



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR
ENDED DECEMBER 31, 2013**

March 20, 2014

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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2013, unless otherwise indicated.

Unless otherwise indicated in this Annual Information Form, "*Aimia*", "*we*", "*us*", "*our*", or "*the Corporation*" refers to Aimia Inc., and, where the context requires, its Subsidiaries and associated companies or Aeroplan Income Fund, the predecessor entity to Aimia, and, where the context requires, its Subsidiaries and associated companies.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the *Glossary of Terms* set out in Schedule "A" of this Annual Information Form. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

Aimia is entirely dependent upon the operations and financial condition of its Subsidiaries and associated companies. The earnings and cash flows of Aimia are affected by certain risks. For a description of those risks, please refer to the section "Risks and Uncertainties Affecting the Business".

This Annual Information Form includes forward-looking statements within the meaning of applicable securities laws. These statements relate to analyses and other information that are based on forecasts of future results or events and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, planned operations or future actions.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking or statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business and its corporate structure. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, dependency on top Accumulation Partners and clients, changes to the Aeroplan Program, failure to safeguard databases and consumer privacy, conflicts of interest, greater than expected redemptions for rewards, regulatory matters, retail market/economic conditions, industry competition, Air Canada liquidity issues, Air Canada or travel industry disruptions, airline industry changes and increased airline costs, supply and capacity costs, unfunded future redemption costs, changes to coalition loyalty programs, seasonal nature of the business, other factors and prior performance, foreign operations, legal proceedings, reliance on key personnel, labour relations, pension liability, technological disruptions and inability to use third party software, failure to protect intellectual property rights, interest rate and currency fluctuations, leverage and restrictive covenants in current and future indebtedness, uncertainty of dividend payments, managing growth, credit ratings, as well as the other factors identified throughout this Annual Information Form. The forward-looking statements contained herein represent the expectations of Management as of March 20, 2014, and are subject to change after such date. However, Aimia disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities laws. See "Risks and Uncertainties Affecting the Business".

TRADEMARKS

The following words are trademarks of the Corporation that are referred to and used as such in this Annual Information Form or in other materials prepared by the Corporation. These trademarks are the subject of either registration, or application for registration, in various jurisdictions: AIMIA, AEROCORPORATE®, AÉROENTREPRISE®, AEROEXPRESS®, AEROGOLD®, AÉROHYPOTHÈQUE®, AEROMOVE®, AEROMORTGAGE®, AERONOTE®, AÉRONOTE®, AEROPLAN®, AÉROPLAN®, AEROPLAN PLUS®, AÉROPLAN PLUS®, AERO PLATINUM™, AÉRO PLATINE™ AEROSERVICE®, AÉRO OR®, AIR MILES®, AIR MILES SHOPPING REWARDS and logo®, AIR MILES TRAVEL THE WORLD®, BEST OF EVERYTHING®, CLASSICFLIGHT®, DISTINCTION™, MARKET FARE FLIGHT REWARDS™, MCERTS®, NECTAR®, ONGUARD, READY REWARDS®, REBOUND, RSx®, and VOL CLASSIQUE®.

Any other trademarks, or corporate, trade or domain names used in this Annual Information Form are the property of their owners. Our exclusive trademark rights are perpetual provided that their registrations are timely renewed and that the trademarks are used in commerce by us or our licensees. We take appropriate measures to protect, renew and defend our trademarks. We take great care not to infringe on the intellectual property and trademarks of others.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

The Corporation was incorporated on May 5, 2008 under the CBCA. The Corporation is the successor to Aeroplan Income Fund following the completion of the reorganization of Aeroplan Income Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement under the CBCA on June 25, 2008 (the "**Arrangement**"). As a result of the Arrangement, the holders of Units became the sole Shareholders of the Corporation which became the sole owner of all outstanding Units of Aeroplan Income Fund.

On December 29 and 30, 2008, the Corporation completed the reorganization (the "**Reorganization**") of its corporate structure which began with the closing of the Arrangement on June 25, 2008. As a result of the Reorganization, Aeroplan LP was liquidated and dissolved and Aeroplan Income Fund and Aeroplan Trust were wound-up.

On January 19, 2010, the Corporation's articles of incorporation were amended to create the Series 1 Preferred Shares (as hereinafter defined) and the Series 2 Preferred Shares (as hereinafter defined). On May 19, 2010, the Corporation's articles of incorporation were amended to grant voting rights, in certain limited circumstances, to holders of Preferred Shares. On January 15, 2014, the Corporation's articles of incorporation were further amended to create the Series 3 Preferred Shares (as hereinafter defined) and the Series 4 Preferred Shares (as hereinafter defined). See "Description of Capital Structure - Preferred Shares" for a summary of the material terms of the Series 1 Preferred Shares, Series 2 Preferred Shares, Series 3 Preferred Shares and Series 4 Preferred Shares.

On October 5, 2011, the Corporation started to conduct business under the new brand name Aimia, and on May 4, 2012, the Corporation changed its name to Aimia Inc.

The registered and head office of Aimia is located at 5100 de Maisonneuve Blvd. West, Montreal, Quebec, Canada, H4A 3T2. Aimia will move its registered and head office to the Aimia Tower, 525 Viger Avenue West, Suite 1000, Montreal, Quebec, Canada, H2Z 0B2, on or about April 22, 2014.

INTERCORPORATE RELATIONSHIP

The table below shows Aimia's main Subsidiaries, where they are incorporated or registered, and the percentage of voting securities that Aimia beneficially owns or directly or indirectly exercises control or direction over. Aimia has other Subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues for the year ended December 31, 2013. These other Subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues for the year ended December 31, 2013.

Subsidiary	Where Is it Incorporated or Registered	Percentage of Voting Securities that Aimia Holds at March 20, 2014
Aimia Canada Inc.	Canada	100%
Aimia EMEA Limited	England and Wales	100%
Aimia Proprietary Loyalty U.S. Inc.	Delaware	100%
Aimia Proprietary Loyalty Canada Inc.	Canada	100%
Aimia Proprietary Loyalty Australia Pty Ltd.	Australia	100%

GENERAL DEVELOPMENT OF THE BUSINESS

HISTORY

On June 12, 2009, the Corporation concluded with a syndicate of lenders a renewal of its \$650 million credit facilities, consisting of a term facility of \$300 million and a revolving facility of \$250 million, both maturing on April 23, 2012, and a bridge facility of \$100 million, which was repaid with the proceeds of the 7.90% senior secured notes series 2, maturing on September 2, 2014 (the "**Series 2 Notes**"), which were issued on September 2, 2009. On December 7, 2009, the revolving facility was amended to increase the maximum borrowings under this facility from \$250 million to \$300 million. On January 26, 2010, a portion of the term facility was repaid with the proceeds generated from the issuance of the Series 3 Notes, with the authorized availability being reduced by the amount of the payment. On May 6, 2011, Aimia concluded an amendment to its credit facilities. The Corporation repaid \$100 million outstanding under its term facility with funds drawn from its revolving facility and the term facility was terminated. The new secured credit facility, which only consisted of a revolving facility of \$300 million, had a maturity date of April 23, 2014. On April 13, 2012, Aimia further amended its credit facility, extending the term of the \$300 million revolving facility by two years to April 23, 2016.

Pursuant to a short form universal base shelf prospectus, which was filed with the securities regulators in each of the provinces and territories of Canada on March 13, 2009, and which was subsequently amended and restated on March 26, 2009 and renewed on April 8, 2011 and April 12, 2013 (the "**Shelf Prospectus**"), and a prospectus supplement dated January 13, 2010, the Corporation issued on January 20, 2010 6,000,000 cumulative rate reset preferred shares, Series 1 (the "**Series 1 Preferred Shares**") for aggregate gross proceeds of \$150,000,000. In addition, following the exercise by the underwriters of an over-allotment option, the Corporation issued an additional 900,000 Series 1 Preferred Shares on January 26, 2010, bringing the aggregate gross proceeds of the offering of Series 1 Preferred Shares to \$172.5 million. The proceeds from the offering of the Series 1 Preferred Shares were used as follows: (i) \$140 million to repay indebtedness under the revolving credit facility which was drawn to finance a portion of the acquisition of Carlson Marketing, and (ii) the balance for general corporate purposes. The Series 1 Preferred Shares are convertible, subject to certain conditions, into cumulative floating rate preferred shares, Series 2 (the "**Series 2 Preferred Shares**") on a one for one basis. Pursuant to the Shelf Prospectus and a prospectus supplement dated January 8, 2014, the Corporation issued on January 15, 2014 6,000,000 cumulative rate reset preferred shares, Series 3 (the "**Series 3 Preferred Shares**") for aggregate gross proceeds of \$150,000,000. The proceeds from the offering of the Series 3 Preferred Shares were used to supplement its financial resources and for general corporate purposes. The Series 3 Preferred Shares are convertible, subject to certain conditions, into cumulative floating rate preferred shares, Series 4 (the "**Series 4 Preferred Shares**") on a one for one basis.

On May 11, 2010, the Corporation received approval from the TSX and announced its intention to repurchase 5 million of its Common Shares during the period from May 14, 2010 to May 13, 2011, through a Normal Course Issuer Bid program (the "**NCIB**"). On August 11, 2010, the Corporation received approval from the TSX to increase the number of Common Shares that may be repurchased under the NCIB from 5 million to 19,983,631 Common Shares. On May 12, 2011, the Corporation received approval from the TSX and announced the

renewal of its NCIB to repurchase up to 18,001,792 of its issued and outstanding common shares during the period from May 16, 2011 to May 15, 2012 and on May 3, 2012, the Corporation received approval from the TSX for the renewal of its NCIB to repurchase up to 17,179,599 of its issued and outstanding common shares during the period from May 16, 2012 to May 15, 2013. On May 13, 2013, the Corporation received approval from the TSX for the renewal of its NCIB to repurchase up to 17,212,126 of its issued and outstanding common shares during the period from May 16, 2013 to no later than May 15, 2014. As of December 31, 2013, the Corporation had repurchased and cancelled an aggregate of 28,208,331 Common Shares under the NCIB.

