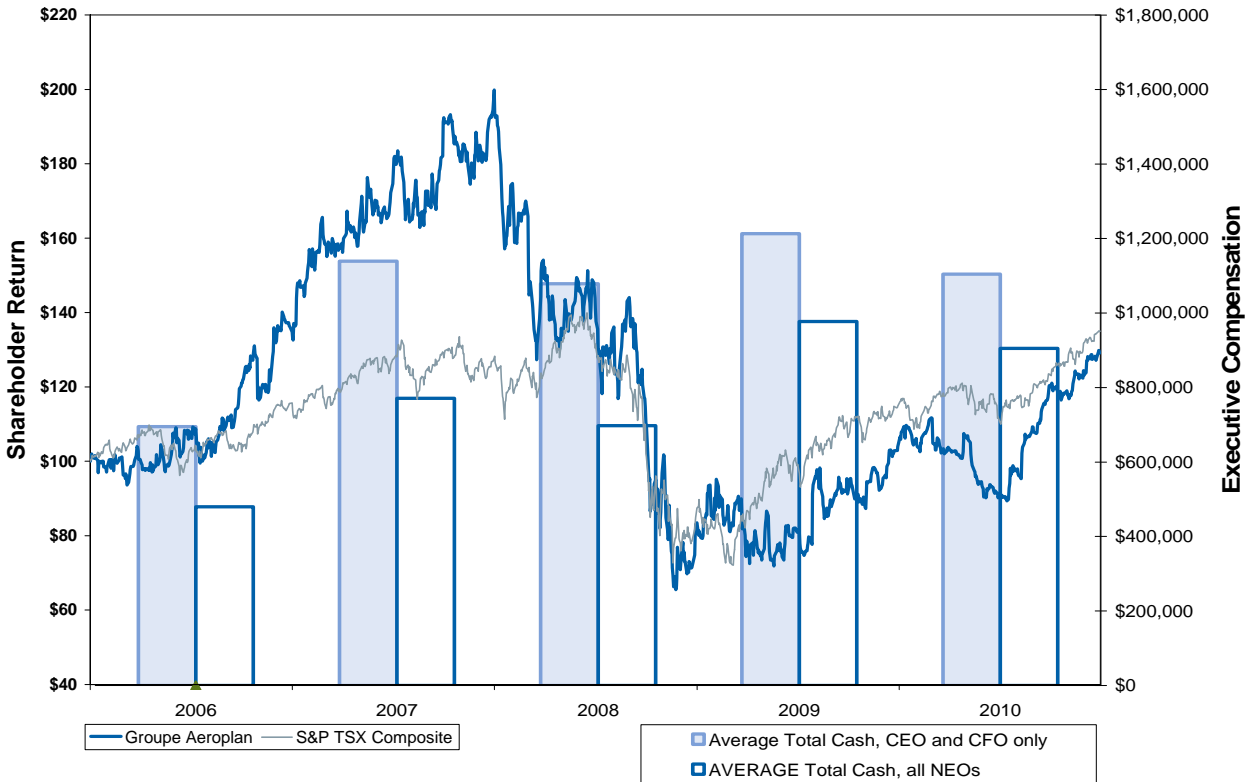
- (1) These percentages represent compensation paid to Mr. Balagna by Groupe Aeroplan in 2010 excluding the one-time bonus paid pursuant to a one-year post-transaction retention agreement between Carlson Marketing and Jeff Balagna that was established before Groupe Aeroplan acquired Carlson Marketing.

The percentages of total cash compensation which is comprised of the base salary and annual performance incentive) and total compensation for the NEOs that resulted from the achievement of individual performance objectives within the Annual Performance Incentive Plan that are based on qualitative and quantitative assessment of metrics that are not fully disclosed, as described on page 41, is shown in the following table and ranged between 0% and 5.6% of total cash compensation in 2010. The HRCC believes that the performance objectives for both disclosed and undisclosed metrics are appropriately ambitious and significantly difficult each year to ensure the leadership across the organization recognizes and delivers upon our performance-driven and continuous improvement rewards philosophy.

Name and Principal Position	% of Total Cash Compensation (Base Salary + Annual Performance Incentive)	% of Total Compensation
<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	1.9%	1.1%
<b>Jeff Balagna</b> President and CEO, Carlson Marketing	0.0%	0.0%
<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	5.9%	2.2%
<b>Vince Timpano</b> President and CEO, Aeroplan Canada	1.9%	1.1%

### ***Alignment of Executive Compensation with Shareholder Interests***

The following performance graph compares the total cumulative return of a \$100 investment in Aeroplan Income Fund units made on January 1, 2006, with the cumulative return on the S&P/TSX Composite Total Return Index for the period beginning January 1, 2006 and ended December 31, 2010, and with the average cash compensation paid to Groupe Aeroplan's CEO and CFO, and to all Groupe Aeroplan NEOs, over the same period of time. The units of Aeroplan Income Fund were delisted from the TSX on June 27, 2008, at which time Groupe Aeroplan's shares commenced trading on the TSX.



Average cash compensation is based on the sum of the base salary and bonus (or non-equity incentive plan compensation) paid to NEOs as reported in the Corporation's proxy circulars for the years ending on December 31, 2006 through to December 31, 2010. For consistency and comparability, in years where more than five NEOs were reported, the sum of the base salary and bonus (or non-equity incentive plan compensation) paid to the five highest-paid NEOs were included in the calculation; in years where more than one Chief Financial Officer was presented, the annualized sum of the base salary and bonus paid to the incumbent holding the Chief Financial Officer title at the end of the financial year was used. For 2010, average compensation was calculated excluding the one-time bonus paid by Groupe Aeroplan pursuant to a one-year post-transaction retention agreement between Carlson Marketing and Jeff Balagna that was established before Groupe Aeroplan acquired Carlson Marketing.

As demonstrated above, the overall corporate performance of Groupe Aeroplan, and its predecessor Aeroplan Income Fund, had outpaced the results of the Canadian public companies community, as represented by the S&P/TSX Total Return Index, in 2006 and 2007 until the global downturn in financial markets in 2008. Similarly, total cash compensation for the Corporation's NEOs also increased in 2007 over 2006 levels, and subsequently declined in 2008.

In 2009, while navigating through the recession, Groupe Aeroplan continued to focus on strategic and operational execution, resulting in a 30% increase in Total Shareholder Return for the year ended December 31, 2009. At the same time, Management succeeded in transforming the business to become a global leader in loyalty management with a substantially diversified revenue base and geographical reach into many G20 countries, enhancing the Corporation's positioning for future growth. In addition, Groupe Aeroplan's international growth and diversification over the last several years has resulted in the addition of several new executives to the organization in senior leadership roles and at compensation levels that are commensurate with the roles and responsibilities which they now hold.

In 2010, Groupe Aeroplan's average executive compensation levels declined relative to 2009, due to lower payouts under the annual bonus plan relative to the prior year (based on the HRCC's decision to pay target level bonuses, as described in the "Short-Term Incentives" section starting at page 38), despite the fact that for the year ended December 31, 2010, Groupe Aeroplan delivered a 32% increase in Total Shareholder Return.

On a cumulative basis, total cash compensation paid to NEOs over the last five years represents 1.45% of the \$1,325M of A-EBITDA generated by the Corporation during the period. The compensation awarded to Management

reflects both fundamental business-building achievements to date, and an incentive to pursue value creation by sustaining long-term focus on business strategy. In addition, long-term incentive programs fill the purpose of further tying executive compensation to the long-term performance of the Corporation and to shareholders' interests.

### Summary Compensation Table

The following table sets forth the annual compensation, including total compensation, for the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008 for the CEO, the Executive Vice President and Chief Financial Officer and the three other most highly compensated executive officers of Groupe Aeroplan and its subsidiaries.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards <sup>(1)</sup> (\$)	Option- Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Annual Incentive Plans <sup>(3)</sup> (\$)	Pension Value <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
<b>Rupert Duchesne</b> President and CEO, Groupe Aeroplan	2010	731,682	871,200	-	841,434	98,527	266,862 <sup>(5)(a)</sup>	2,809,705
	2009	672,309	1,232,802	-	1,008,463	89,846	243,468	3,246,888
	2008	597,565	1,404,800	-	896,348	79,135	235,933	3,213,781
<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	2010	378,241	88,773	311,174	258,149	45,511	62,468 <sup>(5)(b)</sup>	1,144,316
	2009	338,531	168,854	177,742	406,237	39,780	91,947	1,223,091
	2008	301,332	171,000	191,174	361,598	34,700	66,657	1,126,461
<b>Jeff Balagna<sup>(6)</sup></b> President and CEO, Carlson Marketing	2010	547,030	143,068	501,494	355,570	-	2,148,124 <sup>(5)(c)</sup>	3,695,286
	2009	44,132	181,249	570,601	34,928	-	2,320	833,230
	2008	-	-	-	-	-	-	-
<b>David Johnston<sup>(7)</sup></b> President and CEO, Groupe Aeroplan Europe	2010	415,669	162,750	945,471	318,890	-	96,894 <sup>(5)(d)</sup>	1,939,674
	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
<b>Vince Timpano<sup>(8)</sup></b> President and CEO, Aeroplan Canada	2010	408,368	98,636	345,748	278,711	50,030	54,450 <sup>(5)(e)</sup>	1,235,943
	2009	398,632	130,237	148,288	478,359	48,795	56,825	1,261,136
	2008	61,328	-	77,691	36,797	4,600	12,010	192,426

(1) This column shows the compensation value that was allocated to RSUs (Rupert Duchesne), PSUs (all NEOs except Rupert Duchesne), and DSUs (all NEOs in 2009 only, except Jeff Balagna and David Johnston) as of their respective dates of grant. For Rupert Duchesne, the number of RSUs granted is pre-determined under his employment agreement. Mr. Duchesne was awarded 80,000 RSUs on January 1, 2010. The value of the RSUs on their date of grant is based on the closing price of the Shares on the TSX on December 31, 2009, the last trading day on the TSX prior to the award, namely \$10.89. The grant date compensation value of PSUs, is determined as a percentage of base salary. The number of PSUs awarded was determined by taking the value awarded and dividing it by the average closing price of the Shares on the TSX for March 8, 9 and 10, 2010, the three trading day period following the last day of the black-out period following the announcement of Groupe Aeroplan's annual financial results, namely \$10.85.

(2) This column shows the compensation value that was allocated to Options. These amounts represent the product of the number of Options granted to each NEO multiplied by their fair value on the date of grant. The assumptions used to determine the fair value of Options are based on the binomial options pricing model used to determine the stock-based compensation expense recorded in Groupe Aeroplan's financial statements for the year ended December 31, 2010 and are as follows: (i) for the Options granted to NEOs, exercise price: \$10.85,

which represents the average closing price of the Shares on the TSX for March 8, 9 and 10, 2010, the three trading day period following the last day of the black-out period following the announcement of Groupe Aeroplan's annual financial results; risk-free rate: 3.09%; dividend yield: 4.54%; Share price expected volatility: 39.1%; expected lifetime (equivalent to the term) of the Options: 7 years; resulting in a fair value of \$3.42; and (ii) for the additional Options granted to Mr. Johnston on his first day of employment, exercise price: \$11.33, which represents the average closing market price of the Shares on the TSX for the five trading day period preceding the January 11, 2010 grant date; risk-free rate: 3.26%; dividend yield: 4.31%; Share price expected volatility: 39.4%; expected lifetime (equivalent to the term) of the Options: 7 years; resulting in a fair value of \$3.75. None of the NEOs exercised any options in 2009 and in 2010.

- (3) The amounts in this column are paid as annual cash bonuses and are reported for the fiscal year in which they were earned.
- (4) This column includes the annual compensatory value from the Defined Contribution Plan and the SERP. Please refer to "Pension Plan Benefits – Defined Contribution Plans Table" below.
- (5) The value in this column includes all other compensation not reported in any other column of the table for each of the NEOs. Executive officers receive a flexible perquisites allowance as described under "Short-Term Incentives", the value of which is a percentage of their base salary. They can choose to use their allowance against various executive compensation items, such as car lease and maintenance expenses, improved health insurance, financial planning and club memberships, among others. NEOs also receive Aeroplan Program membership privileges. The value of the dividend equivalents in the form of additional RSUs and DSUs credited during the financial year in NEOs' accounts pursuant to the terms of the Ongoing LTIP and/or the Omnibus Plan and/or the DSU Plan, as applicable, and which are equivalent to the dividends paid on Shares, is also included in this column.
  - (5)(a) The amount in this column for Rupert Duchesne includes the value of dividend equivalents in the form of additional RSUs and DSUs credited during the financial year to Mr. Duchesne's accounts pursuant to the terms of the Ongoing LTIP, the Omnibus Plan and the DSU Plan which are equivalent to the dividends paid on Shares representing an aggregate amount of \$206,668 and an amount of \$60,194 representing the aggregate value of perquisites, including \$34,299 related to his Corporation-owned vehicle (lease, maintenance, gas, insurance, among other things).
  - (5)(b) The amount in this column for David L. Adams includes the value of dividend equivalents in the form of additional RSUs and DSUs credited during the financial year to Mr. Adams' accounts pursuant to the terms of the Ongoing LTIP, the Omnibus Plan and the DSU Plan which are equivalent to the dividends paid on Shares representing an aggregate amount of \$23,844 and an amount of \$38,624 representing the aggregate value of perquisites, including \$21,154 related to his Corporation-owned vehicle (lease, maintenance, gas, insurance, among other things).
  - (5)(c) The amount in this column represents the sum of (i) a one-time bonus paid pursuant to a one-year post-acquisition retention agreement between Carlson Marketing and Jeff Balagna; and (ii) the employer's contribution to Mr. Balagna's 401(k) plan. Total perquisites paid to Jeff Balagna in 2010 amount to less than \$50,000 and 10% of his base salary. The amount in this column for 2009 includes Groupe Aeroplan's share (25 days / 365 days) of the sum of \$29,229 and \$4,649 respectively representing the aggregate value of perquisites and the employer's contribution to his 401(k) plan.
  - (5)(d) The amount in this column represents the sum of (i) a flexible perquisites allowance amount of \$64,898 paid to David Johnston in 2010 and (ii) the employer's 2010 contribution of \$31,996 to Mr. Johnston's government-sponsored registered retirement pension plan.
  - (5)(e) The amount in this column for Vince Timpano includes the value of dividend equivalents in the form of additional DSUs credited during the financial year to Mr. Timpano's accounts pursuant to the terms of the DSU Plan which are equivalent to the dividends paid on Shares representing an aggregate amount of \$1,883 and an amount of \$52,566 representing the aggregate value of perquisites, including \$29,295 related to his Corporation-owned vehicle (lease, maintenance, gas, insurance, among other things).
- (6) Jeff Balagna joined Groupe Aeroplan on December 7, 2009, the closing date of Groupe Aeroplan's acquisition of Carlson Marketing. The amounts reported for the financial year 2009 represent compensation awarded to him from December 7 to December 31, 2009, including Groupe Aeroplan's share (25 days / 365 days) of his annual salary of \$644,327, his annual bonus of \$509,956 and his total perquisites of \$33,879. All amounts have been converted from US dollars to Canadian dollars using a conversion rate of \$1.051 per USD, which corresponds to the exchange rate on December 31, 2010. Share-based and Option-based awards were made by Groupe Aeroplan on December 7, 2009 as per Notes (1) and (2) above.
- (7) David Johnston joined Group Aeroplan on January 11, 2010 at an annualized salary of £275,000 as per his employment contract. The amounts reported for the financial year 2010 represent compensation awarded to him from his hire date to December 31, 2010. All amounts have been converted from British pounds to Canadian dollars using a conversion rate of \$1.5513 per GBP, which corresponds to the exchange rate on December 31, 2010. Share-based and Option-based awards were made by Groupe Aeroplan on January 11 and March 4, 2010 as per Notes (1) and (2) above.
- (8) Vince Timpano joined Groupe Aeroplan on November 3, 2008. The amounts reported for the financial year 2008 represent compensation awarded to him from November 3 to December 31, 2008.