On September 13, 2010, the Corporation acquired an initial participation in Premier Loyalty and Marketing, S.A.P.I. de C.V., as predecessor of PLM Premier, S.A.P.I. de C.V. ("**PLM**"), for cash consideration of \$24.1 million (US\$23.3 million), including transaction costs of \$1.4 million (US\$1.3 million). On February 28, 2011, following the signature of the co-branded credit card agreement between PLM, Grupo Aeromexico, S.A.B. de C.V. ("**Aeromexico**") and Grupo Financiero Banamex, the leading financial group in Mexico, the Corporation completed the second tranche of its investment in PLM of \$11.8 million (US\$11.8 million). On December 17, 2012, the Corporation acquired an additional 20% equity participation in PLM for cash consideration of \$87.7 million (US\$89.1 million), including transaction costs of \$1.1 million (US\$1.1 million) bringing its ownership stake in PLM to 48.9%. PLM is the owner and operator of Club Premier, Mexico's leading coalition loyalty program.

On September 8, 2011, Aimia acquired a minority participation in Cardlytics, Inc. ("**Cardlytics**"), a US-based private company operating in card-linked marketing for electronic banking, for cash consideration of \$23.0 million (US\$23.4 million), and entered into a long-term global strategic alliance with Cardlytics to offer the Cardlytics card-linked marketing solution to international markets outside the U.S. In 2013, Aimia made additional investments totaling \$31.9 million (US\$31.0 million) in Cardlytics.

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On November 8, 2011, Aimia and Multiplus S.A. ("**Multiplus**"), Brazil's leading loyalty network, entered into an agreement pursuant to which they agreed to join forces to create a loyalty marketing services company in Brazil with a focus on the design, development and management of third party loyalty and incentive programs, and value creation from data analytics and insight for such programs. The new joint venture, named Prismah Fidelidade S.A ("**Prismah**"), is owned in equal share participations by each of Aimia and Multiplus. Prismah is currently in its start-up phase and is currently investing in determining the best way to penetrate the Brazilian loyalty market by focusing its activities in the financial, travel and retail and consumer goods industry verticals. To date Aimia has made investments totaling approximately \$9.0 million in Prismah.

On May 17, 2012, the Corporation issued \$250 million of 5.60% senior secured notes Series 4 maturing on May 17, 2019 (the "**Series 4 Notes**") pursuant to the Shelf Prospectus and a prospectus supplement dated May 14, 2012. The net proceeds of the offering were used to repay a portion of the amount outstanding under the Credit Facility and for general corporate purposes.

On September 20, 2012, Aimia and Sainsbury's announced the formation of Insights 2 Communication LLP ("**i2c**"), a joint venture which offers suppliers comprehensive multi-channel marketing solutions in and around Sainsbury's stores and online.

On September 24, 2012, Aimia acquired Excellence in Motivation Inc. ("**EIM**"), a U.S.-based full-service channel and employee performance improvement and business loyalty solutions provider, for \$27 million (US \$27.7 million).

On November 7, 2012, the Corporation and Points International Ltd. ("**Points**"), owner and operator of the loyalty platform Points.com, announced that they had entered into a binding agreement to make a minority investment in China Rewards, a Shanghai-based retail coalition loyalty program start-up. Under the terms of the agreement, Aimia invested \$4.3 million (US\$4.2 million), and will invest up to an additional US\$0.8 million upon achievement of certain performance milestones and subject to regulatory approvals.

Pursuant to the Shelf Prospectus and a prospectus supplement dated November 19, 2012, the Corporation issued on November 22, 2012, \$200 million of 4.35% senior secured notes Series 5 maturing on January 22, 2018

(the "**Series 5 Notes**"). The proceeds from the notes were used to finance the acquisition of the additional 20% equity participation in PLM and for general corporate purposes.

During the second quarter of 2013, the Corporation took full control of the Nectar Italia coalition loyalty program by purchasing the remaining 25% of the issued shares of Nectar S.r.l. held by Banque Accord S.A. for cash and contingent consideration totaling \$9.3 million.

On July 17, 2013, the Corporation purchased Smart Button Associates Inc. ("**Smart Button**"), an innovative loyalty technology provider for national retailers and other organizations which offers clients a turnkey, feature rich loyalty solution that is easy to integrate to a company's systems and can be managed by a company's own internal marketing team, for a total purchase price of approximately \$19.8 million (US\$19.0 million).

On September 16, 2013, Aimia entered into ten-year financial credit card agreements with each of TD and CIBC, effective from January 1, 2014. Under these agreements TD has become Aeroplan's primary financial services partner and credit card issuer, while CIBC continues to be an issuer of Aeroplan credit cards. On September 16, 2013, Aimia also entered into an asset purchase agreement with TD and CIBC. Pursuant to this agreement, TD acquired on December 27, 2013 approximately half of the Aeroplan credit card portfolio from CIBC and CIBC retained the balance, comprised of Aeroplan cardholders who have broader banking relationships with CIBC. As a result, a payment of \$150.0 million in relation to the sale of approximately half of the Aeroplan card portfolio to TD, was made by Aimia to CIBC. Concurrent with the asset purchase agreement, the parties entered into a migration agreement. Depending on the net migration of Aeroplan-branded credit card accounts between CIBC and TD over the first five years of the agreement (meaning the net amount of cardholders retained by CIBC who choose to move to TD and the cardholders purchased by TD who choose to move to CIBC), TD, Aimia and CIBC have agreed to make payments of up to \$400.0 million. Aimia will be responsible for, or entitled to receive, up to \$100.0 million of these payments over five years. In accordance with the migration agreement, the payments relating to the net migration of the Aeroplan-branded credit card accounts are to be made within the first 45 days of each year, with the first payment being due in 2015.

On October 23, 2013, Aimia acquired the remaining 60% interest of a privately-owned company based in Indonesia, for cash consideration of \$2.1 million (US\$2.0 million).

On February 6, 2014, the Corporation acquired a minority stake in Think Big Digital Sdn Bhd ("**Think Big**"), the owner and operator of BIG, AirAsia and Tune Group's loyalty program, for approximately \$17.0 million, with up to an additional \$7.0 million to be invested if certain milestones are achieved by December 2015.

THE BUSINESS

OVERVIEW

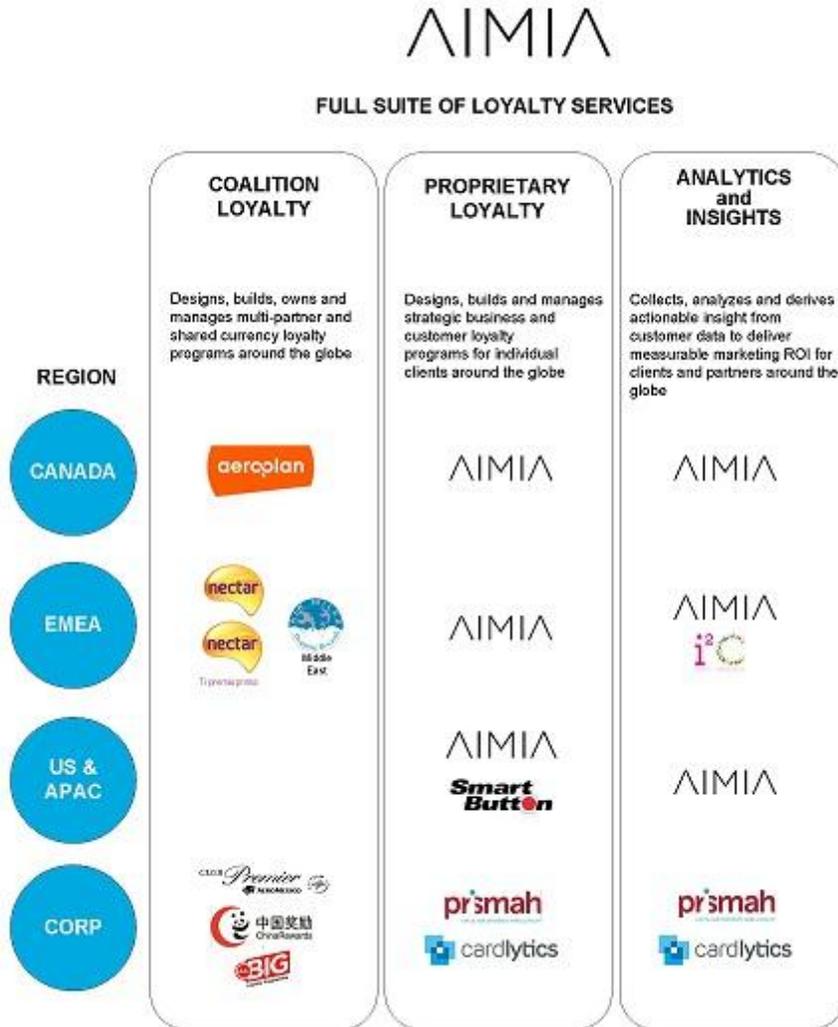
Aimia, a global leader in loyalty management, through its subsidiaries, operates in three regional business segments: Canada, the United States and Asia-Pacific ("**US & APAC**") and Europe, Middle-East and Africa ("**EMEA**").

In Canada, Aimia owns and operates the Aeroplan Program, Canada's premier coalition loyalty program. In EMEA, Aimia owns and operates Nectar, the United Kingdom's largest coalition loyalty program, Nectar Italia, Italy's largest coalition loyalty program and Air Miles Middle East, the leading coalition loyalty program in the UAE, Qatar and Bahrain, through a 60% ownership interest. Aimia's EMEA segment also provides data driven analytics and insights services in the UK and internationally to retailers and their suppliers, through ISS and its 50% participation in i2c, a joint venture with Sainsbury's. Aimia also develops analytical tools to provide services to clients globally to collect, analyze and derive actionable insight from their customer data which is used to improve marketing return-on-investment. In each of the regions, Aimia provides proprietary loyalty services, including loyalty program strategy, design, launch and operation. In addition, Aimia has strengthened its product offering through the acquisition of Smart Button, which offers clients a turnkey, feature rich, software as a service loyalty solution.

Aimia also holds a 48.9% interest in, and jointly controls with Grupo Aeromexico, PLM, owner and operator of Club Premier, a Mexican coalition loyalty program and a 50% interest in, and jointly controls with Multiplus S.A., Prismah, a company formed to offer loyalty services in Brazil. Additionally, Aimia holds an

investment in China Rewards, a Chinese based retail coalition loyalty program start-up, and minority interests in Cardlytics, a US-based private company operating in card-linked marketing for electronic banking and Think Big, the owner and operator of BIG, AirAsia and Tune Group's loyalty program.

The following chart illustrates Aimia's regional reporting structure and full suite of loyalty services as at March 20, 2014:



Notes:

- The chart above does not reflect the actual corporate structure of Aimia, it reflects Aimia's operational structure. Please refer to the section entitled "Corporate Structure – Intercorporate Relationship" for a description of the corporate structure of Aimia.
- As at March 20, 2014 Aimia owned 60% of Air Miles Middle East, 50% of Prismah, 50% of i2c, 48.9% of Club Premier, an investment in China Rewards and minority interests in Cardlytics and Think Big, the owner and operator of BIG, AirAsia and Tune Group's loyalty program. All other businesses listed above are owned 100% by Aimia.
- Analytics and Insights incorporates ISS and i2c.
- Through its strategic alliance, Aimia works with Cardlytics to offer card-linked marketing services for electronic banking in each of our regions other than the US.

Strategy

Aimia's vision is to be recognized as the global leader in loyalty management. Our strategy is to deploy our expertise in building proprietary loyalty solutions, designing, launching and managing coalition loyalty programs, creating value through analytics and insights and driving innovation in the emerging digital, mobile and social communications spaces. We build and run loyalty programs for ourselves and for some of the world's best brands. Our experience in running loyalty programs has taught us innovative ways to unlock data and reveal hidden insights for our clients and partners. Customer data is at the heart of everything we do. We believe in making business personal by inspiring brands to build unparalleled relationships with their customers and making engagement more relevant and rewarding.

Our ability to execute this strategy is grounded in the depth of our people, our technology and our operational expertise. As owner-operators in the loyalty industry we have developed advanced technology platforms and operational experience which we leverage to grow profitability for our company, our partners and our customers.

Our strategy and full suite model is delivered on a global basis through the three principal loyalty service streams outlined below.

Coalition Loyalty

Aimia's coalition loyalty experts build value for existing coalition partners, launch greenfield coalitions, partner with single brand programs to spin them off into multi-partner coalitions and deploy the full suite of loyalty services for coalition partners. Through a member and partner-centric approach, these coalitions add value to the eco-system of partners and members by sustaining, enhancing and deepening the members' relationships with partners.

Proprietary Loyalty

Aimia's proprietary loyalty service experts design, launch and operate new client programs, re-launch, refresh and operate existing client programs and bring our technology platforms, digital, mobile and analytical expertise to bear on behalf of clients, to sustain, enhance and deepen relationships with their customers. We also create incentive programs and loyalty solutions to encourage loyalty, increase sales and deliver results for employee and channel networks.

Analytics and Insights

Aimia is at the forefront of insight and analysis. Understanding the customer and their needs enables decisions that transform businesses. We provide cutting-edge data analytics for coalition and proprietary clients, derive insight from program, SKU-level, third-party and other data sources and use data to deliver unparalleled marketing return on investment, transform the customer experience and build loyalty. Our analytics and insights services include member analysis and reward, partner and liability optimization.

Strategy Execution

Aimia's strategy is executed through the following initiatives:

- enhancing the value proposition to our partners and customers;
- increasing member engagement in the loyalty programs we own and operate by providing new accumulation opportunities and offering a wider range of redemption opportunities;
- assisting our clients in managing and evolving their proprietary loyalty programs to maximize the impact on their businesses;
- offering loyalty management services and applications that span across coalition and third-party proprietary models, from strategy to execution to optimization;

- assisting our clients to gain unparalleled insight into consumer shopping trends from analysis of product and customer information to help them make strategic decisions; and
- delivering optimum data driven solutions to our clients in their interactions with customers, loyalty and reward programs and other data sources.

We are also well positioned to leverage our full suite of loyalty management services to expand profitability by:

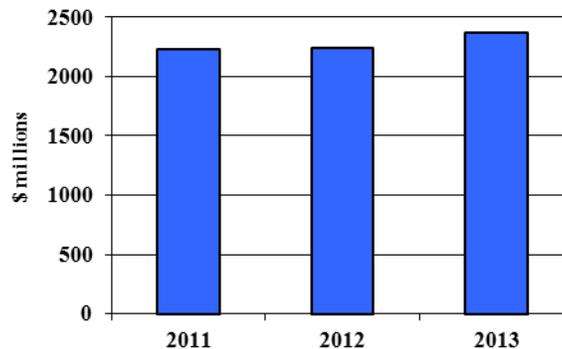
- seeking to acquire interests in existing frequent flyer programs and customer loyalty programs in existing and new geographic markets; and
- pursuing investments in strategic and synergistic acquisitions.

Financial Highlights

For the year ended December 31, 2013, Aimia generated Gross Billings of \$2,366.4 million. Aimia's top three Accumulation Partners were responsible for approximately 47% of Gross Billings for the year ended December 31, 2013.

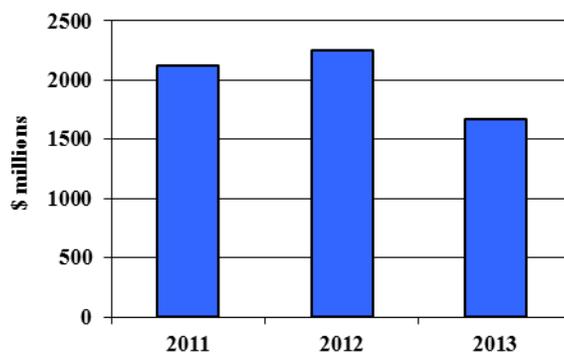
Reported amounts for Aimia's total Gross Billings for the years ended December 31, 2011, 2012 and 2013 were \$2,233.2 million, \$2,243.0 million and \$2,366.4 million, respectively. The following chart illustrates Gross Billings generated by Aimia for the years ended December 31, 2011, 2012 and 2013.

Gross Billings



Reported amounts for Aimia's total revenue for the years ended December 31, 2011, 2012 and 2013 were \$2,115.9 million, \$2,248.9 million and \$1,673.5 million, respectively. The following chart illustrates Aimia's total revenue for the years ended December 31, 2011, 2012 and 2013.

Aimia's Total Revenue ^{(1) (2)}



- (1) 2011 is presented net of the impact of the changes in the Breakage estimates related to the Nectar and Air Miles Middle East programs, which resulted in a reduction of \$113.3 million to revenue attributable to the years prior to 2011.
- (2) 2013 is presented net of the impact of change in the Breakage estimate in the Aeroplan Program, which occurred in the second quarter of 2013 and resulted in a reduction of \$663.6 million to revenue, of which \$617.0 million is attributable to the years prior to 2013 and \$46.6 million to the six month period ended June 30, 2013. For the third and fourth quarter of 2013, the change in Breakage estimate resulted in a reduction of \$39.2 million to revenue.

Reported amounts for Aimia's operating income (loss) for the years ended December 31, 2011, 2012¹ and 2013, were \$41.0 million, \$255.9 million and \$(665.0) million, respectively. Reported amounts for Aimia's net earnings (loss) for the years ended December 31, 2011, 2012 and 2013, were \$(77.0) million, \$167.0 million and \$(492.7) million, respectively.

For the year ended December 31, 2011 operating income and net loss included the unfavorable impact of the changes in the Breakage estimates related to the Nectar and Air Miles Middle East programs amounting to \$113.3 million. 2011 operating income and net loss were also negatively impacted by a goodwill impairment charge related to our US proprietary loyalty cash-generating unit amounting to \$53.9 million or \$49.4 million, net of a tax recovery of \$4.5 million.

For the year ended December 31, 2013 operating loss included the unfavorable impact of the change in the Breakage estimate in the Aeroplan Program amounting to \$702.8 million, the CIBC Payment of \$150.0 million, the Card Migration Provision of \$50.0 million, and the goodwill impairment charge related to our US proprietary loyalty cash-generating unit amounting to \$19.1 million. For the year ended December 31, 2013 operating loss also included the favorable impact of \$24.0 million related to the final judgment of the VAT litigation; refer to "Legal Proceedings and Regulatory Actions – VAT Appeal".

For the year ended December 31, 2013 net loss included the following:

- the unfavourable impact of change in the Breakage estimate in the Aeroplan Program of \$512.6 million, net of an income tax recovery of \$190.2 million;
- the CIBC Payment and Card Migration Provision totaling \$146.9 million, net of an income tax recovery of \$53.1 million;
- the goodwill impairment charge related to our US proprietary loyalty cash-generating unit amounting to \$19.1 million; and

¹ For the year ended December 31, 2012, financial information was restated to reflect the retroactive application of the amendments to IAS 19. Refer to Note 2 of Aimia's consolidated financial statements for the year ended December 31, 2013 for additional information.

- the favorable impact of \$40.2 million related to the final judgment of the VAT litigation, refer to “Legal Proceedings and Regulatory Actions – VAT Appeal”.