The total cost of compensation in 2010 to the NEOs represented 4.77% of the Corporation's A-EBITDA for 2010 of \$255.7M and 0.48% of the Corporation's market capitalization as at December 31, 2010 of \$2.55B.

## Incentive Plan Awards

### *Outstanding Share-based Awards and Option-based Awards*

The following table indicates for each of the NEOs all awards outstanding at the end of the 2010 financial year.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not Vested <sup>(2)</sup> (#)	Market or Payout Value of Share-Based Awards that have not Vested <sup>(3)</sup> (\$)
<b>Rupert J. Duchesne</b> President and CEO	-	-	-	-	281,091	3,842,514
<b>David L. Adams</b> Executive Vice President and Chief Financial Officer	90,986 90,000 50,000	10.85 8.47 15.07	March 4, 2017 March 4, 2016 August 20, 2015	256,580 468,000 -	38,398	524,901
<b>Jeff Balagna</b> President and CEO, Carlson Marketing	146,636 197,727	10.85 9.55	March 4, 2017 December 7, 2016	413,513 814,635	32,165	439,696
<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	166,808 100,000	10.85 11.33	March 4, 2017 January 10, 2017	470,398 234,000	15,000	205,050
<b>Vince Timpano</b> President and CEO, Aeroplan Canada	101,096 75,086 50,000	10.85 8.47 7.52	March 4, 2017 March 4, 2016 November 19, 2015	285,091 390,447 307,500	23,798	325,319

- (1) The value of unexercised in-the-money Options at financial year-end is calculated on outstanding vested and unvested Options and based on the difference between the closing price of the Shares on December 31, 2010 on the TSX (\$13.67) and the exercise price. Where the results are negative, a “-” is disclosed.
- (2) RSUs granted under the Ongoing LTIP or under the Omnibus Plan; PSUs granted under the Groupe Aeroplan LTIP; and DSUs granted under the DSU Plan. The numbers shown in this column are the unvested balances in the individual accounts as at December 31, 2010, and include RSUs granted in 2008 (for Rupert Duchesne and David L. Adams), and 2009 and 2010 (for Rupert Duchesne only), and PSUs (for all NEOs except Rupert Duchesne) and 75% of DSUs (for all NEOs except Jeff Balagna and David Johnston) granted in 2009, as well as RSUs and DSUs accrued as a result of distributions/dividends reinvested between the grant date and December 31, 2010 and which could be awarded to the NEO upon vesting, subject to Board approval. The numbers exclude RSUs granted to Mr. Duchesne after the end of financial year 2010 pursuant to the terms of his employment agreement. The numbers include RSUs that were approved for vesting by the Board of Directors on March 4, 2011, on recommendation of the HRCC.
- (3) The amounts shown in this column are the product of the total number of unvested RSUs, PSUs and DSUs, as applicable, held in the individual accounts as at December 31, 2010 multiplied by the closing price of the Shares on the TSX as of December 31, 2010 (\$13.67), assuming target performance metrics will be met. The actual number of RSUs, PSUs and DSUs that could vest is subject to each NEOs’ continued employment up to the end of the respective cycles, and, with respect to RSUs and PSUs, achievement of Groupe Aeroplan’s performance targets for the respective cycles and the Board’s approval.

### *Incentive-Plan Awards - Value Vested or Earned during the Year*

The following table indicates for each of the NEOs the value on vesting of all awards and the bonus payout during the 2010 financial year.



Name	Option-Based Awards Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(3)</sup> (\$)
<b>Rupert Duchesne</b> President and CEO, Groupe Aeroplan	N/A	1,416,298	841,434
<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	57,150	566,604	258,149
<b>Jeff Balagna</b> President and CEO, Carlson Marketing	196,241	N/A	355,570
<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	N/A	N/A	318,890
<b>Vince Timpano</b> President and CEO, Aeroplan Canada	116,803	10,637	278,711

- (1) The amounts in this column represent the product of the number of Options that vested during the year ended on December 31, 2010 multiplied by the difference between the closing price of the Shares on the TSX on the vesting dates, namely on March 4, 2010 (\$11.01) (\$2.54 in-the-money), August 20, 2010 (\$10.97) (out-of-the-money), November 19, 2010 (\$13.05) (\$5.53 in-the-money) and December 7, 2010 (\$13.52) (\$3.97 in-the-money) and their exercise price. “N/A” means that no Options have vested.
- (2) The amounts shown in this column include the value based on the share price on their respective payment dates of (i) the RSUs awarded in 2007 under the Ongoing LTIP that were approved for vesting on March 4, 2010, by the Board of Directors, on the recommendation of the HRCC, based on aggregate performance criteria for the three-year cycle running from January 1, 2007 to December 31, 2009; (ii) the performance-based RSUs awarded in 2007, 2008 and 2009 to Rupert Duchesne pursuant to the Omnibus Plan that were approved for vesting on March 4, 2010, by the Board of Directors, on the recommendation of the HRCC, based on the achievement of performance criteria for the 2009 financial year; (iii) the time-based RSUs awarded in 2007 to Mr. Adams and to Mr. Duchesne that became vested on December 2 and December 21, 2010 respectively; and (iv) 25% of the DSUs awarded to Msrs. Duchesne, Adams and Timpano on March 6, 2009 that became vested on March 6, 2010 pursuant to the terms of their grant. The amounts include the value of the sum of (i) such vested RSUs and DSUs plus (ii) the number of RSUs and DSUs purchased with monies accrued to the participants on distributions/dividends on their vested RSUs and DSUs over the period running from the grant date to (i) for the vested and yet unpaid performance-based RSUs under the Omnibus Plan and for the vested and yet unpaid DSUs, December 31, 2010; (ii) for the vested RSUs under the Ongoing Plan, March 4, 2010, their payment date; (iii) for the vested RSUs under the Omnibus Plan, December 2, 2010, the payment date to Mr. Adams and December 21, 2010, the payment date elected by Mr. Duchesne pursuant to the terms of his employment contract. “N/A” means that no RSUs, PSUs or DSUs have vested.
- (3) The amounts in this column represent the annual cash bonuses paid with respect to the 2010 financial year as presented in the “Summary Compensation Table”.

### Securities Authorized for Issuance under Equity Compensation Plan

The Groupe Aeroplan LTIP is the only compensation plan under which equity securities of Groupe Aeroplan have been authorized for issuance. Please see “Appendix C – Groupe Aeroplan Long-Term Incentive Plan” for a description of the plan.

The following table outlines the number of Shares to be issued upon the exercise of outstanding Options under the Groupe Aeroplan LTIP, the weighted average exercise price of the outstanding Options, and the number of Shares available for future issuance under the Groupe Aeroplan LTIP, all as at December 31, 2010.

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued upon Exercise of Outstanding Options as at December 31, 2010</b>	<b>(b) Weighted-Average Exercise Price of Outstanding Options as at December 31, 2010</b>	<b>Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) as at December 31, 2010</b>
Equity Compensation Plans Approved by Securityholders	9,998,440	\$10.46	6,830,361
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
<b>TOTAL</b>	<b>9,998,440</b>	<b>\$10.46</b>	<b>6,830,361</b>

### Pension Plan Benefits

The following table sets forth the changes in the aggregate accumulated values in the Defined Contribution Plan and the SERP for each NEO in the past fiscal year.

#### Defined Contribution Plans Table

<b>Name</b>	<b>Accumulated Value at Start of Year (\$)</b>	<b>Compensatory<sup>(1)</sup> (\$)</b>	<b>Non-Compensatory<sup>(2)</sup> (\$)</b>	<b>Accumulated Value at Year End (\$)</b>
<b>Rupert Duchesne</b> President and CEO	372,601	98,527	26,139	497,267
<b>David L. Adams</b> Executive Vice President and Chief Financial Officer	118,573	45,511	22,257	186,341
<b>Jeff Balagna<sup>(3)</sup></b> President and CEO, Carlson Marketing	N/A	N/A	N/A	N/A
<b>David Johnston<sup>(4)</sup></b> President and CEO, Groupe Aeroplan Europe	N/A	N/A	N/A	N/A
<b>Vince Timpano</b> President and CEO, Aeroplan Canada	76,110	50,030	21,281	147,421

- (1) Employer contribution in 2010 under the Defined Contribution Plan and SERP, as described under “Retirement Plans” on page 37 of this Information Circular and below.
- (2) Employee contribution, as described under “Retirement Plans” on page 37 of this Information Circular, and investment return under the Defined Contribution Plan and SERP.
- (3) Mr. Balagna, being a US resident, does not participate in the Defined Contribution Plan or the SERP. Groupe Aeroplan’s contribution to Mr. Balagna’s 401(k) plan is reported in the “Summary Compensation Table” under “All Other Compensation”.
- (4) Mr. Johnston, being a UK resident, does not participate in the Defined Contribution Plan or the SERP. Groupe Aeroplan’s contribution to Mr. Johnston’s pension arrangement is reported in the “Summary Compensation Table” under “All Other Compensation”.

### ***Narrative Discussion***

All NEOs based in Canada participate in Groupe Aeroplan's Defined Contribution Plan. Under this plan, each NEO contributes 7.5% of his/her base salary to the plan annually and Groupe Aeroplan makes a matching contribution equal to 7.5% of such NEO's base salary on an annual basis.

In the event that the combined employer and employee contributions exceed the money purchase limit as defined in the *Income Tax Act* (Canada), Groupe Aeroplan will contribute an amount equal to 15% of the NEO's excess pensionable earnings to the SERP.

Retirement savings for US-based NEOs is delivered through a defined contribution 401(k) retirement plan. The 401(k) plan allows employees to contribute to their retirement savings on a voluntary basis through regular payroll deductions. The employer matches 20% of the employee contribution up to the annual combined maximum permitted under US tax legislation. There is no supplemental retirement plan for US-based NEOs.

NEOs based in the United Kingdom participate in the defined contribution pension plan established for all UK-based employees. Under the plan, the employer matches the employee contribution up to a maximum of 10% of base salary. There is no supplemental retirement plan for UK-based NEOs.

### **Termination and Change of Control Benefits**

#### ***Termination Without Cause***

All of the NEOs benefit from severance arrangements upon termination without cause.

With the exception of Rupert Duchesne, Jeff Balagna and David Johnston (whose severance arrangements are described below), pursuant to the terms and conditions of their employment agreements, if the employment of a NEO is terminated without cause, the individual is entitled to severance equal to 12 months of base salary, with an additional month per year of continuous service, up to an all inclusive maximum of 24 months (subject to a minimum period of 18 months for Mr. Adams) (the "**Severance Period**"). Each of the NEOs is also entitled to a lump sum cash amount equal to the product of (i) the number of months included in the Severance Period divided by 12; and (ii) the average amount of the bonus, which was paid to the executive in respect of each of the two calendar years preceding termination. In addition, within 30 days following the approval by the Board of Directors of Groupe Aeroplan's audited annual financial statements for the year during which the executive was terminated, and provided that the corporate performance during the year of such termination results in the payment of bonuses, he or she will be entitled to an amount equal to the bonus for the calendar year of such termination calculated at target multiplied by the number of days from January 1 of the calendar year of such termination to the date of termination, divided by 365. Furthermore, each of the NEOs will continue to receive basic health, dental and life insurance benefits, as well as an annual spending perquisites allowance, covering items such as certain professional services, supplementary insurances, executive medical services, and company car expenses, with certain exceptions, until the earlier of the expiry of the Severance Period or the date the executive secures alternate employment with comparable perquisites. The executive shall also be deemed to accumulate service during the Severance Period for purposes of the SERP and Defined Contribution Plan and the executive and the Corporation shall continue to make the required contributions to the SERP and Defined Contribution Plan during the Severance Period, in accordance with the terms of the plans.

Jeff Balagna's employment agreement provides that if his employment is terminated by Carlson Marketing without cause, he will be entitled to severance payments representing 12 months of base salary and benefits (including vacation entitlements, group health, life, short-term disability, long-term disability and AD&D insurance, 401(k) plan and vehicle allowance).

David Johnston's employment agreement provides that if his employment is terminated without cause, he will be entitled to severance payments representing 6 months of base salary.

Rupert Duchesne's employment agreement provides that if his employment is terminated by Groupe Aeroplan without cause, he is entitled to a lump sum severance payment equal to 24 months of his base salary plus two times the average amount of his bonus received in each of the two calendar years preceding the year of termination, and he will continue to be entitled to the benefits, perquisites and other payments, as described above for the other NEOs (other than Mr. Balagna), for 24 months following his termination without cause. In addition, within 30 days following the approval by the Board of Directors of Groupe Aeroplan's audited annual financial statements for the year during which Rupert Duchesne was terminated, Mr. Duchesne will be entitled to an amount equal to the bonus for the calendar year of such termination multiplied by the number of days from January 1 of the calendar year of such termination to the date of termination, divided by 365.

All of the agreements for the NEOs described above provide for non-compete and non-solicitation restrictions upon termination of employment.

### ***Change in Control Policy***

Groupe Aeroplan's change in control policy, adopted by the Board of Directors on June 19, 2008 (as amended on August 13, 2009), upon recommendation of the HRCC (the "**Change in Control Policy**"), is designed to (a) retain certain executive officers of Groupe Aeroplan (each, a "**Specified Executive**") through a period of potential uncertainty; (b) enhance the value of Groupe Aeroplan and preserve value for Shareholders; (c) preserve the neutrality of the Specified Executives in negotiating and executing a potential Change in Control (as defined in the Change in Control Policy) transaction; (d) ensure that the Specified Executives' focus is on the best potential outcome for Shareholders; and (e) provide certain arrangements for Specified Executives whose employment with Groupe Aeroplan is terminated following a Change in Control.