For the year ended December 31, 2013, Air Canada and two other major Accumulation Partners accounted for a significant percentage of Gross Billings. Since Aimia's revenues are recognized based on redemptions by members as opposed to the issuance of Loyalty Units to members by the Accumulation Partners, the information on major customers is based on the Gross Billings issued through each Accumulation Partner to members. Gross Billings for each Accumulation Partner represent the contracted amounts invoiced to Accumulation Partners during each period. Air Canada and the other major Accumulation Partners accounted for significant issuance of Gross Billings as follows:

<u>Accumulation Partner</u>	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2012</u>
Air Canada	10%	12%
Accumulation Partner A	23%	25%
Accumulation Partner B	14%	13%

Air Canada, including other Star Alliance partners, is Aimia's largest Redemption Partner. The cost of rewards provided by Air Canada (and other Star Alliance Partners) as a percentage of total rewards and direct costs represented 37% for the year ended December 31, 2013 compared to 38% for the year ended December 31, 2012. Excluding the impact of the final judgement of the VAT litigation which is described in the section entitled “Legal Proceedings and Regulatory Actions – VAT Appeal”, the cost of rewards provided by Air Canada as a percentage of total cost of rewards and direct costs was 35% for the year ended December 31, 2013.

Segmented Information

At December 31, 2013, Aimia had three operating segments: Canada, EMEA and US & APAC. The table below summarizes the relevant Gross Billings, revenue and intangible assets information by segment:

Years ended December 31,																			
(in thousands of Canadian dollars)																			
Operating segments	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011							
	Canada			EMEA			US & APAC			Corporate and Eliminations			Consolidated						
Gross Billings	1,300,101	1,292,551	1,300,510	704,120	639,851	571,598	362,685	315,205	366,502	(457)	(4,584)	(5,384)	2,366,449	2,243,023	2,233,226				
Gross Billings from the sale of Loyalty Units	1,085,820	1,079,793	1,078,504	625,556	548,636	482,297	-	-	-	-	-	-	1,711,376	1,628,429	1,560,801				
Revenue from Loyalty Units	393,454	(6)	1,109,523	1,102,463	625,307	528,359	331,284	(7)	-	-	-	-	1,018,761	(6)	1,637,882	1,433,747	(7)		
Revenue from proprietary loyalty services	166,512	158,169	177,695	18,531	15,191	25,057	362,288	312,337	364,506	-	-	-	547,331	485,697	567,258				
Other revenue	47,378	49,731	49,714	60,078	75,608	65,186	-	-	-	-	-	-	107,456	125,339	114,900				
Intercompany revenue	-	17	1,018	220	304	586	237	4,263	3,780	(457)	(4,584)	(5,384)	-	-	-				
Total revenue	607,344	(6)	1,317,440	1,330,890	704,136	619,462	422,113	(7)	362,525	316,600	368,286	(457)	(4,584)	(5,384)	1,673,548	(6)	2,248,918	2,115,905	(7)
Software and technology ⁽¹⁾	76,756	70,277	70,817	41,064	29,365	21,897	15,159	7,871	10,730	231	N/A	N/A	133,210	107,513	103,444				
Trade names ⁽²⁾	275,000	275,000	275,000	127,247	116,181	114,012	-	-	-	N/A	N/A	N/A	402,247	391,181	389,012				
Accumulation Partners' contracts and customer relationships ⁽³⁾	1,071,588	1,143,314	1,212,137	29,888	31,738	36,230	34,031	32,516	16,257	N/A	N/A	N/A	1,135,507	1,207,568	1,264,624				
Other intangibles ⁽⁴⁾	-	-	3,124	-	-	-	1,122	433	1,702	1,970	2,014	N/A	3,092	2,447	4,826				
Goodwill ⁽⁵⁾	1,691,730	1,691,730	1,691,730	312,064	285,245	280,576	23,335	(8)	30,452	13,297	(8)	N/A	N/A	N/A	2,027,129	(8)	2,007,427	1,985,603	(8)

(1) Software and technology are recorded at cost and amortized using the straight-line method over 3 to 7 years.

(2) Trade names, which are considered intangible assets with indefinite lives, are recorded at cost, and are not amortized.

(3) Accumulation Partners' contracts and customer relationships are recorded at cost and are amortized using the straight-line method over their estimated lives, typically 5 - 25 years.

(4) Other intangibles, which include non-competition restrictions agreed to by the vendors, pursuant to certain acquisition agreements, and the right to use proprietary intangible assets, are recorded at cost and are amortized using the straight-line method over their estimated lives, 3 - 5 years.

(5) Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is not amortized.

(6) Includes the impact of the change in the Breakage estimate in the Aeroplan program, which occurred during the second quarter of 2013, resulting in a reduction of \$702.8 million to revenue from Loyalty Units, of which \$617.0 million is attributable to the years prior to 2013 and \$85.8 million is attributable to the 2013 year.

(7) Includes the impact of the adjustments to the Breakage estimates related to the Nectar and Air Miles Middle East programs, which resulted in a reduction of \$113.3 million to revenue from Loyalty Units attributable to the years prior to 2011. Of the total adjustment, \$82.0 million is attributable to the Nectar program and \$31.3 million to the Air Miles Middle East program.

(8) Goodwill impairment charges of \$19.1 million and \$53.9 million were recorded during the years ended December 31, 2013 and 2011, respectively, related to our US Proprietary Loyalty cash-generating unit.

COALITION LOYALTY

Aimia's coalition loyalty experts build value for existing coalition partners, launch greenfield coalitions, partner with single brand programs to spin them off into multi-partner coalitions and deploy the full suite of loyalty services for coalition partners. Through a member and partner-centric approach, these coalitions add value to the eco-system of partners and members by sustaining, enhancing and deepening members' relationships with partners.

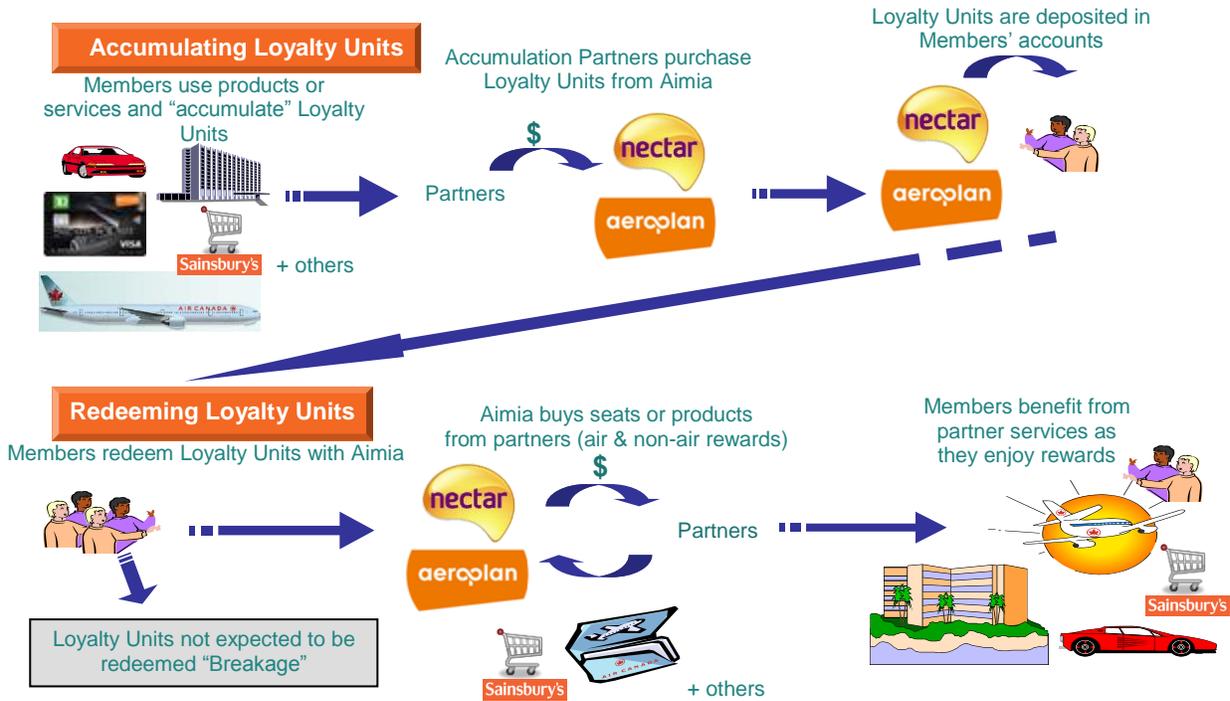
In a coalition, different companies issue the same loyalty currency and the program is managed centrally. This creates significant efficiencies because the costs of the joint infrastructure and program innovation are shared. Coalitions give Commercial Partners access to unique, broad data sets and sustainable competitive advantage since they are hard to replicate.

But the most important benefits are for the members: they earn points in different places and are therefore able to achieve more valuable rewards. They only need to understand the ins and outs of one program and because it represents many areas of expenditure for members, the program is very relevant for their everyday lives. That's why coalition programs have significant cut-through in the market.

Our Commercial Partners and clients benefit from our expertise and the global best practices. We design, develop and manage more coalition loyalty programs than anyone else in the industry.

Coalition loyalty is Aimia's core competency. Aimia owns and operates the Aeroplan Program in Canada, the Nectar Program in the United Kingdom, and Nectar Italia, Italy's largest coalition loyalty program. We also own a 60% interest in RMMEL, which manages the Air Miles Middle East coalition loyalty program in the United Arab Emirates, Qatar and Bahrain. We have a 48.9% ownership interest in PLM, owner and operator of Club Premier, Mexico's leading coalition loyalty program. Additionally, Aimia holds an investment in China Rewards, a Chinese based retail coalition loyalty program start-up and a minority interest in Think Big, the owner and operator of BIG, AirAsia and Tune Group's loyalty program.

As a coalition loyalty owner and operator, we are responsible for establishing relationships with Commercial Partners, issuing the applicable loyalty units, and have responsibility for the programs in terms of funding any required reserve, owning the redemption liability and managing Breakage. In general terms, Aimia's coalition loyalty business is based on two major streams of activity: (i) the sale of Loyalty Units and related marketing services to Accumulation Partners; and (ii) delivering rewards to members through the purchase of rewards or shopping discounts from its Redemption Partners.