The Change in Control Policy provides that in the event of a Specified Executive's Termination Due to a Change in Control (defined in the Change in Control Policy as termination without cause during the period commencing thirty (30) days prior to the Change in Control and ending on the date which is eighteen (18) months after the Change in Control), the Specified Executive shall be entitled to receive (a) an amount equal to the Specified Executive's accrued but unpaid annual salary for the period to and including the termination date, together with an amount equal to any accrued but unused vacation entitlement; (b) an amount equal to the annual bonus the Specified Executive would be entitled to receive, prorated until the termination date; (c) a lump sum equal to (i) three times the Specified Executive's annual salary, in the case of the CEO, and (ii) the Specified Executive's annual salary for a period equal to the product of: (A) 12 months, with an additional month per year of continuous service exceeding 12 years; and (B) one and a half, up to an all inclusive maximum period of 24 months, in the case of an Executive Vice-President or a Senior Vice-President; (d) a lump sum equal to (i) three times the Specified Executive's average annual bonus, in the case of the CEO, and (ii) in the case of an Executive Vice-President or a Senior Vice-President, the product of (A) the Specified Executive's average annual bonus paid in the last two fiscal years prior to the Change in Control by (B) the number of months included in the Severance Period of such Specified Executive, divided by 12; (e) the perquisites listed in the Specified Executive's employment agreement, for a period equivalent to the earlier of the end of the Severance Period or the date the Specified Executive secures alternate employment with comparable perquisites; (f) coverage under all group, life, medical, dental, supplementary life, annual health spending and similar account benefits listed in the Specified Executive's employment agreement for a period equivalent to the earlier of the end of the Severance Period or the date the Specified Executive secures alternate employment with comparable benefits; (g) reimbursement for all expenses incurred, in accordance with Groupe Aeroplan's expense reimbursement policy; (h) subject to the terms of any applicable indemnification agreements, maintenance of coverage for the maximum extended reporting period available under any directors' and officers' liability insurance that is in place at the time of the termination; and (i) the executive shall also be deemed to accumulate service during the Severance Period for purposes of the SERP and Defined Contribution Plan and the executive and the Corporation shall continue to make the required contributions to the SERP and Defined Contribution Plan during the Severance Period, in accordance with the terms of the plans. Such entitlements under the Change in Control Policy are conditional upon the Specified Executive's compliance with obligations related to loyalty, confidentiality, non-disclosure, ownership of intellectual property, files and other property as well as obligations related to non-competition and non-solicitation for the duration of the severance period.

In the event of a Specified Executive's termination due to a Change in Control, except for the CEO, no Options held by the Specified Executive shall be accelerated or become otherwise vested; any unvested awards granted pursuant

to the Groupe Aeroplan LTIP (or any other future similar plan) will be deemed to have vested on a pro-rata basis as of the termination date; and the Specified Executive shall be entitled to payments under any deferred compensation, pension or supplementary retirement plans offered by Groupe Aeroplan, to the extent the Specified Executive participates in such plans and subject to the terms contained therein.

In the event of the termination of the CEO due to a Change in Control, notwithstanding any provisions of the Groupe Aeroplan LTIP (or any other future similar plan), all unvested outstanding Options shall immediately become fully vested and exercisable as of the termination date. Upon Resignation of the CEO following a Change in Control (defined in the Change in Control Policy as resignation within twelve (12) months after the date of the Change in Control), the CEO shall be entitled to all payments, benefits, and rights under the Change in Control Policy, with the exception that he shall only be entitled to a reduced lump sum payment, as described in (e) above, of two times his annual salary and two year average annual bonus. Any unvested Options would be forfeited and any unvested PSUs would be paid on a pro-rata basis assuming target performance metrics had been met. Similarly, Mr. Adams' employment contract specifies that, subject to his continued employment with Groupe Aeroplan for at least six months after the Change in Control date, in the event of his Resignation Following a Change in Control, as defined in the Change in Control Policy, Mr. Adams would be entitled to 18 months' severance benefits and in such instance, no vesting acceleration would apply to any outstanding unvested Options and PSUs.

### ***Incremental Benefits Payable Upon the Occurrence of Certain Events, as of December 31, 2010***

The following table presents the estimated incremental benefits that would have been payable to the NEOs had certain events, as indicated therein, occurred on December 31, 2010. In all instances, the value of long-term incentive plans is estimated based on the closing price of the Shares on the TSX as of December 31, 2010 (\$13.67).

<b>Event as of December 31, 2010</b>	<b>Rupert Duchesne</b> President and CEO, Groupe Aeroplan	<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	<b>Jeff Balagna</b> President and CEO, Carlson Marketing	<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	<b>Vince Timpano</b> President and CEO, Aeroplan Canada
<b>Resignation (other than for good reason) and Termination with Cause</b>					
Forfeiture of unvested LTIPs. Access to accrued obligations and retirement benefits only.					
<b>Retirement</b>	Not eligible for retirement	Not eligible for retirement	Not eligible for retirement	Not eligible for retirement	Not eligible for retirement
<b>Termination without Cause or Resignation for good reason</b>					
Pro-rata vesting of RSUs <sup>(1)</sup>	\$2,520,916	\$155,313	N/A	N/A	N/A
Pro-rata vesting of PSUs <sup>(2)</sup>	N/A	\$166,401	\$146,565	\$68,350	\$149,017
Severance	\$3,433,650 <sup>(3)(4)(5)</sup>	\$1,191,853 <sup>(3)(4)(6)</sup>	\$572,247 <sup>(7)</sup>	\$213,304 <sup>(8)</sup>	\$889,500 <sup>(3)(4)(9)</sup>
Forfeiture of unvested Options, if any	N/A <sup>(10)</sup>	_ <sup>(11)</sup>	_ <sup>(11)</sup>	_ <sup>(11)</sup>	_ <sup>(11)</sup>
	<b>\$5,954,566</b>	<b>\$1,513,567</b>	<b>\$718,812</b>	<b>\$281,654</b>	<b>\$1,038,517</b>
<b>Change in Control</b>					
Full vesting of RSUs upon the Change in Control date <sup>(12)</sup>	\$3,136,574	\$155,313	N/A	N/A	N/A
No acceleration of Options, PSUs and DSUs	_ <sup>(13)</sup>	_ <sup>(14)</sup>	_ <sup>(14)</sup>	_ <sup>(14)</sup>	_ <sup>(14)</sup>
	<b>\$3,136,574</b>	<b>\$155,313</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Resignation (other than for good reason) Following a Change in Control</b>					
Full vesting of RSUs upon the Change in Control date <sup>(12)</sup>	\$3,136,574	\$155,313	N/A	N/A	N/A
Severance <sup>(4)(5)</sup>	\$3,630,704 <sup>(15)</sup>	\$1,191,853 <sup>(16)</sup>	N/A <sup>(17)</sup>	N/A <sup>(17)</sup>	N/A <sup>(17)</sup>
Pro-rata vesting of PSUs for the CEO only	N/A <sup>(15)</sup>	_ <sup>(16)</sup>	_ <sup>(17)</sup>	_ <sup>(17)</sup>	_ <sup>(17)</sup>
No acceleration of Options	_ <sup>(15)</sup>	_ <sup>(16)</sup>	_ <sup>(17)</sup>	_ <sup>(17)</sup>	_ <sup>(17)</sup>

<b>Event as of December 31, 2010</b> and DSUs	<b>Rupert Duchesne</b> President and CEO, Groupe Aeroplan	<b>David L. Adams</b> EVP and CFO, Groupe Aeroplan	<b>Jeff Balagna</b> President and CEO, Carlson Marketing	<b>David Johnston</b> President and CEO, Groupe Aeroplan Europe	<b>Vince Timpano</b> President and CEO, Aeroplan Canada
	<b>\$6,767,278</b>	<b>\$1,347,166</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Termination Due to a Change in Control (including Resignation for good reason)</b>					
Full vesting of RSUs upon the Change in Control date <sup>(12)</sup>	\$3,136,574	\$155,313	N/A	N/A	N/A
Severance <sup>(4)(5)</sup>	\$5,446,056 <sup>(18)</sup>	\$1,191,853 <sup>(18)</sup>	\$572,247 <sup>(7)</sup>	\$1,247,179 <sup>(18)</sup>	\$1,334,250 <sup>(18)</sup>
Accelerated vesting of Options for the CEO only <sup>(19)</sup>	N/A	-	-	-	-
Pro-rata vesting of PSUs <sup>(20)</sup>	N/A	\$166,401	\$146,565	\$68,350	149,017
No acceleration of DSUs <sup>(21)</sup>	-	-	N/A	N/A	-
	<b>\$8,582,630</b>	<b>\$1,513,567</b>	<b>\$718,812</b>	<b>\$1,315,529</b>	<b>\$1,483,267</b>

- (1) Upon retirement, in the case of RSUs awarded pursuant to the Ongoing LTIP, or termination without cause, in the case of RSUs awarded pursuant to the Ongoing LTIP and the Omnibus Plan, any outstanding unvested RSUs will be prorated based on the number of full months worked during the performance cycle and will be paid based on the achievement of the performance targets, if any, as determined by the Board of Directors on the vesting date. The amounts presented herein represent the value of the total number of unvested RSUs outstanding on December 31, 2010 prorated based on the number of months in each respective performance cycle up to December 31, 2010 and assuming target performance metrics, if any, are fully satisfied. The amounts presented will only be paid if target performance metrics are subsequently achieved at the end of the cycle. In the case of Mr. Duchesne, in the event of his termination without cause or resignation for good reason, the number of months included in the pro-rata vesting of the 50,000 time vesting RSUs he has received in each of 2008, 2009 and 2010 includes the sum of i) the number of months in each respective performance cycle up to December 31, 2010 and ii) the 24 months' severance period entitlement.
- (2) Upon retirement or termination of employment without cause, any outstanding unvested PSUs will be pro-rated based on the number of full months worked during the performance cycle and will be paid at the end of the performance cycle based on the achievement of the performance targets, if any, as determined by the Board of Directors on the vesting date. The amounts presented herein represent the value of the total number of unvested PSUs outstanding on December 31, 2010 pro-rated based on the number of months in the performance cycle up to December 31, 2010 and assuming that the 2010 target performance metrics are fully satisfied. The amounts presented herein will only be paid if performance metrics are subsequently achieved at the end of the cycle.
- (3) The estimated severance benefits are calculated based on the executive officers' 2010 annual base salary, the 2-year average bonus paid for fiscal years 2009 and 2010, the perquisites and, with the exception of Rupert Duchesne's severance entitlement other than pursuant to a Change in Control, the Corporation's contributions to the NEO's Defined Contribution Plan and SERP paid in 2010. Severance benefits would also include the continuance of group benefits for the shorter of the duration of the severance period or the period from the termination date to the date the NEO secures alternate employment. The value of such group benefits is not included in the above estimated severance payments.
- (4) The NEO is also entitled to the payment of any accrued but unpaid annual salary and prorated bonus for the period up to and including the termination date. For 2010, these amounts are fully disclosed in the "Summary Compensation Table" and therefore not included in the estimated severance benefits presented in this table.
- (5) In the event of his termination without cause or resignation for good reason, Rupert Duchesne is entitled to 24 months' severance benefits calculated on the basis described in Notes (3) and (4) above.
- (6) In the event of his termination without cause or resignation for good reason, David L. Adams is entitled to severance benefits calculated on the basis described in Notes (3) and (4) above, for a severance period equivalent to 18 months.
- (7) Mr. Balagna is entitled to severance benefits equivalent to 12 months of base salary, perquisites and group benefits, including the employer's contribution to his 401(k) plan. Mr. Balagna is not a Specified Executive under the Change in Control Policy.
- (8) In the event of his termination, without cause, David Johnston is entitled to a severance payment equivalent to 6 months' base salary. No bonus amount would be payable for the year of the termination of employment. No severance amount is payable in the event of his resignation.
- (9) In the event of his termination without cause or resignation for good reason, Vince Timpano is entitled to severance benefits calculated on the basis described in Notes (3) and (4) above, for a severance period equivalent to 12 months plus 1 month per year of service exceeding 12 years, up to a maximum severance period of 24 months.
- (10) Mr. Duchesne does not have any outstanding Options as at December 31, 2010. In any event, any unvested Options outstanding at the termination date would have been forfeited.
- (11) Unvested Options outstanding at the termination date would be forfeited. Any exercisable Options outstanding at the termination date would expire on the earlier of thirty (30) days after the termination date and the original expiry date.
- (12) Upon a Change in Control, any outstanding unvested RSUs awarded pursuant to the Ongoing LTIP and the Omnibus Plan would become fully vested. In addition, if a Change in Control occurs prior to January 1, 2013, Mr. Duchesne's employment agreement

provides for 20,000 additional RSUs to be granted for each calendar year from 2007 up to the date of the Change in Control and consequently, the amount that would have been paid with respect to the accelerated vesting of RSUs differs from the market value of RSUs included in the Share-based Awards presented for Rupert Duchesne under “Incentive Plan Awards – Outstanding Share-based Awards and Option-based Awards”.

- (13) Mr. Duchesne does not have any outstanding Options as at December 31, 2010; if he had any unvested outstanding Options, no vesting acceleration would have applied, unless the Board, to protect the rights of the participant, would have decided, at its discretion and if it had considered it appropriate in the circumstances, to change the vesting conditions or the expiry date of any Options outstanding on the date of the Change in Control.
- (14) No vesting acceleration would have applied to any Options outstanding had a Change in Control occurred on December 31, 2010, unless the Board would have determined otherwise as described in Note (13) above.
- (15) In the event of his Resignation Following a Change in Control as defined in the Change in Control Policy and described under “Termination and Change of Control Benefits – Change in Control Policy”, Mr. Duchesne would be entitled to 24 months’ severance benefits calculated on the basis described in Notes (3) and (4) above. Mr. Duchesne does not have any outstanding PSUs as at December 31, 2010; if any unvested PSUs had been outstanding, they would have been paid on a pro-rata basis assuming target performance metrics had been met with the balance forfeited. Mr. Duchesne does not have any outstanding unvested Options as at December 31, 2010; if any unvested Options had been outstanding, no vesting acceleration would have applied and such Options would have been forfeited. Similarly, the DSU Plan does not provide for the acceleration of DSU vesting.
- (16) Mr. Adams’ employment contract specifies that, subject to his continued employment with Groupe Aeroplan for at least six months after the Change in Control date, in the event of his Resignation Following a Change in Control, as defined in the Change in Control Policy and described under “Termination and Change of Control Benefits – Change in Control Policy”, Mr. Adams would be entitled to 18 months’ severance benefits (calculated on the basis described in Notes (3) and (4) above) and in such instance, no vesting acceleration would apply to any outstanding unvested PSUs, Options and DSUs.
- (17) In the event of their resignation other than for good reason, NEOs, with the exception of Mr. Duchesne and Mr. Adams, as described in Notes (15) and (16) respectively, are not entitled to any severance benefits. Furthermore, any outstanding unvested RSUs, PSUs, DSUs and Options would be forfeited as of the resignation date.
- (18) In the event of their Termination Due to a Change in Control as defined in the Change in Control Policy and described under “Termination and Change of Control Benefits – Change in Control Policy”, the NEOs, other than Mr. Duchesne and Mr. Balagna, would be entitled to severance benefits for a period of 12 months plus 1 month per year of service in excess of 12 years, multiplied by 1.5, up to a maximum of 24 months. Based on their service with Groupe Aeroplan on December 31, 2010, Mr. Adams’, Mr. Johnston’s and Mr. Timpano’s severance period would have been 18 months. Mr. Duchesne’s severance period pursuant to the Change in Control Policy would have been 36 months. The severance amounts would be calculated on the basis described in Notes (3) and (4) above. Mr. Balagna’s severance entitlement is disclosed in Note (7).
- (19) Mr. Duchesne does not have any outstanding Options as at December 31, 2010; if he had any unvested outstanding Options, all the Options would have become vested, whether or not performance conditions had been met, had a Termination Due to a Change in Control, as defined in the Change in Control Policy and described under “Termination and Change of Control Benefits – Change in Control Policy” occurred on that date. The Options held by other NEOs would not have been accelerated or otherwise vested.
- (20) Mr. Duchesne does not have any outstanding PSUs as at December 31, 2010; if any unvested PSUs had been outstanding, they would have been paid on a pro-rata basis assuming target performance metrics had been met with the balance forfeited. The amounts represent the pro-rata vesting of all PSUs outstanding and unvested on December 31, 2010, assuming target performance metrics would have been met.
- (21) Neither the DSU Plan nor the Change in Control Policy provide for the accelerated vesting of DSUs pursuant to a Termination Due to a Change in Control as defined in the Change in Control Policy and described under “Termination and Change of Control Benefits – Change in Control Policy” above. The Board could, however, make such provision for the protection of the rights of the participants as the Board in its discretion considers appropriate in the circumstances.

## Compensation of Directors

### *Narrative Discussion*

The compensation structure of the Board of Directors is designed to attract and retain highly talented and experienced directors, leading to the long-term success of Groupe Aeroplan. This requires that Directors be adequately and competitively compensated. The Board of Directors has determined that the directors of Groupe Aeroplan should be compensated in a form and amount which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation. As part of its mandate, the Governance and Nominating Committee reviews on a regular basis the adequacy and form of Director compensation.

In 2010, the Governance and Nominating Committee retained PCI – Perrault Consulting Inc. to assist in a comprehensive review of Board compensation to take into account the revised Comparator Group described under “Use of Compensation Consultants and Benchmarking Peer Groups”. The market data used for the 2008 and 2010 Board compensation review exercises was extracted from the management proxy circulars of the companies forming part of the relevant comparator groups.

### ***Summary of Board Compensation***

During the 2010 financial year, Directors received a base annual retainer of \$45,000, while the Chairman of the Board received an annual retainer of \$200,000. Except for the Chairman of the Board, Directors are also granted 1,500 DSUs per year (issued quarterly) and are awarded meeting fees for Board and Committee meetings of \$1,500 per meeting (whether in person or by phone).

Directors also received additional retainers of \$15,000, \$7,500 and \$7,500 if they chair the Audit Committee, the Governance and Nominating Committee or the HRCC, respectively. Members of the Audit Committee, the Governance and Nominating Committee and the HRCC received additional retainers of \$5,000, \$2,500 and \$2,500, respectively.

Directors can elect yearly to receive up to one hundred percent (100%) of their base annual retainer, Committee retainer and meeting fees in DSUs. Please refer to the section of this Information Circular “Appendix C – Groupe Aeroplan Deferred Share Unit Plan” for a description of the DSU Plan.

The Directors also received Aeroplan Program membership privileges and were reimbursed for travel and out-of-pocket expenses incurred in attending meetings of the Board of Directors or the Committees, as applicable.

Following the 2010 compensation review process described above, the Board concluded that the total direct compensation package (retainer, meeting fees and long-term incentives) for non-Management Directors was adequate, other than for the compensation of the Chairman of the Board and the Chair of the Human Resources and Compensation Committee, which was found to be below market. As a result, effective January 1, 2011, the Chairman of the Board’s compensation was increased by adding a yearly grant of 8,000 DSUs (to be issued quarterly), and the retainer for the Chair of the Human Resources and Compensation Committee was increased to \$10,000 per year.

### ***Director Share Ownership Requirements***

Groupe Aeroplan’s shareholding guidelines for directors (the “**Shareholding Guidelines for Directors**”) were adopted by the Board of Directors on November 14, 2008 and are designed to promote Share ownership by Directors to better align their interests with those of Shareholders.

The Shareholding Guidelines for Directors require Directors to hold Shares or DSUs with an aggregate minimum value (the “**Minimum Share Ownership Value for Directors**”) at least equal to (i) the lesser of two times the annual retainer and 25,000 Shares and DSUs, in the case of the Chairman of the Board of Directors; and (ii) the lesser of three times the annual retainer and 8,000 Shares and DSUs, in the case of any other Director, within a four-year period starting at the later of (a) November 14, 2008; and (b) the first election of the Director to the Board.

The extent to which the Minimum Share Ownership Value for Directors is achieved will be evaluated annually at the end of each financial year. Until the Minimum Share Ownership Value for Directors has been achieved, fifty percent (50%) of a Director’s annual base retainer will be paid in DSUs.

As at the date hereof, all Directors comply with the Shareholding Guidelines for Directors. As Mr. Duchesne is President and CEO of Groupe Aeroplan, he does not receive an annual retainer for his services to the Board of Directors. Pursuant to his employment agreement, Mr. Duchesne must achieve a minimum ownership level of Shares, Time-Vesting RSUs and DSUs equal to four times his salary by June 1, 2012. As at March 18, 2011, Mr. Duchesne owns Shares, Time-Vesting RSUs and DSUs equal to six times his salary. Mr. Duchesne’s salary as at March 18, 2011 was \$770,000. As at the date hereof, Mr. Duchesne meets Groupe Aeroplan’s Shareholding Guidelines for Executives.



**Director Compensation Table**

The following table provides details of the compensation received by Directors during the 2010 financial year:

Name <sup>(1)</sup>	Fees Earned		Share-Based Awards <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)	Percentage of Compensation paid in DSUs and Share-Based Awards <sup>(6)</sup> %
	Retainer <sup>(2)</sup> (\$)	Attendance <sup>(3)</sup> (\$)				
Robert E. Brown	200,000	–	–	18,968	218,968	–
Roman Doroniuk	61,250	28,500	16,009	15,300	121,058	15
Joanne Ferstman	57,500	37,500	16,009	16,582	127,591	33
Michael M. Fortier	48,750	27,000	16,009	10,542	102,301	17
John M. Forzani	50,000	37,500	16,009	11,783	115,292	39
David H. Laidley	51,250	27,000	16,009	17,753	112,012	91
Douglas D. Port	55,000	37,500	16,009	16,271	124,779	16
Alan P. Rossy	50,000	30,000	16,009	14,493	110,501	16
<b>TOTAL</b>	573,750	225,000	112,061	121,691	1,032,502	

- (1) As CEO, Rupert Duchesne receives no remuneration for serving as a Director. His compensation as CEO is disclosed under “Summary Compensation Table” and “Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation of Named Executive Officers – President and Chief Executive Officer, Groupe Aeroplan”.
- (2) These amounts represent all retainer fees (Board and Committee), including those paid in DSUs.
- (3) These amounts represent all attendance fees, including those paid in DSUs.
- (4) These amounts represent the total value of the DSUs granted to each Director on a quarterly basis, based on the average closing price of Groupe Aeroplan Shares on the TSX for the five trading days immediately preceding the date of award of the DSUs.
- (5) Represents the value attributed to Aeroplan Program membership privileges as well as reinvested dividends on DSUs earned in 2010 valued at the closing market price of Groupe Aeroplan Shares on the TSX on the payment dates.
- (6) Represents the percentage of aggregate compensation paid in the form of DSUs.

**Outstanding Share-Based Awards**

The table below reflects all share-based awards outstanding as at December 31, 2010 for non-executive directors:

**Share-based Awards**

Name	Number of shares or units of shares that have not vested (#)	Market or payout value of share- based awards that have not vested <sup>(1)</sup> (\$)
Robert E. Brown	11,193	153,008
Roman Doroniuk	4,821	65,903
Joanne Ferstman	8,247	112,736
Michael M. Fortier	3,076	42,049
John M. Forzani	8,831	120,720
David H. Laidley	20,602	281,629
Douglas D. Port	7,891	107,870
Alan P. Rossy	3,163	43,238

(1) Represents the number of DSUs multiplied by the closing price of Groupe Aeroplan's Shares on the TSX on December 31, 2010 (\$13.67).

## STATEMENT OF GOVERNANCE PRACTICES

Governance is a key priority for the Board of Directors and Management of Groupe Aeroplan and transparency and accountability are essential ingredients of the governance and management framework guiding Groupe Aeroplan. The Board has adopted policies and guidelines designed to align its interests and those of Management with our Shareholders' interests and to promote the highest standards of reporting, accountability and ethical behavior. We regularly review the corporate governance policies and practices we have developed over the years to maintain assurance that they continue to be comprehensive, relevant and effective.

The following describes Groupe Aeroplan's governance practices with reference to the governance disclosure required of issuers under *National Instrument 58-101 – Disclosure of Corporate Governance Practices* (“**NI 58-101**”), including additional voluntary disclosure where appropriate, and guidance on governance practices contained in *National Policy 58-201 – Corporate Governance Guidelines*.

### Board of Directors

#### *Independence*

The Charter of the Board of Directors provides that the Board of Directors shall at all times be constituted of a majority of individuals who are independent. Based on the information received from each Director of Groupe Aeroplan and having taken into account the independence criteria set forth below, the Board of Directors concluded that all Directors of Groupe Aeroplan, with the exception of Rupert Duchesne, are independent within the meaning of NI 58 -101.

All of the other directors, namely Robert E. Brown, Roman Droniuk, Joanne Ferstman, Michael M. Fortier, John M. Forzani, David H. Laidley, Douglas D. Port and Alan P. Rossy are “independent” Directors within the meaning of NI 58-101 in that each of them has no material relationship with Groupe Aeroplan and, in the reasonable opinion of the Board of Directors, are independent under the applicable laws, regulations and listing requirements to which Groupe Aeroplan is subject.

**8 OF THE 9 NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS ARE INDEPENDENT.**

The Board of Directors has determined that Rupert Duchesne is not independent because he is the CEO of Groupe Aeroplan.

As shown in the following table, 8 of the 9 nominees for election to the Board of Directors are independent:

Directors	Independent	Not Independent	Reason for non-independence
Robert E. Brown	✓		
Roman Droniuk	✓		
Rupert Duchesne		✓	Mr. Duchesne is the CEO of Groupe Aeroplan.
Joanne Ferstman	✓		
Michael M. Fortier	✓		
John M. Forzani	✓		
David H. Laidley	✓		
Douglas D. Port	✓		
Alan P. Rossy	✓		

Please refer to the section of this Information Circular titled “The Nominated Directors” for information relating to each nominee proposed for election as a Director. All directorships with other public entities for each of the nominees are described.

### ***Chair of the Board of Directors***

The positions of CEO and Chairman of the Board of Directors are split. The current Chairman of the Board of Directors, Robert E. Brown, is independent under the applicable laws, regulations and listing requirements.

A position description for the Chairman of the Board of Directors has been adopted and is available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com). Pursuant to the description, the Chairman assumes, among other things, the following responsibilities: (i) ensuring that the responsibilities of the Board of Directors are well understood; (ii) ensuring that the Board of Directors works as a cohesive team and providing the requisite leadership to enhance Board effectiveness and ensure that the Board’s agenda will enable it to successfully carry out its duties; (iii) ensuring that the resources available to the Board of Directors (in particular, timely and relevant information) are adequate to support its work; (iv) adopting procedures to ensure that the Board of Directors can conduct its work effectively and efficiently, including scheduling and management of meetings; (v) developing the agenda for meetings and procedures; (vi) ensuring proper flow of information to the Board of Directors; (vii) acting as a resource person and advisor to the President and CEO and to the various Board Committees, and (viii) chairing every Shareholders meeting and meetings of the Board of Directors and encouraging free and open discussion at such meetings. The position description is reviewed annually by the Governance and Nominating Committee.

### ***Independent Directors’ Meetings***

At each Board of Directors meeting (10 times during the year ended December 31, 2010), non-Management Directors hold “in camera” sessions, in the absence of the members of Management of Groupe Aeroplan. Questions and comments formulated during such “in camera” sessions are then passed on to the members of Management who were excluded from the “in camera” sessions. In addition, all Committees are entirely composed of independent Directors and meet without Management at each meeting.

<p><b>AT EACH BOARD OF DIRECTORS OR COMMITTEE MEETING, NON-MANAGEMENT DIRECTORS HOLD “IN CAMERA” SESSIONS.</b></p>
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The Board of Directors has access to information independent of Management through external auditors and consultants and believes that sufficient processes are in place to enable it to function independently of Management. The Board of Directors and its Committees are also able to retain and meet with external advisors and consultants.

### ***Attendance Record***

Please refer to “The Nominated Directors – Directors Attendance Record” of this Information Circular for the attendance records of each Director of Groupe Aeroplan for each of the meetings of the Board of Directors and the Committees held in 2010.

### ***Board Size***

The Board of Directors is currently comprised of nine (9) Directors. The Board of Directors is of the view that its size and composition are adequate and allow for the efficient functioning of the Board of Directors as a decision making body.

### ***Board Mandate***

The Board of Directors has adopted a written charter which sets out, among other things, its roles and responsibilities. The Charter of the Board of Directors can be found at Appendix A to this Information Circular.

## **Audit Committee Information**

Reference is made to the annual information form of Groupe Aeroplan for the year ended December 31, 2010 for disclosure of information relating to the Audit Committee required under Form 52-110 F1 – *Audit Committee Information Required in an AIF*. A copy of this document can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Corporate Secretary at 5100 de Maisonneuve Blvd. West, Montréal, Quebec, Canada, H4A 3T2.