Aimia derives its Gross Billings from the sale of Loyalty Units and marketing services to its Accumulation Partners. The marketing services consist primarily of advertising and promotion related services.

Members accumulate Loyalty Units through their purchase of products and services from an extensive network of Accumulation Partners, representing brands in credit and charge cards, grocery, airline, retail and other industries.

The gross proceeds received by Aimia at the time of sale of Loyalty Units to its partners, known as Gross Billings from the sale of Loyalty Units, are deferred and recognized as revenue upon the redemption of Loyalty Units for generally accepted accounting principles purposes. Revenue recognized per Loyalty Unit redeemed is calculated, on a weighted average basis, separately for each coalition loyalty program owned by the Corporation. Upon the redemption of Loyalty Units, Aimia purchases airline seats, shopping discounts or other products or services in order to deliver the reward chosen by the member. At such time, Aimia incurs and recognizes an expense equal to the cost of the reward, and the deferred revenue related to the Loyalty Units being redeemed is recognized as earned revenue from the sale of Loyalty Units. The other significant expenses incurred by Aimia in relation to the operation of coalition loyalty programs include contact centre expenses, information technology costs and selling and administrative expenses.

Based upon past experience, Management anticipates that a number of Loyalty Units issued will never be redeemed by members. This is known as Breakage. By its nature, Breakage is subject to estimates and judgment. The amount of revenue recognized related to Breakage is based on the number of Loyalty Units redeemed in a period in relation to the total number expected to be redeemed, which factors in the Corporation's estimate for Breakage. Breakage is estimated by Management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' future redemption practices. Management, assisted by an independent expert, developed an econometric model that takes into account historical activity, and expected member behaviour, projected on a going concern basis. This tool is used by Aimia to estimate and monitor the appropriate Breakage estimates of several programs it operates on a regular basis. Management's consolidated weighted average Breakage estimate at December 31, 2013 is 12% (2012: 17%), calculated based on the total Loyalty Units outstanding under the Corporation's loyalty programs. This Breakage estimate is based on the results of the application of the model in 2013, including Management's revised expectations around Aeroplan member engagement and cancellation of the Aeroplan seven-year mileage redemption policy following the announcement of the enhancements to the Aeroplan Program on June 27, 2013.

The issuance and redemption of Loyalty Units are influenced by the nature and volume of Commercial Partners, the types of rewards offered, the general economic activity level and the activity level of competing loyalty marketing programs. These influences could affect redemption and Breakage rates.

On an ongoing basis, the total estimated Future Redemption Cost for outstanding Loyalty Units is determined by Aimia as the product of (i) total outstanding number of unredeemed Loyalty Units on a specific measurement date net of estimated Breakage, and (ii) the average unit cost per Loyalty Unit redeemed in the period. Given that the future unit cost per Loyalty Unit redeemed may fluctuate, the Future Redemption Costs liability is periodically revalued using the actual average unit cost per Loyalty Unit redeemed incurred in the most recent period.

Once members have accumulated a sufficient number of Loyalty Units, members are entitled to redeem their Loyalty Units for shopping discounts or from reward portfolios offered through Aimia's various Redemption Partners.

Aeroplan

Overview

The Aeroplan Program was created in July 1984 by Air Canada as an incentive program for its frequent flyer customers. Aeroplan's operations were integrated with those of Air Canada until the end of 2001. On January 1, 2002, Aeroplan was established as a wholly-owned limited partnership of Air Canada with a dedicated management team focused on the development of the Aeroplan Program.

Today the Aeroplan Program is one of Canada's longest standing loyalty programs. Aeroplan benefits from its unique strategic relationship with Air Canada in addition to its contractual arrangements with leading Commercial Partners including TD, CIBC, AMEX, Imperial Oil (Esso), Sobeys, Star Alliance member airlines, Home Hardware, and numerous hotel chains and car rental companies.

Aeroplan offers its over 4.8 million active members, the ability to accumulate Aeroplan Miles throughout its Accumulation Partner network through purchases of products and services. Aeroplan sells loyalty marketing services, including Aeroplan Miles, to its extensive network of Accumulation Partners, representing brands in credit and charge card, airline, and other industries. Credit and charge card partners generate the majority of Aeroplan's Gross Billings. Once members have accumulated a sufficient number of Aeroplan Miles, they can redeem their Aeroplan Miles for air travel and other attractive rewards offered by Aeroplan's Redemption Partners. Upon the redemption of Aeroplan Miles by its members, Aeroplan incurs the cost to acquire the member's desired reward.

Aeroplan Initiatives

Over the recent years, Management has initiated a number of significant changes aimed at improving Aeroplan's operations. Most notably, Management implemented the initiatives described below.

(i) Aeroplan Transformation

On January 1, 2014, Aeroplan implemented ground breaking enhancements to the Aeroplan program that included:

- The launch of Distinction, a new tiered recognition program that rewards top accumulating members, based on total Aeroplan Miles earned across all coalition partners, with preferential mileage levels for redemption, bonus mile offers and exclusive privileges;
- New Market Fare Flight Rewards replaced ClassicPlus Flight Rewards, offering significantly improved value; and
- The cancellation of the seven-year mileage redemption policy, with Aeroplan Miles no longer expiring for members active in the program each year.

(a) Distinction

Aeroplan's new recognition program, Distinction, also implemented as of January 1, 2014, includes several benefits such as:

- Exclusive flight reward benefits with significantly better value on new Market Fare Flight Rewards;
- Special flights to popular destinations during peak periods with 100% of the seats reserved for Distinction members and offered at ClassicFlight reward mileage levels;
- Bonus mile offers on eligible Air Canada flights, with select hotel partners, and through Aeroplan's eStore; and
- Preferential treatment, privileges and limited-time offers, special partner and reward offers and invitations to exclusive events.

Distinction is a unique member recognition program independent from Air Canada's Altitude program. Distinction levels are achieved based on miles earned across all coalition partners including airline, travel, retail and financial card partners. Distinction includes three (3) status levels based on a member's total eligible mileage accumulation:

- dSilver – 25,000 miles accumulated during the calendar year;
- dBlack – 50,000 miles accumulated during the calendar year; and
- dDiamond – 100,000 miles accumulated during the calendar year.

The Distinction qualification period begins on January 1 of each calendar year and ends on December 31 of the same year. For this special launch year, if members reach Distinction status by December 31, 2013, their benefits will take effect on January 1, 2014 and last until December 31, 2014. After 2013, benefits will start as soon as a member successfully reaches a Distinction level, and will last until the end of the following calendar year.

(b) Market Fare Flight Rewards

As of January 1, 2014, new Market Fare Flight Rewards replaced ClassicPlus Flight Rewards, offering members significantly improved value, starting at up to 20% fewer miles required for redemption, with Distinction members enjoying reductions of up to 50%.

(c) Cancellation of the seven-year mileage redemption policy

As part of its commitment to improve member satisfaction, Aeroplan also announced the cancellation of its seven-year mileage redemption policy. Prior to this announcement, miles unredeemed seven years following their accumulation date would have been removed from member accounts starting January 1, 2014. As a result, miles will not expire as long as members stay active in the program by having at least one accumulation or redemption activity every 12 months.

(d) Additional changes to mileage levels for flight rewards

As of January 1, 2014, mileage levels for one-way flight rewards decreased and require only 50% of the miles needed for a round-trip flight. For example, North American one way long haul fares in economy were reduced from 17,000 miles to 12,500 miles and European one way fares went from 40,000 miles to 30,000 miles starting January 1, 2014.

In addition, mileage levels for certain international routes (to/from North America to Australia, New Zealand & South Pacific; Middle East and North Africa; and Asia) for business and first class ClassicFlight Rewards increased as of January 1, 2014.

(ii) Adding Accumulation Partners

Aeroplan actively pursues opportunities to increase its Accumulation Partner base with the objective of further expanding its sources of revenue. Aeroplan signed or renewed major, nationally recognized retail brand name partners such as TD, CIBC, AMEX, Home Hardware, Imperial Oil (Esso), Rexall/Pharma Plus, Sobeys, Uniprix, Costco, Volvo, Miele, and Bentley. These partners were selected from retail categories which represent substantial spending by Aeroplan's member base. Aeroplan will continue to seek to sign on and leverage highly recognizable national brand names. Aeroplan also intends to seek product categories where members can double their opportunity to accumulate Aeroplan Miles. For example, if an Aeroplan member purchases gasoline at Esso using a TD Aeroplan Visa Card, such member receives Aeroplan Miles from both Esso and TD.

In 2013, Aeroplan entered into new partner relationships, renewed partnership agreements with existing partners and further expanded its partner base in financial, retail and hotel industries:

- Aeroplan entered into a ten-year agreement with TD, Aeroplan's new financial credit card partner, effective from January 1, 2014.
- Aeroplan also entered into a ten-year agreement with Canadian Imperial Bank of Commerce, effective from January 1, 2014. CIBC continues to be an issuer of Aeroplan credit cards.
- Aeroplan entered into agreements to extend its partnership with AMEX, effective January 1, 2014, at the expiry of the existing agreements, for a 4 year term;
- Aeroplan entered into a multi-year agreement with Langham Hospitality Group, a family of distinctive luxury hotels under The Langham, Langham Place, Eaton and 88 Xintiandi brands that are located on four continents. This agreement will enable Aeroplan Members to earn Aeroplan Miles for each of their stays at 19 participating hotels and resorts around the globe.
- Aeroplan entered into a multi-year agreement with The UPS Store Canada, the largest franchised network of retail shipping, print and business service centres in Canada. This agreement will enable Aeroplan Members to earn Aeroplan Miles in an additional retail category that focuses on small and medium business owners who have need for courier, packaging, mail box and printing services.
- Aeroplan entered into a multi-year agreement with Volvo Cars of Canada Corp., to enable Aeroplan Members to earn Aeroplan Miles on Volvo vehicles at all Canadian Volvo retailers.
- Aeroplan entered into a multi-year agreement with Miele, the world's largest family-owned and operated appliance company of high quality domestic appliances. This agreement will enable Aeroplan Members to earn Aeroplan Miles in an additional retail category of upscale, premium products.

(iii) Diversifying and Improving Reward Portfolio

As part of its continuing strategy to expand and diversify reward opportunities for its members, Aeroplan has added many new rewards to its non-air reward portfolio which by year-end offered over 700 such rewards to members for redemption. Aeroplan members' concerns over the environment and global warming prompted the launch of a collection of eco-friendly rewards. Aeroplan also offers its members the option to offset the carbon emissions of their rewards flights. Aeroplan members can also donate Miles to the Beyond Miles charity of their choice or create an account for their own local charity, thereby putting Miles to work in their community. Aeroplan's online booking engine was further expanded to include hotel rewards from Best Western, Starwood hotels including Sheraton, Westin, Le Meridien, W Hotels and more, Delta Hotels and Resorts as well as Fairmont Hotels & Resorts throughout North American and select properties in Mexico and the Caribbean. Gift cards for a number of these partners are also available, as well as options to redeem miles toward car rentals with Avis and Hertz as well as cruise and vacation packages with Expedia, CruiseShipCenters and Air Canada Vacations. Member response has been consistently positive to the increasing choice and value that non-air rewards provide.

The Star Alliance Upgrade Awards product was delivered in 2010. This product leverages Star Alliance technology to enable Aeroplan members to use their Miles to upgrade certain revenue fares to higher classes of service (for example, economy class upgrade to business class) on Air Canada and most Star Alliance carriers.

As of January 1, 2014, new Market Fare Flight Rewards replaced ClassicPlus Flight Rewards.

Air travel remains the most popular reward among members, representing approximately 79% of all rewards claimed by Aeroplan members in 2013.

Accumulation Partners

Aeroplan attracts and retains Accumulation Partners based on the value of (i) its premium member base as a target market for such Accumulation Partners' acquisition, retention and increased basket size initiatives with results driven by the ability to earn Aeroplan Miles, (ii) the portfolio of value-added marketing services and channels offered by Aeroplan, (iii) better understanding their customers through Aeroplan's data and insights, for more effective marketing strategies and tactics, and (iv) brand association and marketing power of the Aeroplan coalition program.

Today, Aeroplan has commercial relationships with Accumulation Partners which can be divided into three main categories:

- financial services, including credit and charge cards;
- airlines; and
- retail and other.

Also, Aeroplan provides members with the opportunity to accumulate Aeroplan Miles twice with every travel purchase, by choosing to do business with Aeroplan partners, and using an Aeroplan credit or charge cards to pay for their purchase. This fast-tracks Miles accumulation, which deepens member's engagement and shortens time to earn member's ideal rewards.

(i) Credit and Charge Cards

TD is one of the market leaders in premium credit card issuers in Canada based on purchase volumes and outstanding balances. Pursuant to the TD Agreement, TD administers various Visa and other products through which Aeroplan members can accumulate Aeroplan Miles from their credit card and other spending. In exchange, Aimia Canada receives Gross Billings for the Aeroplan Miles credited to participating TD Visa cardholders' accounts based on the value of the purchases charged to such cards and other products purchased. Members accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card or other product for purchases charged to such card or amounts spent on other products. The TD Agreement has a term expiring on December 31, 2023, unless renewed on mutual agreement of the parties.

CIBC Pursuant to the New CIBC Agreement, CIBC administers various Visa and other banking products through which Aeroplan members can accumulate Aeroplan Miles from their credit card, as well as from certain banking products in respect of which Aeroplan Members applied or had a pending application prior to January 1st, 2014. In exchange, Aimia Canada receives Gross Billings for the Aeroplan Miles credited to participating CIBC Visa cardholders' accounts and participating CIBC customers who have a CIBC Aeroplan banking product based on the value of the purchases charged to such cards and other products purchased. Members accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card or other product for purchases charged to such card or amounts spent on other products. The New CIBC Agreement has a term expiring on December 31, 2023, unless renewed on mutual agreement of the parties and subject to an option for either party to terminate the agreement after its third year if certain conditions related to the migration of Aeroplan credit cards in CIBC's retained portfolio to other CIBC credit cards are met.

Pursuant to the New AMEX Agreements, AMEX administers various American Express products through which Aeroplan members can accumulate Aeroplan Miles from their card spending. In exchange, Aimia Canada

receives Gross Billings for the Aeroplan Miles credited to participating AMEX cardholders' accounts based on the value of the purchases charged to such cards. Cardholders accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card for purchases charged to such card. The New AMEX Agreements have a term expiring December 31, 2017.

AMEX currently offers three card products for consumers: AMEX AeroplanPlus, AMEX AeroplanPlus Gold and AMEX AeroplanPlus Platinum. AMEX also offers the AMEX AeroplanPlus Corporate Gold and the AMEX AeroplanPlus Corporate Platinum cards. Each AMEX card offers a unique set of features and benefits.

In addition, AMEX operates its own points program called Membership Rewards that allows certain participants to convert points from Canadian or U.S. Membership Rewards accounts into Aeroplan Miles.

(ii) Airlines

The airline category is comprised of 35 partners, most notably Air Canada, Air Canada Express and other Star Alliance member airlines.

Air Canada. Air Canada, Canada's largest domestic and international full-service airline, is one of Aeroplan's leading Accumulation Partners purchasing a high volume of Aeroplan Miles annually for the purpose of awarding Aeroplan Miles to its customers. Aeroplan members can accumulate Aeroplan Miles for travel on flights operated by Air Canada, Air Canada Express and Air Canada's new leisure carrier rouge. Please see the section "The Business — Coalition Loyalty — Aeroplan — Long-Term Strategic Relationship with Air Canada — CPSA".

Star Alliance. Aeroplan members can accumulate Aeroplan Miles for travel on flights operated by all Star Alliance member airlines. Air Canada is a founding member of the Star Alliance network, the world's largest airline alliance group. Air Canada operates an extended global network in conjunction with its international partners. Since its inception in 1997, the Star Alliance network has grown to include, as of March 20, 2014, the following 28 airlines: Adria Airways, Aegean Airlines, Air Canada, Air China, Air New Zealand, ANA, Asiana Airlines, Avianca-TACA, Austrian, Brussels Airlines, Copa Airlines, Croatia Airlines, EGYPTAIR, Ethiopian Airlines, EVA, Air, LOT Polish Airlines, Lufthansa, Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, SWISS, TAM Airlines, TAP Portugal, THAI, Turkish Airlines, United and US Airways.

Regional Airlines. Aeroplan members can also accumulate Aeroplan Miles for travel on flights operated by the following independent Canadian regional airlines: Canadian North, Air Creebec, First Air, Bearskin Airlines and Calm Air.

(iii) Retail and Other

Cars and Hotels. Car rental companies Avis and Hertz and many of the leading Canadian and internationally recognized hotel companies, including Starwood, Fairmont, Marriott, Langham, Delta and Hilton Hotels, participate in the Aeroplan Program. Aeroplan's broad-reaching car rental and hotel partner network provides its members with the opportunity to accumulate Aeroplan Miles at a variety of partner locations and also the benefit of being recognized as an Aeroplan Program member when they travel domestically and internationally.

Aeroplan's travel partner portfolio also includes several complementary travel suppliers providing members with a wide variety of opportunities to earn miles while travelling. This includes Expedia CruiseshipCenters, Air Canada Vacations, select airport parking lots, and online travel booking sites such as Destination Miles and Rocket Travel.

Consumer Products and Services. In October 2004, Aeroplan launched its first everyday retail partner through a multi-year partnership with Imperial Oil, one of Canada's largest gasoline retailers. The program was enhanced in 2013 so Aeroplan members now accumulate one Aeroplan Mile for every \$3 spent on regular gas and convenience items, 2 miles for \$3 spent on mid-range gas, and 3 miles for every \$3 spent on premium gas, at more than 1,900 Esso stations across Canada.

Aeroplan launched its multi-year relationship with Home Hardware, Canada's largest independent home renovation retailer, in February 2007. Aeroplan members can accumulate one Aeroplan Mile for every \$2 spent at

more than 1,000 Home Hardware, Home Building Centre, Home Hardware Building Centre or Home Furniture stores across Canada and on over 100,000 products.

Launched in mid-2008, Aeroplan eStore is an online shopping portal that allows members to earn Aeroplan Miles as they shop online from over 150 top-branded retailers in 11 different product categories. This greatly expands the Aeroplan Miles accumulation opportunities to members giving them the ability to earn one (1) Aeroplan Mile for every \$1 they spend on top-brands such as Apple Store Canada, Dell Canada and chapters.indigo.ca.

In September, 2013, Aeroplan entered into a multi-year agreement with luxury vehicle maker Volvo Cars, that enables Aeroplan Members to earn Aeroplan Miles on Volvo vehicles at all Canadian Volvo retailers. Members are able to earn Miles for purchases across the entire Volvo automotive journey including: test drive, vehicle purchase or lease, vehicle accessories and vehicle servicing.

Other partners in this category include Costco, Direct Energy, Uniprix, Miele, Teleflora, The UPS Store, and Bentley.

Members

(i) Membership

The Aeroplan Program currently has over 4.8 million active members, consisting of those members who have completed at least one transaction (either accumulating or redeeming an Aeroplan Mile) during the last twelve months.

Pursuant to the rules and conditions relating to mileage expiry under the Aeroplan Program (the "**Mileage Expiry Policy**"), members must transact with the Aeroplan Program, through either one accumulation or one redemption, at least once in the prior consecutive 12-month period, failing which accumulated Aeroplan Miles in the account will be expired.