## **Position Descriptions**

### ***President and Chief Executive Officer***

The Board of Directors has adopted a position description for the President and CEO of Groupe Aeroplan, which is reviewed annually by the Governance and Nominating Committee. The position description is available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com). Pursuant to the position description, the CEO shall have full responsibility for the day-to-day operations of Groupe Aeroplan's business in accordance with its strategic plan and operating and capital budgets as approved by the Board of Directors. The CEO is accountable to the Board of Directors for the overall management of Groupe Aeroplan, and for conformity with policies agreed upon by the Board of Directors. The approval of the Board of Directors (or appropriate Committee) shall be required for all significant decisions outside of the ordinary course of Groupe Aeroplan's business.

More specifically, the primary responsibilities of the CEO include the following: (i) developing, for the Board of Directors' approval, a strategic direction and positioning to ensure Groupe Aeroplan's success; (ii) ensuring that the day-to-day business affairs of Groupe Aeroplan are appropriately managed by developing and implementing processes that will ensure the achievement of Groupe Aeroplan's financial and operating goals and objectives; (iii) fostering a corporate culture that promotes professionalism, integrity, performance, customer focus and service; (iv) keeping the Board of Directors aware of Groupe Aeroplan's performance and events affecting its business, including opportunities in the marketplace and adverse or positive developments; and (v) ensuring, in cooperation with the Board of Directors, that there is an effective succession plan in place for the CEO position.

### ***Chair of each Committee***

The Chairs of the Audit Committee, the Governance and Nominating Committee and the HRCC are Roman Droniuk, Douglas D. Port and Joanne Ferstman, respectively.

The Board of Directors has adopted a position description for the Chair of each of the Audit Committee, the HRCC and the Governance and Nominating Committee which is reviewed annually by the Governance and Nominating Committee. The position description is available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com). Pursuant to the position description, the Chair of each Committee shall, among other things: (i) ensure that the Committee fulfils the objectives and responsibilities set out in its charter; (ii) ensure that enough time and attention is given to each aspect of the Committee's responsibilities; (iii) ensure that members of the Committee maintain the level of independence required by applicable legislation; (iv) review the annual assessment of the Committee and take the appropriate measures to correct the weaknesses underlined by the assessment; (v) ensure that the other members of the Committee understand the role and responsibilities of the Committee; (vi) ensure that sufficient information is provided by Management to enable the Committee to exercise its duties; (vii) set the agenda for meetings of the Committee in cooperation with the Chairman of the Board; (viii) ensure that Committee members have sufficient resources to support its work (in particular, timely and relevant information); (ix) report to the Board on any issues considered by the Committee; and (x) carry out other duties as requested by the Board of Directors, depending on need and circumstances.

<p><b>POSITIONS DESCRIPTIONS HAVE BEEN ADOPTED FOR THE CEO, THE CHAIR OF THE BOARD AND THE CHAIR OF EACH BOARD COMMITTEES.</b></p>
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## Succession Planning

Groupe Aeroplan has in place a succession plan identifying and developing successors from our most talented individuals for the CEO, senior management and other positions deemed critical for the success of the Corporation. Each year the CEO reviews with the HRCC the internal talent pool considered for these positions. The HRCC assists with candidate selection, development and performance evaluation as well as planning for illness, disability and other unscheduled absences. In addition, the Board of Directors regularly interacts with the members of the executive management team and knows them and their capabilities well. The Board of Directors also meets key staff members through their participation in meetings and presentations to the Board of Directors and its Committees, and informally through a variety of social events designed to allow Directors to get to know members of Management who are potential future leaders of the Corporation.

## Orientation and Continuing Education

Groupe Aeroplan has in place an orientation program for new Directors of Groupe Aeroplan. New Directors are invited to attend orientation sessions with members of senior management as well as with the CEO to improve their understanding of the business. Each new Director also receives an orientation binder with important information relating to the strategy and operations of the various Groupe Aeroplan businesses, including the Board approved budget and corporate plan. New Directors are also asked to review the Charter of the Board of Directors, the Charter of each Committee, the position descriptions of the Chairman of the Board of Directors, the CEO and the Chair of each Committee, the Code of Ethics and Business Conduct, the Trading Guidelines and the Disclosure Policy of the Corporation in order to fully grasp the role he or she is expected to play as a Director and/or Committee member.

The Board of Directors recognizes the importance of ongoing director education. Directors are surveyed at least annually to determine areas of interest and this information is used to develop the continuous education program. The Directors regularly meet with Management and are given periodic presentations on Groupe Aeroplan's business units and recent business developments. The presentation subjects are determined in part from education topics suggested by Directors. Also, the Chair of the Board of Directors invites Directors to attend dinners on the evening before regularly scheduled Board meetings. Regularly at these dinners the Board meets with senior-decision makers within Groupe Aeroplan in order to get to know them better and to enhance the Board's understanding of the business and affairs of Groupe Aeroplan. In January of 2010, the Board also held a full day strategic orientation session in London, U.K., with members of the executive team and certain senior leaders of Groupe Aeroplan Europe and Carlson Marketing. In addition, in order to facilitate Directors' professional development, the Corporation encourages and funds attendance at seminars or conferences of interest and relevance.

**AN ORIENTATION PROGRAM FOR NEW DIRECTORS IS IN PLACE AND PERIODIC PRESENTATIONS ON THE CORPORATION'S BUSINESS ARE GIVEN TO THE DIRECTORS. FUNDING IS AVAILABLE TO ENCOURAGE DIRECTOR EDUCATION.**

## Public Disclosure Policy

Groupe Aeroplan is committed to maintaining high standards regarding disclosure issues. The Board of Directors has adopted a Public Disclosure Policy (the "**Public Disclosure Policy**") to confirm in writing Groupe Aeroplan's disclosure policies and practices that have been and continue to be in place and to which Management adheres. The objective of the Public Disclosure Policy is to provide guidelines with respect to the dissemination and disclosure of information to the financial community and investors which seek to ensure (i) communications that are timely, accurate and broadly disseminated in accordance with and otherwise responsive to applicable legislation, and (ii) sound disclosure practices which maintain the confidence of the financial community, including investors, in the integrity of Groupe Aeroplan information.

The Board of Directors has also established a disclosure policy committee, (the "**Disclosure Committee**") responsible for overseeing Groupe Aeroplan's disclosure practices and implementing, administering and monitoring the effectiveness of, and compliance with, the Public Disclosure Policy; such committee consists of the President and CEO, the Executive Vice President and Chief Financial Officer, the Executive Vice President and Chief Operating Officer, the Senior Vice President, General Counsel and Corporate Secretary and the Senior Vice

President, Global Brand, Communications and External Affairs. The Disclosure Committee reviews and updates, as appropriate, the Public Disclosure Policy, on an annual basis or as needed to ensure compliance with changing regulatory requirements. The Disclosure Committee reports to the Audit Committee, on an annual basis or at such other time, as deemed appropriate by the Audit Committee, with respect to the Public Disclosure Policy.

A copy of the Public Disclosure Policy is available on Groupe Aeroplan's website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com).

### **Trading Guidelines**

The Board of Directors has also adopted trading guidelines which set out guidelines on trading of Shares (or any other securities of Groupe Aeroplan) for any person with knowledge of privileged information about Groupe Aeroplan or any of its operating entities.

As a general principle, Covered Persons may only purchase or sell Shares (or any other securities of Groupe Aeroplan) during the period commencing after two full trading days after Groupe Aeroplan's quarterly or annual results have been disseminated by means of a press release and ending on the last day of the then current quarter. For purposes of the trading guidelines, "Covered Persons" means directors, officers and senior management of Groupe Aeroplan or any of its operating entities and anyone else with knowledge of privileged information during periods when financial statements are being prepared but results have not yet been publicly disclosed. No employee of, or anyone having access to privileged information of Groupe Aeroplan shall trade on the Shares (or any other securities of Groupe Aeroplan) while in possession of privileged information of any kind (related to financial results or other matters), until such privileged information has been generally disclosed to the public by way of a press release.

A copy of the Groupe Aeroplan's trading guidelines is available on Groupe Aeroplan's website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com).

### **Code of Ethics and Business Conduct**

Groupe Aeroplan has adopted a Code of Ethics and Business Conduct (the "**Code**"). The Code applies to all Directors and officers and employees of Groupe Aeroplan. A copy of the Code can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) or on Groupe Aeroplan's website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com). The Code includes a number of guiding principles, such as integrity and confidentiality, and covers a variety of subjects such as:

- (a) conflicts of interest;
- (b) use of Groupe Aeroplan's assets;
- (c) confidential information; and
- (d) fair dealing with other people and organizations.

**A CODE OF ETHICS AND BUSINESS CONDUCT HAS BEEN ADOPTED AND APPLIES TO ALL DIRECTORS, OFFICERS AND EMPLOYEES OF THE CORPORATION.**

The Governance and Nominating Committee has the responsibility for monitoring compliance with and interpreting the Code. The Code has been communicated or brought to the attention of all employees of Groupe Aeroplan. In addition, all employees and Directors of Groupe Aeroplan are required to complete an acknowledgement form whereby they undertake to comply with the guidelines and principles of the Code. Groupe Aeroplan uses a confidential and anonymous reporting system that allows employees to report suspected violations of the Code through the internet or a telephone hotline. The Board of Directors has concluded that such measures foster a culture of ethical conduct within Groupe Aeroplan and are appropriate and sufficient to ensure compliance with the Code. Management prepares reports for the Governance and Nominating Committee noting any alleged violations, on a quarterly basis. Since the adoption of the Code, Groupe Aeroplan has not filed any material change report pertaining to any conduct of a Director or executive officer of Groupe Aeroplan that would constitute a departure from the

Code. The Code and the process for administrating it is reviewed by the Governance and Nominating Committee on an annual basis.

In addition to the relevant provisions of the *Canada Business Corporations Act* applicable to Directors, the Charter of the Board of Directors provides that the Directors shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the Director has a conflict of interest. The Charter also provides that a Director shall excuse himself or herself from any discussion or decision on any matter in which the Director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

### **Nomination of Directors**

The Governance and Nominating Committee is composed entirely of independent Directors of Groupe Aeroplan. It is responsible for considering and making recommendations on the desired size of the Board of Directors, the need for recruitment and the expected skill-set of new candidates. In consultation with the Chairman of the Board of Directors and the CEO, the Governance and Nominating Committee determines the expected skill-set of new candidates by taking into account the existing strength of the Board of Directors and the needs of Groupe Aeroplan. The Governance and Nominating Committee then reviews and recommends the candidates for nomination as Directors and approves the final choice of candidates for nomination and election as Directors by the Shareholders. Directors must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which Groupe Aeroplan operates. Directors selected should be able to commit the requisite time for all of the applicable board's business. The Governance and Nominating Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying potential candidates.

Please refer to the section "Committees – Governance and Nominating Committee" of this Information Circular for a description of the responsibilities, powers and operations of the Governance and Nominating Committee.

### **Compensation**

The Governance and Nominating Committee, which is composed entirely of independent Directors, periodically reviews the compensation of the Directors. Please refer to the section of this Information Circular "Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation of Directors" for the criteria used to determine the remuneration of the Directors of Groupe Aeroplan.

The HRCC, which is composed entirely of independent Directors, is accountable on behalf of the Board to determine the compensation for the executive officers of Groupe Aeroplan and to recommend to the Board the remuneration package for the CEO. The process the HRCC uses for these determinations can be found under the section "Statement of Executive Compensation – Compensation Discussion and Analysis".

Information relating to compensation consulting services provided by PCI - Perrault Consulting Inc. and Mercer Canada Ltd. during the 2010 financial year can be found in this Information Circular under "Statement of Executive Compensation – Compensation Discussion and Analysis".

### **Board Committees**

There are three Committees of the Board of Directors: the Audit Committee; the Governance and Nominating Committee; and the HRCC. Each of the Committees is currently composed entirely of independent Directors. The roles and responsibilities of each Committee are described in the respective Committee charters. Please refer to the section of this Information Circular "Committees" for a description of the responsibilities, powers and operations of such Committees.



**Assessments**

The Governance and Nominating Committee assumes the responsibility of assessing the effectiveness of the Board of Directors, the Committees and the contribution of individual Directors on an annual basis.

<b>THE BOARD ASSESSMENT PROCESS IS CONDUCTED ON AN ANNUAL BASIS.</b>
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The Governance and Nominating Committee has the mandate and responsibility to review, on an annual basis, the performance and effectiveness of the Board of Directors as a whole and each individual Director. It reviews and approves a performance evaluation questionnaire that is forwarded annually to each member of the Board of Directors. The questionnaire covers a wide range of issues, including the operation and effectiveness of the Board of Directors and its Committees, the level of knowledge of the Directors relating to the business of Groupe Aeroplan and the risks it faces, and the contribution of individual Directors, and allows for comments and suggestions. The Corporate Secretary compiles responses to the questionnaire and prepares a report to the Governance and Nominating Committee which provides a report to the full Board. The Governance and Nominating Committee may then recommend changes based upon such feedback to enhance Board and Committee performance.

## COMMITTEES

The Board of Directors has three standing Committees:

- the Audit Committee;
- the Governance and Nominating Committee; and
- the HRCC.

The Board of Directors does not have an Executive Committee. All Committees of the Board of Directors are composed of independent Directors of Groupe Aeroplan. The roles and responsibilities of each Committee are set out in formal written charters which are available on Groupe Aeroplan's website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com). These charters are reviewed annually to ensure that they reflect best practices as well as applicable regulatory requirements. Each of the Committees has the authority to retain advisors to assist in fulfilling its obligations.

### **Audit Committee**

Groupe Aeroplan is required by law to have an audit committee. The Audit Committee shall be composed of not less than three Directors of Groupe Aeroplan, all of whom shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations, as determined by the Board of Directors. The members of the Audit Committee shall have no relationships with Management, Groupe Aeroplan or its related entities that in the opinion of the Board of Directors may interfere with their independence from Management and from Groupe Aeroplan. In addition, a member of the Audit Committee shall not receive, other than for service on the Board of Directors or the Audit Committee or other Committees of the Board of Directors, any consulting, advisory, or other compensatory fee from Groupe Aeroplan or any of its related parties or subsidiaries. The members of the Audit Committee shall possess the mix of characteristics, experiences and skills to provide an appropriate balance for the performance of the duties of the Audit Committee and in particular each member of the Audit Committee shall be "financially literate" as defined by relevant securities legislation or regulations.

The objectives of the Audit Committee include the following:

- To assist the Board of Directors in the discharge of its responsibility to monitor the component parts of Groupe Aeroplan's financial reporting and audit process.
- To maintain and enhance the quality, credibility and objectivity of Groupe Aeroplan's financial reporting and to satisfy itself and oversee Management's responsibility as to the adequacy of the supporting systems of internal financial and accounting controls.
- To assist the Board of Directors in its oversight of the independence, qualifications and appointment of the external auditor.
- To monitor the performance of the internal financial and accounting controls and of the internal and external auditors.
- To provide independent communication between the Board and the internal auditor and the external auditor.
- To facilitate in-depth and candid discussions between the Audit Committee and Management and the external auditor regarding significant issues involving judgment and impacting quality of controls and reporting.