Expired Aeroplan Miles may be reinstated for an administrative fee of \$30 plus \$0.01 per restored Aeroplan Mile.

(ii) Protecting the Privacy of Aeroplan's Members

As set out in Aeroplan's privacy policy, reviewed in 2013, Aeroplan is committed to protecting the personal information of its members and of foremost concern is its members' trust in Aeroplan's custodianship of their personal information. Aeroplan is committed to constant self-evaluation of its practices and procedures and to responding to members' comments in order to meet their expectations in this regard. Aeroplan collects, uses, and discloses member information to administer the Aeroplan Program and to offer its members rewards, benefits, products, goods and services under the Aeroplan Program. Aeroplan does not collect, use or disclose personal information about a member without consent except as may otherwise be permitted or required by law. Aeroplan's members may opt out of its marketing lists which are used to promote special offers from Aeroplan and its partners. Aeroplan uses contractual provisions to ensure that its Commercial Partners are bound to protect individuals' privacy. Aeroplan's privacy policy is designed to meet or exceed the requirements of Canadian privacy law, including the Federal PIPEDA, and the principles set forth in the Canadian *National Standard for the Protection of Personal Information* (CAN/CSA- Q830-96). The Corporation's Code of Ethics reinforces its commitment to protecting privacy. The Corporation's investment in this regard contributes to building corporate trust, and protecting its reputation and brand.

Operations

Delivering value to members through data and insights Aeroplan leverages its members' purchasing behaviour data as well as attitudinal data obtained through its proprietary research panel, Aeroplan Advisors, to derive actionable insights for our partners and our program, be it to drive favourable accumulation or redemption. Aeroplan has specialized marketing planning, commercial insights and analytics expertise for each of the major industry sectors in which it has significant Accumulation Partners.

Aeroplan's insight and analytics teams use segmentations, statistical analyses and propensity modeling to deliver targeted and relevant messaging and communication. Over the past number of years, Aeroplan communications have become more relevant and meaningful as a result of its use of its Aeroplan member segmentation model. The model identifies different groups of members based on key behavioural indicators including travel patterns, accumulation sources, tenure in the Aeroplan Program, as well as each segment's needs and attitudes.

Aeroplan's capacity to provide targeted communications presents a value-added marketing tool to its Commercial Partners at competitive rates to alternative mass media. The objectives of such targeted communications are: (i) to increase members' spending and accumulation of Aeroplan Miles with a greater number of Accumulation Partners, (ii) to accelerate the activation of new members, and (iii) to maximize the engagement of members in the Aeroplan Program by encouraging their active participation in the Aeroplan Program through accumulation and redemption.

Accumulation Partners are given communications access to targeted members through Aeroplan's member communication channels, including direct mail, email and new member fulfillment materials, as well as Aeroplan's Internet site aeroplan.com. Aeroplan also creates dedicated and coalition marketing promotions for Accumulation Partners which often take the form of multi-channel national campaigns, including point-of-sale promotions, national advertising and direct marketing. Similarly, Aeroplan applies targeting algorithms to the redemption side of the business by making reward related communication as customized and relevant as possible to specific members.

(i) Member Servicing and Distribution

Contact Centre Operations. There are two Aeroplan contact centres: one located in Vancouver and the other in Montreal. The contact centres are staffed by a skilled workforce who receives extensive training upon joining Aeroplan and on an ongoing basis. The centres are managed by a team of contact centre managers who are accountable for performance and continued productivity improvements.

The centres handle approximately 2.2 million calls per year, which are primarily for booking air reward redemptions. Agents' knowledge of the Aeroplan Program allows them to guide and advise members on how best to utilize the Aeroplan Program. In addition, the contact centres provide product support by answering member queries and provide administrative support for product fulfillment, including ticketing and account crediting.

Aeroplan's Website: aeroplan.com. Aeroplan's website accounts for about 80% of all air travel rewards issued by Aeroplan by year end 2013. It also accounts for all non-air travel rewards issued. Over the last years, major investments in Aeroplan's Internet site have allowed Aeroplan to offer a self-service alternative to members and to optimize communications to members. Aeroplan has also designed and implemented direct connect car rentals and hotel reservations using state-of-the-art technology. This allows members to shop and book car or hotel rewards in one easy step, directly on aeroplan.com. The number of visits to aeroplan.com was over 40 million in 2013. The mobile app accounted for over 9 million visits in 2013 and the mobile website accounted for over 750,000 visits in 2013. Aeroplan's Mobile App is designed to enhance and extend the core functionality of its mobile website and is distributed via the Apple app store. A subsequent update was released in July 2013 that included a goal setting functionality with notification engine designed to help members set travel goals by defining their own destination, track their progress as they accumulate miles and receive timely and relevant tips along the way to help them reach their dream goal faster.

(ii) Systems and Infrastructure

With the new Canadian regional shared services structure in place, Aeroplan receives technology services from Aimia's Canadian technology organization and the newly created global organization. All systems and infrastructure are and will continue to be designed to safeguard and protect Aeroplan's members' data from unauthorized access, use or disclosure.

aeroplan.com. The leading edge technology on aeroplan.com allows Members to perform self-serve transactions. On the website, members can book flight rewards, make car and hotel reservations, book activities or acquire merchandise, look at their current account balance and latest transactions, and accumulate Aeroplan Miles by purchasing items through the e-store. Members can also book additional travel products, such as car rentals and

hotels, through the website with Destination Miles and accumulate Aeroplan miles by doing so. The system has been designed internally and is seen as a leading example in loyalty management self-service.

Aeroplan's Mobile App. Designed for Apple's iOS operating system, the iPhone, iPod touch & iPad version of the app enables members to access the following functionalities:

- Goal setting functionality with notification engine - The Goal setter feature is designed to help members set travel goals by defining their own destination, track their progress as they accumulate miles by participating in the program and receive timely and relevant tips along the way to help them reach their dream goal faster;
- Account management (Members can view their account history, transactions etc.);
- Partners and Promotions listings;
- Partner locator map that pinpoints partners based on members' exact location;
- A virtual Aeroplan Card;
- Contact section including Air Canada Top Tier priority contacts;
- A mobile version of Destination Miles for car rentals and hotel bookings.

Direct Marketing (DM) System. The DM System is Aeroplan's core system where member profile information and transactional data is managed and stored. Data is exchanged electronically through a set of predefined solutions to suit Aeroplan's partners' requirements. Connectivity to DM can be batch or real-time allowing access to up-to-the minute information.

Business Intelligence (BI) Infrastructure. Aeroplan's business intelligence system uses industry leading analytical tools. It features three components, providing Aeroplan and its partners significant strategic benefits:

- highly sophisticated analytical software, enabling predictive modeling and trend analysis;
- on-line campaign management; and
- enterprise and partner self-service reporting, including daily and monthly accumulation reporting for financial purposes and partner verification.

Telephony. The telephone system used by Aeroplan is a highly advanced and integrated system. Together with its call forecasting and workforce management system, it maximizes use of resources available at the Vancouver and Montreal contact centres.

Long-Term Strategic Relationship with Air Canada

Aeroplan has a long-term strategic relationship with Air Canada, Canada's largest domestic and international full-service airline.

Aeroplan's strategic relationship with Air Canada results in several competitive advantages to Aeroplan, including:

- an affiliation with the strong Air Canada brand;
- Aeroplan's role as Air Canada's exclusive loyalty marketing provider based in Canada;
- attractive rates for seat capacity on the Air Canada and Air Canada Express networks based on Aeroplan's status as Air Canada's largest customer;
- access to Air Canada's passengers for the purposes of acquiring new Aeroplan members; and
- access to Air Canada features and benefits for Aeroplan's co-branded TD and CIBC credit cards.

Aeroplan derives service fees from the management by Aeroplan of Air Canada's tier membership program for its most frequent flyers. Aeroplan also collects various fees that may be charged to members upon redemption of Aeroplan Miles, including booking, service and administrative fees.

Aeroplan is a party to the following principal agreements with Air Canada: (i) an Amended and Restated Commercial Participation and Services Agreement dated June 9, 2004, as amended (the "**CPSA**"); (ii) a Database Agreement dated May 13, 2005 (the "**Database Agreement**"); and (iii) Trademark License Agreements dated May 13, 2005 and November 23, 2006 (the "**Trademark License Agreements**").

(i) CPSA

Pursuant to the CPSA, Aeroplan offers its ClassicFlight Rewards through a fixed seat capacity allocation on AC Flights, consisting of a total of 8% of the seat capacity on flights operated by Air Canada and its affiliate, Air Canada Express, and certain other air carriers under the "AC" code at a fixed rate per mile flown. The rates charged for such seat capacity are fixed and increase modestly on a yearly basis through the end of 2016. Thereafter, any upwards or downwards adjustments to such rates are based on an identified set of parameters. On February 10, 2014, as provided for in the existing CPSA, Aeroplan and Air Canada reached agreement relating to fixed capacity redemption rates to be paid by Aeroplan in connection with airline seat redemptions for the period beginning January 1, 2014 through to December 31, 2016. The outcome falls within the pre-established contractual parameters and is in line with Aeroplan's business expectations.

Aeroplan has access to unlimited seat capacity on AC Flights with the Market Fare Flight Rewards product. In addition, Aeroplan continues to have access to 8% of the seat capacity on AC Flights at a fixed rate (subject to adjustments described above) and is able to purchase additional inventory based on published fares with a variable discount depending on fare type. The CPSA also provides that Aeroplan would be charged the most favourable rates charged to any other loyalty program, taking into account Aeroplan's status as the largest purchaser of Air Canada's seat inventory. These arrangements allow Aeroplan to provide its members with significant improved access to air travel rewards.

Air Canada, including other Star Alliance partners, is Aeroplan's largest Redemption Partner. Air Canada pays a fee to participate in the Aeroplan Program which is based on the Aeroplan Miles awarded to Air Canada customers who travel on AC Flights and is included under Gross Billings in the financial statements of Aimia.