The Audit Committee's responsibilities include the following:

- Monitor and review the quality and integrity of Groupe Aeroplan's accounting and financial reporting process through discussions with Management, the external auditor and the internal auditor.
- Review with Management, the internal auditor and the external auditor and, if considered appropriate, approve for recommendation to the Board of Directors the release of Groupe Aeroplan's annual or quarterly financial statements, as applicable, related MD&A and earnings press releases.
- Meet with the external auditor to review and approve their audit plan.
- Review and approve estimated audit and audit-related fees and expenses.
- Review and approve the nature of all non-audit services, as permitted by securities legislation and regulations, to be provided by the external auditor prior to the commencement of such work.
- Evaluate the performance of the external auditor.
- Review significant emerging accounting and reporting issues.
- Review policies and procedures for the receipt, retention and treatment of complaints received by Groupe Aeroplan from employees, Shareholders and other stakeholders regarding accounting issues and financial reporting.
- Review and approve the Public Disclosure Policy.
- Identify and address material financial and other risks to the business and affairs of Groupe Aeroplan and its subsidiaries and make recommendations in that regard to the Board of Directors.

The Audit Committee is currently composed of Roman Doroniuk, Chair, Joanne Ferstman, David H. Laidley and Alan P. Rossy, each of whom are "independent" from Groupe Aeroplan within the meaning of applicable securities laws.

The Audit Committee met five (5) times during the period from January 1, 2010 to December 31, 2010.

During the course of 2010, the Audit Committee generally focused on performing duties necessary to meet its objectives and responsibilities, as described above and set out in its Charter. The Audit Committee also specifically considered the following key matters throughout 2010: (i) the status of conversion to International Financial Reporting Standards (IFRS); (ii) the review of the Corporation's capital allocation policy including the implementation of a share buy-back program, and (iii) a review of the Corporation's cash investment policies.

### **Governance and Nominating Committee**

The Governance and Nominating Committee shall be comprised of not less than three Directors of Groupe Aeroplan as determined by the Board of Directors, all of whom shall be independent (as defined under applicable securities laws) and comply with eligibility and qualification standards under applicable legislation in effect from time to time.

The primary objective of the Governance and Nominating Committee is to assist the Board of Directors in fulfilling its responsibilities by (i) ensuring that corporate governance guidelines are adopted, disclosed and applied, including director qualification standards, director responsibilities, director access to Management and independent advisors, director compensation, director orientation and continuing education and annual performance evaluation of the Board of Directors, and (ii) identifying individuals qualified to become new board members and recommending to the Board of Directors the Director nominees for each annual meeting of Shareholders.

The Governance and Nominating Committee's responsibilities include the following:

- Develop and review position descriptions for the Chairman of the Board of Directors, the Chair of each Board Committee and the CEO.
- Ensure that appropriate structures and procedures are in place so that the Board of Directors can function independently of Management.
- Put in place an orientation and continuing education program for new Directors on the Board of Directors.
- Make recommendations to the Board of Directors with respect to monitoring, adoption and disclosure of corporate governance guidelines.
- Recommend the types, charters and composition of the board Committees.
- Review on a regular basis the adequacy and form of director compensation.
- Recommend the nominees to the chairmanship of the board Committees.
- Assist the Board of Directors in determining what competencies and skills the Board of Directors, as a whole, should possess and what competencies and skills each existing Director possesses.
- Assess the contribution of the Directors and the board Committees on an on-going basis.
- Periodically review and approve the Code of Ethics and Business Conduct.
- Review the Corporation's social responsibility agenda and its activities relating to the charitable and other donations.
- Assist the Board of Directors in determining the appropriate size of the Board of Directors, with a view to facilitating effective decision-making.
- Develop and review criteria regarding personal qualification for board membership, such as background, experience, technical skill, affiliations and personal characteristics, and develop a process for identifying and recommending candidates.
- Identify individuals qualified to become new members of Board of Directors and recommend them to the Board of Directors.
- Recommend the slate of Director nominees for each annual meeting of Shareholders.
- Recommend candidates to fill vacancies on the Board of Directors occurring between annual meetings of Shareholders.

The Governance and Nominating Committee is currently composed of Douglas D. Port, Chair, Roman Doroniuk, Michael M. Fortier, John M. Forzani and David H. Laidley, each of whom are "independent" from Groupe Aeroplan within the meaning of applicable securities laws.

The Governance and Nominating Committee met four (4) times during the period from January 1, 2010 to December 31, 2010.

During the course of 2010, the Governance and Nominating Committee generally focused on performing duties necessary to meet its objectives and responsibilities, as described above and set out in its Charter. The Governance and Nominating Committee also specifically considered the following key matters throughout 2010: (i) with the assistance of compensation consultants, PCI-Perrault Consulting Inc., it undertook a review of the compensation of Directors in light of the approval by the Board of Directors of a revised comparator group for the purposes of

executive compensation; and (ii) review of regulatory developments and market best practices with respect to say-on-pay.

### **Human Resources and Compensation Committee**

The HRCC shall be comprised of not less than three Directors of Groupe Aeroplan as determined by the Board of Directors, all of whom shall be independent (as defined under applicable securities laws).

The purpose of the HRCC is to assist the Board in fulfilling its oversight responsibilities in the field of human resources and compensation. The HRCC's primary focus is with respect to the development, succession planning and compensation of senior executives. The HRCC also assists the Board of Directors in establishing the compensation philosophy and the compensation and benefit plans for the workforce of Groupe Aeroplan's material operating subsidiaries.

The responsibilities of the HRCC include the following:

- Develop the compensation philosophy and guidelines for Groupe Aeroplan's material operating subsidiaries.
- In consultation with the Chairman of the Board of Directors, review and approve corporate goals, objectives and business performance measures relevant to the compensation of the CEO, evaluate the CEO's performance in light of such goals, objectives and business performance measures, and make recommendations to the Board of Directors with respect to the CEO's compensation level based on this evaluation.
- Make recommendations to the Board of Directors with respect to senior executive compensation (other than in respect of the CEO, as such is dealt with as per above), incentive compensation and equity-based plans.
- Review and approve, on behalf of the Board of Directors, the annual salary increase budget and any significant changes to the salary structure that could impact the salary costs in the short-term or long term.
- Review executive compensation disclosure before public dissemination, in accordance with applicable rules and regulations.
- Review the succession plans for senior executives to ensure that successors have been identified and that their career development is appropriate.
- Review the reporting structure of senior executives as required or upon request by the Board of Directors.
- Review and approve the contingency plans in the event of the death, disability and/or any unplanned departure of senior executives.
- Review pension plan funding and design changes for Groupe Aeroplan's material operating subsidiaries.

The HRCC is currently composed of Joanne Ferstman, Chair, Michael M. Fortier, John M. Forzani, Douglas D. Port and Alan P. Rossy, each of whom are "independent" from Groupe Aeroplan within the meaning of applicable securities laws. In addition, none of the members of the HRCC is an acting chief executive officer of another publicly traded company, with the exception of Joanne Ferstman who is currently the Chief Executive Officer of Dundee Capital Markets Inc.

The HRCC met eight (8) times during the period from January 1, 2010 to December 31, 2010.

During the course of 2010, the HRCC generally focused on performing duties necessary to meet its objectives and responsibilities, as described above and set out in its Charter. The HRCC also specifically considered the following

key matters throughout 2010: (i) with the assistance of compensation consultants, PCI-Perrault Consulting Inc., it undertook a review of Groupe Aeroplan's compensation principles, policies and programs following the expansion of its business activities beyond Canada, including discussions relating to a proposed new comparator group, revised executive compensation levels and the design and approval of revised performance metrics for compensation plans; (ii) it undertook a review of the design and structure of Groupe Aeroplan's short-term incentive plan; (iii) it undertook a review of the performance criteria for Groupe Aeroplan's long-term incentive plan; and (iv) it undertook a review of the impact of certain extraordinary events on Groupe Aeroplan's incentive compensation program and determined the best course of action in light thereof.

## **OTHER IMPORTANT INFORMATION**

### **Interest of Informed Persons in Material Transactions**

To the knowledge of Groupe Aeroplan, no Director, senior officer or other insider, as applicable, of (i) Groupe Aeroplan, or (ii) any associate or affiliate of the persons referred to in (i) has or has had any material interest, direct or indirect, in any transaction since the commencement of Groupe Aeroplan's last financial year or in any proposed transaction that has materially affected or will materially affect Groupe Aeroplan or any of its subsidiaries.

### **Directors' and Officers' Liability Insurance**

Groupe Aeroplan has acquired and maintains directors' and officers' liability insurance for the benefit of its Directors and officers and the directors and officers of its subsidiaries. The coverage limit of such insurance is \$125,000,000 per claim and \$125,000,000 in the annual aggregate, inclusive of \$25,000,000 coverage for the exclusive benefit of the Directors and officers of Groupe Aeroplan. The current policy is effective from May 9, 2010 to May 9, 2011 and protects the Directors and officers for allegations of alleged "wrongful acts" in the conduct of their activities as Directors and officers, subject to the terms, conditions and exclusions of the policy. The deductible applicable to Groupe Aeroplan is \$250,000 for any insured occurrence. The premium for this period of insurance is \$411,568.

### **Aggregate Indebtedness of Directors and Officers**

As at March 18, 2011, Groupe Aeroplan had not made any loan to Directors, officers, employees or former Directors, officers and employees of Groupe Aeroplan.

## **FUTURE SHAREHOLDER PROPOSALS**

The next annual meeting of Groupe Aeroplan is expected to be held in May 2012. Any Shareholder proposals must be submitted in writing at 5100 de Maisonneuve Blvd. West, Montréal, Quebec, Canada, H4A 3T2, Attention: Corporate Secretary of Groupe Aeroplan, facsimile number: (514) 205-7578, and must be received prior to the close of business on December 21, 2011.

## **ADDITIONAL INFORMATION**

### **Documents you can request**

You can ask us for a copy of the following documents at no charge:

- the annual report of Groupe Aeroplan for the year ended December 31, 2010, which includes Groupe Aeroplan's consolidated financial statements for the year ended December 31, 2010 and the auditors' report thereon, and the management's discussion and analysis related to such financial statements;
- any interim financial statements of Groupe Aeroplan that were filed after the consolidated financial statements for their most recently completed financial year;
- management's discussion and analysis for such interim financial statements; and
- the annual information form of Groupe Aeroplan for the year ended December 31, 2010, together with any document, or the relevant pages of any document, incorporated by reference into it.

Groupe Aeroplan's financial information is included in the audited consolidated financial statements of Groupe Aeroplan and the notes thereto and in the accompanying management's discussion and analysis for the financial year ended December 31, 2010.

Please write to the Corporate Secretary, 5100 de Maisonneuve Blvd. West, Montréal, Quebec, Canada, H4A 3T2.

The above documents are also available on our website at [www.groupeaeroplan.com](http://www.groupeaeroplan.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). All of our news releases are also available on our website.

### **Receiving information electronically**

You can choose to receive electronically all of our corporate documents, such as this Information Circular and our annual report for the year ended December 31, 2010. We will send you an email indicating when they are available on our website. If you do not sign up for this service, we will continue to send you these documents by mail.

#### ***How to Sign Up – Registered Shareholders***

**You are a registered Shareholder** if your name appears on your Share certificate.

If you are not sure whether you are a registered Shareholder, please contact CIBC Mellon at 1-800-387-0825.

To sign up, go to the website [www.cibcmellon.com/electronicdelivery](http://www.cibcmellon.com/electronicdelivery) and follow the instructions.

#### ***How to Sign Up – Non-Registered Shareholders***

**You are a non-registered Shareholder** if your nominee holds your Shares for you.

If you are not sure whether you are a non-registered Shareholder, please contact CIBC Mellon at 1-800-387-0825.

To sign up, go to the website [www.investordeliverycanada.com](http://www.investordeliverycanada.com) and follow the instructions.

#### ***How to Sign Up – Employees Holding Shares under the Employee Share Purchase Plan of Groupe Aeroplan***

If you are not sure whether you are an employee holding your Shares under the Employee Share Purchase Plan of Groupe Aeroplan, please contact Computershare at 1-866-982-1878.

To sign up, go to the website [www.computershare.com/employee/ca](http://www.computershare.com/employee/ca) and follow the instructions.

### **QUESTIONS AND FURTHER ASSISTANCE**

If you have any questions about the information contained in this Information Circular or require assistance in completing your proxy form, please contact CIBC Mellon, the Transfer Agent, at 1-800-387-0825.



**APPROVAL OF DIRECTORS**

The contents and the sending of this Information Circular to Shareholders of Groupe Aeroplan have been approved by the Directors of Groupe Aeroplan.

Dated at the City of Montréal, in the Province of Quebec, as of the 18<sup>th</sup> day of March, 2011.



Rupert Duchesne  
President and CEO



Mark Hounsell  
Senior Vice President,  
General Counsel and Corporate Secretary

**APPENDIX A****CHARTER OF THE BOARD OF DIRECTORS  
GROUPE AEROPLAN INC.****I. PURPOSE**

This charter describes the role of the Board of Directors (the “**Board**”) of Groupe Aeroplan Inc. (the “**Corporation**”).

This charter is subject to the provisions of the Corporation’s articles of incorporation and by-laws and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such articles, by-laws and applicable laws. Directors are elected or appointed by the shareholders of the Corporation and together with those appointed to fill vacancies or appointed as additional directors throughout the year, collectively constitute the Board.

**II. ROLE**

The Board is responsible for the stewardship of the Corporation and its business and is accountable for the performance of the Corporation.

The Board shall establish the overall policies for the Corporation, monitor and evaluate the Corporation’s strategic direction, and retain plenary power for those functions not specifically delegated by it to its Committees or to Management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by applicable laws, the Board shall supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation’s resources are being managed with integrity and in a manner consistent with ethical considerations and stakeholder’s interests and in order to enhance shareholder value. In discharging their duties, directors must act honestly and in good faith, with a view to the best interests of the Corporation. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**III. COMPOSITION***Selection*

The Board shall be comprised of that number of directors as shall be determined from time to time by the Board upon recommendation of the Governance and Nominating Committee of the Board.

The Governance and Nominating Committee of the Board shall maintain an overview of the desired size of the Board, the need for recruitment and the expected skill-set of new candidates. The Governance and Nominating Committee shall review and recommend to the Board candidates for nomination as directors of the Corporation. The Board approves the final choice of the candidates that are to be elected as directors of the Corporation by its shareholders.

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry and the geographical areas in which the Corporation operates. Directors selected should be able to commit the requisite time for all of the Board’s business.

*Chairman*

A Chairman of the Board shall be appointed by the Board. The Board currently believes that it is in the best interest of the Corporation and its shareholders that the offices of Chairman of the Board and CEO be separate. The Chairman’s responsibilities shall include the following, in addition to the Chairman’s responsibilities pursuant to legislation and the Corporation’s articles and by-laws as well as those which may be assigned to him from time to time by the Board:

- (a) ensuring that the responsibilities of the Board are well understood;
- (b) ensuring that the Board works as a cohesive team and providing the requisite leadership to enhance Board effectiveness and ensure that the Board's agenda will enable it to successfully carry out its duties;
- (c) ensuring that the resources available to the Board (in particular, timely and relevant information) are adequate to support its work;
- (d) adopting procedures to ensure that the Board can conduct its work effectively and efficiently, including scheduling and managing meetings;
- (e) developing the agenda for Board meetings and procedures;
- (f) ensuring proper flow of information to the Board;
- (g) acting as a resource person and advisor to the President and CEO and the various Board committees; and
- (h) chairing every shareholders' meeting and meetings of the Board and encouraging free and open discussions at such meetings.

#### *Independence*

A majority of the Board shall be composed of directors who must be determined to have no material relationship with the Corporation and who, in the reasonable opinion of the Board, must be unrelated and independent under the laws, regulations and listing requirements to which the Corporation is subject.

#### *Criteria for Board Membership*

Board members are expected to possess the following characteristics and traits:

- (a) demonstrate high ethical standards and integrity in their personal and professional dealings;
- (b) act honestly and in good faith with a view to the best interest of the Corporation;
- (c) devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as a Committee members;
- (d) provide independent judgment on a broad range of issues;
- (e) understand and critically evaluate the key business plans and the strategic direction of the Corporation;
- (f) raise questions and issues to facilitate active and effective participation in the deliberation of the Board and of each Committee;
- (g) make all reasonable efforts to attend all Board and Committee meetings; and
- (h) review the materials provided by Management in advance of the Board and Committee meetings.

#### *Retirement Age for Directors*

The policy of the Board is that no person shall be appointed or elected as a director if the person exceeds 75 years of age. The policy allows for an exception where the Board determines it is in the interest of the Corporation to request a director to extend his/her term beyond the regular retirement age, provided however that such extension is requested in one-year increments.

#### **IV. COMPENSATION**

The Board has determined that the directors should be compensated in a form and amount which is appropriate and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

#### **V. RESPONSIBILITIES**

Without limiting the Board's governance obligations, general Board responsibilities shall include the following:

- (a) discussing and developing the Corporation's approach to corporate governance, with the involvement of the Governance and Nominating Committee;
- (b) declaring and approving dividends paid by the Corporation;
- (c) reviewing and approving Management's strategic and business plans on an annual basis, including developing an in-depth knowledge of the business being served, understanding and questioning the plans' assumptions, and reaching an independent judgment as to the probability that the plans can be realized;
- (d) monitoring corporate performance against the strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed;
- (e) appointing the Corporation's CEO and developing his or her position description with the recommendation of the Governance and Nominating Committee;
- (f) reviewing, through the Human Resources and Compensation Committee, succession plans for the CEO and for the Corporation's senior executives;
- (g) reviewing, through the Human Resources and Compensation Committee, the compensation of the CEO;
- (h) identifying the principal risks of the Corporation's businesses and ensuring the implementation of appropriate systems to manage these risks;
- (i) ensuring that appropriate structures and procedures are in place so that the Board and its Committees can function independently of Management;
- (j) ensuring the proper and efficient functioning of the Committees of the Board;
- (k) providing a source of advice and counsel to Management;
- (l) reviewing and approving key policies developed by Management;
- (m) reviewing, approving and, as required, overseeing compliance with the Corporation's public disclosure policy;
- (n) overseeing the Corporation's disclosure controls and procedures;
- (o) monitoring, through the Audit, Finance and Risk Committee, the Corporation's internal controls;
- (p) ensuring that the Corporation's senior executives possess the ability required for their roles, are adequately trained and monitored;
- (q) ensuring that the CEO and the other senior executives have the integrity required for their roles and the capability to promote a culture of integrity and accountability within the Corporation;

- (r) conducting, through the Governance and Nominating Committee, an annual assessment of the Board and its Committees;
- (s) selecting, upon the recommendation of the Governance and Nominating Committee, the candidates that are to be nominated as directors of the Corporation;
- (t) selecting a Chairman of the Board; and
- (u) ensuring, with the Governance and Nominating Committee, that the Board as a whole, the Committees of the Board and each of the directors are capable of carrying out and do carry out their roles effectively.

## **VI. MEETINGS**

The Board shall meet at least quarterly, with additional meetings scheduled as required. Such additional meetings may be held at the request of any director with notice given to all directors of the Board. Each director has a responsibility to attend and participate in meetings of the Board. The Chairman of the Board shall approve the agenda for Board meetings. The Corporate Secretary shall distribute the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics shall be distributed in advance of a meeting. The Corporation shall deliver information on the business, operations and finances of the Corporation, to the Board on an as-required basis.

On the occasion of each regularly scheduled Board meeting and at other times as they may wish, non-Management Directors shall hold "in camera" sessions, in the absence of members of Management.

## **VII. DECISIONS REQUIRING PRIOR BOARD APPROVAL**

In addition to those specific matters requiring prior Board approval pursuant to the Corporation's by-laws or applicable laws, the Board shall be responsible for approving the following:

- (a) interim and annual financial statements, provided that the Board may delegate to the Audit, Finance and Risk Committee the responsibility to review such financial statements and make its recommendations to the Board;
- (b) strategic plans, business plans and capital expenditure budgets;
- (c) raising of debt or equity capital and other major financial activities;
- (d) hiring, compensation and succession for the CEO and other senior executives;
- (e) major organizational restructurings, including spin-offs;
- (f) material acquisitions and divestitures; and
- (g) major corporate policies.

## **VIII. BOARD COMMITTEES**

There are three Committees of the Board: the Audit, Finance and Risk Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee. The roles and responsibilities of each Committee are described in the respective Committee charters.

Members of the Audit, Finance and Risk Committee, the Human Resources and Compensation Committee and the Governance and Nominating Committee shall be independent as required under the charter of each Committee and the laws, regulations and listing requirements to which the Corporation is subject.

**IX. COMMUNICATION WITH THE BOARD**

Shareholders of the Corporation and other constituencies may communicate with the Board and individual board members by contacting Shareholder Relations.

**X. ADVISORS**

The Board has determined that any individual director who wishes to engage a non-Management advisor to assist on matters involving such director's responsibilities as a director at the expense of the Corporation should have his or her request reviewed by, and obtain the authorization of, the Chairman of the Board.

**XI. OTHER MATTERS**

The Board expects directors as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the policies comprising the Code of Ethics and Business Conduct (the "**Code**"). The Board, with the assistance of the Governance and Nominating Committee, is responsible for monitoring compliance with the Code.

Directors shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the director has a conflict of interest. In addition, a director shall excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

*August 12, 2010.*

**APPENDIX B**

**NON-BINDING RESOLUTION OF SHAREHOLDERS  
GROUPE AEROPLAN INC.**

**(the “Corporation”)**

NON-BINDING RESOLUTION OF THE SHAREHOLDERS

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

It is resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors:

That the Shareholders accept the approach to executive compensation disclosed in the Corporation’s Information Circular delivered in advance of the 2011 annual meeting of Shareholders.

## APPENDIX C

### INCENTIVE PLANS

This appendix provides details regarding Groupe Aeroplan's Long-Term Incentive Plan, Deferred Share Unit Plan and Prior Long-Term Incentive Plans.

#### **Groupe Aeroplan Long-Term Incentive Plan**

##### Groupe Aeroplan LTIP

##### *General Terms Applicable to PSUs and Options*

The Groupe Aeroplan LTIP which, other than for outstanding awards made as a result of pre-existing contractual commitments to the CEO and one other executive, has now completely replaced the existing plans as the Corporation's principal long-term incentive plan, is intended to furnish an incentive to participating members of the executive management team and other members of the Management group to continue their services for Groupe Aeroplan and to encourage such participants whose skills, performance and loyalty to the objectives and interests of Groupe Aeroplan are necessary to its success.

The Groupe Aeroplan LTIP permits the granting of options ("Options") and performance share units ("PSUs") to eligible participants of Groupe Aeroplan and its subsidiaries. The Groupe Aeroplan LTIP is administered by the HRCC.

A maximum of 9,998,440 Shares is reserved and available for grant and issuable pursuant to the Groupe Aeroplan LTIP, which represents approximately 5.4% of the Shares issued and outstanding as at March 18, 2011. As at December 31, 2010, Shares to be issued pursuant to the exercise of outstanding Options represented 1.7% of all of the Corporation's issued and outstanding Shares. As per the Groupe Aeroplan LTIP, the value of PSUs realized upon achievement of performance vesting conditions can be settled in cash or purchase of shares on the secondary market, at the determination of the Board.

The Groupe Aeroplan LTIP provides that (i) the aggregate number of Shares reserved for issuance at any time to any one participant shall not exceed five percent (5%) of the issued and outstanding Shares at such time and that (ii) the aggregate number of Shares (a) issued to insiders and associates of such insiders under the Groupe Aeroplan LTIP or any other proposed or established share compensation arrangement within any one-year period and (b) issuable to insiders and associates of such insider at any time under the Groupe Aeroplan LTIP or any other proposed or established share compensation arrangement, shall in each case not exceed five percent (5%) of the issued and outstanding Shares.

Options or PSUs granted or awarded under the Groupe Aeroplan LTIP may not be assigned or transferred with the exception of an assignment made to a personal representative of a deceased participant.

##### *Specific Terms Related to the Options*

The Board of Directors or the HRCC will (i) set the term of the Options granted under the Groupe Aeroplan LTIP which term cannot exceed ten (10) years and (ii) fix the vesting terms of Options as it deems appropriate at the time of the grant of such Options. Should the expiration date for an Option fall within a Black-Out Period (as defined in the Groupe Aeroplan LTIP) or within nine business days following the expiration of a Black-Out Period, the expiry date of the Option shall be extended until that date which is the tenth business day following the end of the Black-Out Period.

The exercise price of any Options granted pursuant to the Groupe Aeroplan LTIP will be determined by the Board of Directors or the HRCC at the time of the grant, provided that the exercise price shall not be less than the market value of the Shares at the time of the grant which shall be, if the grant is made during a Black-Out Period, the average closing price of the Shares on the TSX for the three trading day period following the last day of such Black-



Out Period. If the grant is made outside a Black-Out Period, the market value of the Shares shall be the average closing price of the Shares on the TSX for the five trading day period ending on the last trading day before the day on which the Option is granted.

The decision to grant Options and the number of Options granted is not tied to any performance objective and is subject to the Board's discretion. Options granted in 2010 were subject to the following conditions:

- 7 year term to expiry; and
- 25% vesting per year over 4 years.

While under the Groupe Aeroplan LTIP performance vesting conditions may be attached to Option awards, all Option awards granted in 2010 contained only time-based vesting conditions.

#### *Specific Terms Related to the PSUs*

PSUs will be granted to eligible participants, from time to time, in the sole discretion of the Board of Directors or the HRCC.

The Board of Directors or the HRCC will fix the period during which PSUs may vest which period shall not exceed three (3) years after the calendar year in which the PSU is granted (the "**Restriction Period**"). Each PSU grant will be subject to certain vesting conditions, including performance criteria, such conditions to be determined by the Board of Directors or the HRCC and to be provided to the participant under a separate agreement.

In 2010, the Board of Directors, upon recommendation of the HRCC, approved the adoption of the metric of Groupe Aeroplan consolidated A-EBITDA growth rate as the basis for performance vesting conditions.

Consequently, the vesting of PSUs awarded in 2010 is subject to the following conditions and schedule:

- 1/6<sup>th</sup> of the award may vest at the end of each year in the three-year cycle, based on the achievement of Groupe Aeroplan's consolidated annual A-EBITDA in each respective year;
- The remaining 1/2 of the award may vest at the end of the three-year cycle based on the achievement of Groupe Aeroplan's consolidated cumulative A-EBITDA over the three-year period;
- The vested PSUs only become payable at the end of the three-year cycle, subject to the participant's continued employment with Groupe Aeroplan until the end of the cycle; and
- The vesting threshold is achievement of 80% of the target, vesting at 50% of the value, increasing linearly to 100%.

The participant will be entitled to receive, as soon as possible upon confirmation by the Board of Directors or the HRCC that the vesting conditions (including the performance criteria) have been met, payment for each awarded PSU in the form of Shares, cash, or a combination of Shares and cash, at the discretion of the Board of Directors or the HRCC. For the purposes of such payment, the market value of Shares shall be the average closing price of the Shares on the TSX for the five trading day period ending on the last trading day before the day on which the payment is made.

#### *Treatment Upon Termination of Employment – Options*

Unless the Board of Directors or the HRCC decides otherwise, Options granted under the Groupe Aeroplan LTIP will expire at the earlier of the expiration of the original term of the Option and (i) the date on which Groupe Aeroplan provides notice to a participant that his or her employment has been terminated for cause; (ii) twelve (12) months after the participant's death; (iii) three (3) years after the participant's employment has been terminated by reason of injury or disability or after retirement of a participant; (iv) twelve (12) months after the date of a leave of

absence for a period of more than one (1) year authorized by Groupe Aeroplan; or (v) thirty (30) days following the participant's termination of employment for any other reason.

*Treatment Upon Termination of Employment – PSUs*

Unless the Board of Directors or the HRCC decides otherwise, upon a participant's (i) death; (ii) termination of employment for reason of injury or disability; (iii) retirement; (iv) leave of absence for a period of more than one (1) year authorized by Groupe Aeroplan; (v) termination of employment for reasons other than for cause; or (vi) ceasing to be an eligible participant for a reason other than those already mentioned, the participant's participation in Groupe Aeroplan LTIP in respect of PSUs shall be immediately terminated, provided, however, that all unvested PSUs shall remain in effect until the end of the applicable Restriction Period. At the end of such Restriction Period, the Board of Directors or the HRCC will evaluate whether the vesting conditions and performance criteria were met in order to determine the amount of the payment to which the participant is entitled, if any, in accordance with the following formula:

Number of PSUs outstanding in the participant's account	X	Number of completed months during the applicable Restriction Period, as of the date of the participant's termination or retirement
		Total number of months included in the applicable Restriction Period

Notwithstanding the information presented in the table above, the Board of Directors or the HRCC may incorporate terms into the vesting conditions which state that plan participants must be active employees on the payment date in order to be eligible for payment. Upon a participant's employment being terminated for cause, the participant's participation in the Groupe Aeroplan LTIP shall be immediately terminated and all PSUs credited to such participant's account that have not vested shall be forfeited and cancelled.

*Impact of a Change of Control*

Subject to the provisions contained in any employment agreement between a holder of PSUs and/or Options and Groupe Aeroplan and the Change in Control Policy described on page 57, if (i) any person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of Groupe Aeroplan's then outstanding voting securities entitled to vote generally; (ii) any person acquires, directly or indirectly, securities to which is attached the right to elect the majority of the directors of Groupe Aeroplan; (iii) Groupe Aeroplan undergoes a liquidation or dissolution or sells all or substantially all of its assets; or (iv) Groupe Aeroplan is involved in, or becomes subject to, a reorganization, an amalgamation, an arrangement, a take-over bid (as that term is defined in the *Securities Act* (Québec)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of Groupe Aeroplan, the Board of Directors may make such provision for the protection of the rights of the participants as the Board of Directors, in its discretion, considers appropriate in the circumstances, including, without limitation, changing the vesting for the Options and/or the date on which any Option expires or the Restriction Period for the PSUs.

*Amendment Provisions of the Groupe Aeroplan LTIP*

The Groupe Aeroplan LTIP includes an amendment procedure pursuant to which the Board may amend the Groupe Aeroplan LTIP or any Option or PSU outstanding under the Groupe Aeroplan LTIP, provided that such amendment shall: (a) not adversely alter or impair any Option or PSU previously granted, except for certain adjustments in the case of changes affecting the Shares ("**Shares Adjustments**"); (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and (c) be subject to shareholder approval, where required by law or the requirements of the TSX. Notwithstanding the foregoing, the Board shall be required to obtain shareholder approval to make the following amendments: (a) any change to the maximum number of Shares issuable from treasury under the Groupe Aeroplan LTIP, including an increase to the fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage, except in case of Shares Adjustments; (b) any

amendment which reduces the exercise price of any Option after the Option has been granted or any cancellation of an Option and the substitution of that Option by a new Option with a reduced price, except in the case of Shares Adjustments; (c) any amendment which extends the expiry date of any Option or the Restriction Period of any PSU beyond the original expiry date, except in case of an extension due to a Black-Out Period; (d) any amendment which would allow non-employee directors to be eligible for awards under the Groupe Aeroplan LTIP; (e) any amendment which would permit any Option or PSU granted under the Groupe Aeroplan LTIP to be transferable or assignable by any participant other than by will or pursuant to the laws of succession; (f) any amendment which increases the maximum number of Shares that may be issued to insiders under the Groupe Aeroplan LTIP or any other proposed or established share compensation arrangement, except in case of Shares Adjustments; and (g) any amendment to the amendment provisions of the Groupe Aeroplan LTIP.

*Groupe Aeroplan LTIP Grants Awarded in Financial Year 2010*

On March 4, 2010, the Board of Directors approved the granting of 288,593 PSUs to 123 participants.

As further approved by the Board of Directors, a total of 1,419,069 Options were awarded to 97 participants on March 4, 2010 with an exercise price of \$10.85 each. Such grants have a 7-year term, with vesting over 4 years at a rate of 25% per year.

Furthermore, the Board of Directors approved the granting of additional Options to new hires in 2010, as described in the following table, with the same vesting criteria and option term as those granted on March 4th:

<b>Grant Date</b>	<b>Number of Options Granted</b>	<b>Option Exercise Price</b>
January 10, 2010	100,000	\$11.33
April 12, 2010	25,000	\$10.61
August 19, 2010	36,500	\$10.89
November 18, 2010	35,000	\$13.08
November 22, 2010	5,000	\$13.07
November 29, 2010	5,000	\$13.02
December 2, 2010	16,667	\$13.01

For 2010, an aggregate of 1,620,109 Options were granted, representing 0.9% of the total Shares outstanding. As at December 31, 2010 an aggregate of 3,177,501 Options were outstanding, representing 1.7% of total Shares outstanding. This compares to Options representing 0.9% of total Shares outstanding as at December 31, 2009.

Groupe Aeroplan's 2010 long-term incentive plan awards were not granted based on the achievement of a specific set of performance criteria. Most plan participants received awards based on their role and degree of executive responsibility within the Corporation. Nevertheless, the Board and the HRCC retained the discretion to adjust LTIP awards upwards or downwards, based on the recommendation of Management, in order to recognize specific circumstances or instances of exceptional performance in the prior year.

None of the NEOs exercised any of their vested options in 2010.

### **Groupe Aeroplan Deferred Share Unit Plan**

The DSU Plan is administered by the Governance and Nominating Committee for the compensation of directors, and by the HRCC for the compensation of designated officers and executives of Groupe Aeroplan. Directors of Groupe Aeroplan are automatically eligible to participate in the DSU Plan while the HRCC designates from time to time and at its sole discretion, the designated officers and executives of Groupe Aeroplan who are eligible to participate in the DSU Plan.

Subject to approval by the Board of Directors, designated officers and executives may elect to convert a portion of their annual bonus amount earned in DSUs. In addition, at its discretion, the Board of Directors may from time to time award DSUs to recognize outstanding achievements or for reaching certain corporate objectives. As described earlier, the objectives underlying participation of Groupe Aeroplan executives in the DSU Plan are to provide significantly longer term engagement of Management in fulfilling value needs of Shareholders, nurture long-term retention of critical talent and support executives in meeting the applicable Shareholding Guidelines for Executives.

Since January 1, 2009, Directors (other than the Chairman) are granted annually (and issued quarterly) a fixed number of DSUs, which is set from time to time by the Board of Directors upon recommendation of the Governance and Nominating Committee (currently 1,500 DSUs per year). Directors are required to convert a minimum of 50% of their annual cash Board retainer fee in DSUs until they meet the applicable Shareholding Guidelines for Directors. In addition, Directors may also elect, on an annual basis, to convert all or a portion of their: (i) annual Board cash retainer fees; (ii) annual committee(s) cash retainer fees; and (iii) Board meeting fees, in DSUs. Effective January 1, 2011, the Chairman of the Board will receive an annual grant (issued quarterly) of 8,000 DSUs.

Upon termination of service, a participant in the DSU Plan shall be entitled to receive for each DSU credited to his account the payment in cash of the value of a Share (the “**Share Value**”) at the market price on the date of his termination of service, provided, however, that if a participant’s termination of service occurs concurrently with the occurrence of a Black-Out Period (as defined in the DSU Plan), the market price shall, in such case, be calculated at the end of the fifth trading day immediately following the last day of such Black-Out Period. No guarantee of the market value of the Shares is attached to the Share Value.

A participant in the DSU Plan is not entitled to exercise any Shareholder rights with respect to the Shares relative to DSUs that were granted to such participant. Additional DSUs are received as dividend equivalents. Vesting conditions may be attached to DSUs at the Board’s discretion.

In the event of the occurrence of a Change in Control as defined in the Change in Control Policy, the Board of Directors may make such provision as the Board, in its discretion, considers appropriate in the circumstances, to ensure the value of DSUs prior to the implementation of any such transaction is not detrimentally affected as a result thereof.

During financial year 2010, a total of 22,426 DSUs were granted to non-executive Directors of Groupe Aeroplan. No DSUs were awarded to executives in the fiscal year ended December 31, 2010.

## Groupe Aeroplan's Prior Long-Term Incentive Plans

### Ongoing LTIP

#### *General*

Under the Ongoing LTIP, a trustee purchased units of Aeroplan Income Fund, which were converted into Shares following the conversion of Aeroplan Income Fund to Groupe Aeroplan on June 25, 2008, at the time of the grant on the secondary market and at the expense of Groupe Aeroplan. The trustee holds the Shares until such time as ownership vests to each participant. At the time of vesting, participants receive the Shares underlying the grants they received.

The dollar value of the number of Shares granted to each participant was derived as a percentage of base salary of the participant and is included in the total compensation benchmark analysis to ensure alignment to the median total compensation of the Comparator Group. Each annual grant of Shares under the Ongoing LTIP vests upon the successful achievement of specific corporate performance objectives over a three-year performance cycle. Dividends declared by Groupe Aeroplan on any Shares granted under the Ongoing LTIP may, at Groupe Aeroplan's discretion, be used to purchase additional Shares which vest concurrently and proportionately with the Shares initially granted.

Unvested Shares held by the trustee on behalf of an Ongoing LTIP participant are forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date. If a participant retires, is terminated without cause or becomes disabled, his or her unvested Shares vest on a pro-rata basis, subject to the satisfaction of performance vesting conditions. If a participant dies, his or her unvested Shares become vested on a pro-rata basis.

Subject to the provisions contained in any employment agreement between a holder of Restricted Shares ("RSUs") and Groupe Aeroplan, in the event of the occurrence of a Change in Control as defined under the Ongoing LTIP plan text, any unvested RSUs will become vested as of the date of the Change in Control, whether or not the vesting conditions have been met.

#### *Performance Vesting Conditions*

Prior to conversion of Aeroplan Income Fund to Groupe Aeroplan, the vesting conditions for each grant cycle was predicated on achievement of aggressive targets against a metric of Distributable Cash. This metric was deemed to provide the most direct outcome tied to Management's capability to identify and leverage the capability of the enterprise to deliver shareholder value.

On November 14, 2008, as a consequence of the conversion of Aeroplan Income Fund to Groupe Aeroplan, the Board of Directors approved amendments to the performance metrics used to measure satisfaction of the vesting conditions. A-EBITDA was defined as the core performance metric most appropriate to link management effectiveness to enterprise performance, and as such was applied as the basis for the vesting provisions.

The final grants under the Ongoing LTIP were awarded on March 6, 2008 for the three-year performance cycle commencing January 1, 2008 and ending December 31, 2010, in the amount of 130,660 Shares and were awarded to 29 participants. An evaluation of the three-year performance results for A-EBITDA was made on February 24, 2011 and based on these results the Board of Directors determined that the performance targets were met and therefore approved the vesting and payout of the awards. The performance targets and results for the three-year period are shown in the following table:

<b>Year</b>	<b>A-EBITDA Target</b>	<b>A-EBITDA Results</b>	<b>Results % of Target</b>	<b>Vesting Approved</b>
2008	\$313.5 million	\$319.2 million	102%	YES
2009	\$278.3 million	\$281.6 million	101%	YES
2010	\$295.2 million	\$294.4 million <sup>(1)</sup>	100%	YES

- (1) The HRCC evaluated A-EBITDA performance for 2010 both including and excluding extraordinary non-operating events, as discussed on page 42 and used its discretion to determine that, on an adjusted basis, the target performance level for 2010 had been achieved.

## **Omnibus Plan**

### *General*

Two programs under the Omnibus Plan were established in 2006: a Talent Attraction Program and Talent Retention Program. Under the Talent Attraction Program, grants of units vest upon completion of both time-based and performance-based vesting conditions over a three-year cycle. Prior to completion of the conversion of Aeroplan Income Fund to Groupe Aeroplan on June 25, 2008, the performance vesting condition was the achievement of established corporate targets for Distributable Cash, while the time-based vesting condition was employment for a three-year period following the date of grant. Under the Talent Retention Program, vesting was achieved only if the recipient remained employed at the completion of the third calendar year after the year in which the award was made; consequently, only time-based units were awarded under that program. All underlying units held in trust for each participant were converted to Shares following the conversion of Aeroplan Income Fund to Groupe Aeroplan on June 25, 2008. Dividends declared by Groupe Aeroplan on any Shares granted under the Omnibus Plan may, at Groupe Aeroplan's discretion, be used to purchase additional Shares which vest concurrently and proportionately with the Shares initially granted.

Unvested Shares held by the trustee on behalf of an Omnibus Plan participant are forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date. If a participant is terminated without cause, his or her unvested Shares vest on a pro-rata basis, subject to the satisfaction of performance vesting conditions, if any. If a participant retires, his or her unvested Shares continue to vest unless the award of the respective Shares is subject to the participant's continued employment until the end of the vesting period or the participant commences employment with a competitor, in which case the unvested Shares are forfeited. If a participant becomes disabled, Shares continue to vest. In the event of a participant's death, his or her unvested Shares become immediately vested. Subject to the provisions contained in any employment agreement between a holder of RSUs and Groupe Aeroplan, in the event of the occurrence of a Change in Control as defined under the Omnibus Plan text, any unvested RSUs will become vested as of the date of the Change in Control, whether or not the vesting conditions have been met.

On November 14, 2008, the same changes to the applicable performance metrics made in respect of the Ongoing LTIP, and described above, were approved with respect to the Omnibus Plan.

In 2010, a total of 80,000 Shares were awarded to the CEO under the Omnibus Plan pursuant to his employment contract, as described in the section "Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation of Named Executive Officers – President and Chief Executive Officer, Groupe Aeroplan."

On March 4, 2010, upon the recommendation of the HRCC, the Board approved the vesting of the 2007 grants under the CEO's employment agreement and the Talent Attraction Program of the Omnibus Plan due to the achievement of the underlying performance conditions for each of the financial years therein, and pending completion of time vesting conditions.

Specifically for the period 2007-2009 Groupe Aeroplan met the performance vesting criteria as shown in the following table:

<b>Year</b>	<b>Performance Target</b>	<b>Performance Results</b>	<b>Results % of Target</b>	<b>Vesting Approved</b>
2007	Distributable Cash: \$212.5 million	Distributable Cash: \$245.7 million	116%	YES
2008	Adjusted Distributable Cash: \$243.0 million	Adjusted Distributable Cash: \$282.0 million	116%	YES
2009	A-EBITDA: \$278.3 million	A-EBITDA: \$281.6 million	101%	YES

Consequently the transfer of ownership of 31,750 Shares held in trust to each of the affected plan participants still in active employment as of November 30, 2010, as well as all additional Shares purchased from the proceeds of distributions and dividends declared on such Shares from the date of grant was effected on December 1, 2010.

On December 15, 2010, all time-based conditions of grants approved by the Board in 2007 for the Talent Retention Program under the Omnibus plan were realized and the transfer of ownership of a total of 95,435 Shares held in trust to each of the affected plan participants still in active employment, as well as all additional Shares purchased from the proceeds of distributions and dividends declared on such Shares from the date of grant was effected on December 15, 2010.

Also in December 2010, the same performance conditions and time-based conditions as described above were realized in respect of the 50,000 time vesting and 30,000 performance vesting units granted to the CEO in December 2007. As a result, ownership of 34,284 performance vesting and 57,139 time vesting units (including reinvested dividends) held in trust was transferred to the CEO on December 21, 2010, and ownership of an additional 840 units of reinvested dividends was transferred on December 31, 2010.

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