Pursuant to the CPSA, Aeroplan is required to purchase annually a minimum number of reward travel seats on AC Flights, representing 85% of the average number of seats utilized in the three preceding calendar years. Based on the three years ended December 31, 2013, Aeroplan is required to purchase reward travel seats amounting to approximately \$424.2 million each year.

While Air Canada can change the number of Aeroplan Miles under the Aeroplan Program awarded to members per flight without Aeroplan's consent, Air Canada is required to purchase, on an annual basis, a pre-established number of Aeroplan Miles at a specified rate. The annual commitment is based on 85% of the average total Aeroplan Miles actually issued in respect of Air Canada flights or Air Canada airline affiliate products and services in the three preceding calendar years. The estimated minimum requirement for 2014 is \$218.0 million.

The CPSA also provides that Aeroplan shall, in return for a service fee, manage Air Canada's frequent flyer tier membership program, Air Canada Altitude, for Air Canada's Super Elite 100k, Elite 75k, Elite 50k, Elite 35k and Prestige 25k customers, as well as perform certain marketing and promotion services for Air Canada, including contact centre services for the frequent flyer tier membership program.

The CPSA prevents any other transportation business that competes with Air Canada (other than Star Alliance member airlines) from participating in the Aeroplan Program, provided that Aeroplan can have, as Commercial Partners, certain transportation companies such as car rental, rail and bus companies and cruise ship lines with Air Canada's prior approval (not to be unreasonably withheld). This exclusivity provision ceases to apply if, in four consecutive quarters based on a quarterly, year-over-year comparison, a very significant decrease occurs in the total seat capacity of Air Canada and Air Canada Express (the "**Air Canada Material Change**"). Alternatively, Aeroplan may terminate the CPSA upon the occurrence of an Air Canada Material Change.

Air Canada is not permitted during the term of the CPSA to create or participate in any other frequent flyer program or customer loyalty recognition program other than programs with certain Star Alliance partners who have agreed to give Aeroplan reciprocal access, and certain time-limited internal programs that are not denominated in a reward currency, as well as certain other programs operated by third parties if particular conditions are met. This exclusivity provision shall cease to apply if, in four consecutive quarters based on a quarterly, year-over-year comparison, a very significant decrease occurs in the total number of Aeroplan Miles accumulated in the Aeroplan Program, provided that such decrease is unrelated to material reductions in the seat capacity of Air Canada and Air Canada Express (the "**Aeroplan Material Change**"). Alternatively, Air Canada may terminate the CPSA upon the occurrence of an Aeroplan Material Change.

Subject to the foregoing, the CPSA expires on June 29, 2020, subject to four automatic renewals of five years each, unless either party provides written notice to the other of its intention not to renew at least 12 months prior to the expiry of the initial term or the then current renewal term.

(ii) Database Agreement

Pursuant to the Database Agreement, Aeroplan manages Air Canada's passenger information database. The Database Agreement allows Aeroplan to access and use the Air Canada database information for statistical purposes, as well as for revenue generating and general marketing purposes by using such information to conduct market research for other Aeroplan partners who are not in direct competition with Air Canada. Moreover, Air Canada is entitled to access and use the Aeroplan database information for certain limited purposes, including pre-approved targeted marketing activities. The access and usage by each of Aeroplan and Air Canada is subject to adherence to any applicable confidentiality restrictions and pre-established fees based on information access or use, which fees are invoiced on a quarterly basis and are subject to revision annually. During 2013, no fees were billed or paid under the Database Agreement.

The Database Agreement expires on June 29, 2020. In addition, the Database Agreement automatically terminates in the event that the CPSA is terminated.

(iii) Trademark License Agreement dated May 13, 2005

Air Canada granted Aeroplan a royalty-free, non-exclusive, non-sublicensable, non-assignable right to use certain trademarks registered by Air Canada around the world which incorporate the Air Canada name, and/or Air Canada's roundel design, solely in association with the Aeroplan Program. The Trademark License Agreement dated May 13, 2005 can be terminated in the event the CPSA is terminated.

(iv) Trademark License Agreement dated November 23, 2006

Aeroplan granted Air Canada a royalty-free, non-exclusive, non-sublicensable, non-assignable right to use certain trademarks registered by Aeroplan around the world which incorporate the Aeroplan name, and/or other trademarks, solely in association with the loyalty marketing program operated by Aeroplan, the management of Air Canada's tier program for frequent travelers and scheduled and charter air transportation services. The Trademark License Agreement dated November 23, 2006 can be terminated in the event the CPSA is terminated.

(v) Contact Centre Employees

On May 13, 2005, Aeroplan and Air Canada entered into a general services agreement (the "**GSA**"), pursuant to which the services of the contact centre agents, who were employed by Air Canada, were rendered to Aeroplan. In June, 2009, Aeroplan terminated the GSA in accordance with its terms, and certain contact centre agents were transferred to Aeroplan. The transfer of 805 contact centre employees to Aeroplan was fully effected on June 14, 2009, and CAW Local 2002 was confirmed as their bargaining agent.

As part of the transfer of the employees, Aeroplan agreed to recognize the transferred employees' seniority and assume any excess pension obligation arising from the accumulation of service years post termination with Air Canada until retirement from Aeroplan.

As a result of the termination of the GSA, all obligations under the agreement, including the special payments in respect of pension plans in which the assigned employees under the GSA participated, have ceased.

On June 8, 2012, Aeroplan entered into an agreement with Air Canada through which Air Canada will transfer to the Aeroplan defined benefit pension plan all the pension plan assets and obligations related to pension benefits accrued by employees who were Air Canada customer sales and service agents prior to 2009 and who were transferred to Aeroplan in 2009. The transfer is subject to regulatory approval from the Office of the Superintendent of Financial Institutions which is expected to occur within 18 to 24 months of the agreement date.

Pursuant to the agreement, Air Canada agreed to pay Aeroplan a compensation amount of \$5.5 million in exchange for the transfer of the pension plan assets and obligations relating to the transferred employees. On June 18, 2012, the compensation amount was received. On November 23, 2012, the amount was contributed to Aeroplan's defined benefit pension plan.

On December 13, 2012, Aeroplan reached a three-year agreement with CAW Local 2002 that represents Aeroplan contract centre employees, retroactively effective on November 15, 2012. The collective agreement was ratified by 72% of voters after union meetings held in Montreal and Vancouver on December 18, 2012.

(vi) Air Canada Warrants and Class B shares

In connection with the credit agreement that was entered into by Aimia Canada, Air Canada and other parties on July 29, 2009, which was repaid on August 3, 2010, Air Canada issued the lenders, including Aimia Canada, warrants to purchase Air Canada Class A or Class B variable voting shares. Aimia Canada received 1,250,000 warrants with an exercise price of \$1.51 each on July 29, 2009, and 1,250,000 warrants with an exercise price of \$1.44 each on October 19, 2009, in each case exercisable at any time and expiring four years from the date of grant.

On July 24, 2013, Aimia exercised 1,250,000 warrants at a price of \$1.51 each and acquired a corresponding number of Air Canada Class B shares for cash consideration of \$1.9 million. The fair value of these warrants amounted to \$0.9 million on July 24, 2013. On October 16, 2013, Aimia exercised the remaining 1,250,000 warrants at a price of \$1.44 each and acquired a corresponding number of Air Canada Class B shares for cash consideration of \$1.8 million. The fair value of these warrants amounted to \$4.4 million on October 16, 2013.

The total fair value of the Air Canada Class B shares amounted to \$18.5 million at December 31, 2013.

Nectar Program

History of the Nectar Program

Until the launch of the Nectar Program in September 2002, the United Kingdom loyalty landscape consisted primarily of proprietary loyalty programs operated by individual retailers (other than the Air Miles Program). Many of these models required substantial infrastructure, marketing investments and costs to provide limited value to customers and therefore resulted in limited consumer behaviour change. In addition, many of the companies operating stand-alone loyalty programs did not maximize the potential of the customer data they collected. This was because they did not have the necessary database design or functionality, the expertise to effectively mine and analyze the data or the budget required to action the data collected. Consumers were required to join multiple programs in order to earn rewards across a wide selection of household spend resulting in a cumbersome and fragmented proposition which required carrying numerous cards in one's purse or wallet. Furthermore, any one in-house, stand-alone loyalty program only addresses a small fraction of total household expenditure and therefore limited the opportunities to collect and redeem points of meaningful value in any single program.

In September 2002, the Nectar Program was introduced to address this consumer and retailer need by creating a new coalition-based approach to customer loyalty in the United Kingdom. This model allows a consumer to collect and redeem Nectar Points across a wide network of Accumulation Partners which cover a significant proportion of household spending categories and offers a variety of reward opportunities. The Nectar Program launched with four Accumulation Partners, including Sainsbury's and BP. As part of the launch, the launch partners terminated their participation in their existing loyalty programs and encouraged members of their existing loyalty programs to register with Nectar and in the case of Sainsbury's, members of its existing loyalty program were able to convert their outstanding points in Sainsbury's existing program into Nectar Points. The Nectar Program has grown into the leading coalition loyalty program in the United Kingdom. This benefit enables Nectar to capture a large

portion of total household expenditure, to facilitate greater attainability of rewards for consumers and to increase customer loyalty.

Overview

The Nectar Program enables its members to earn Nectar Points for making everyday household purchases at 14 market leading Accumulation Partners. Current Accumulation Partners include household names such as American Express, BP, British Gas, eBay, Expedia, Inc., Ford, Homebase and Sainsbury's, many of whom have long-term contracts with Nectar. Members earn Nectar Points based upon either their level of spend (typically two Nectar Points per £1 spent) or through activity (for example being a customer of an Accumulation Partner). Members can then redeem these Nectar Points with Redemption Partners for rewards ranging from merchandise and shopping discounts to flights and admissions to leisure attractions.

Nectar updates members regularly on their Nectar Points balance and also communicates tailored marketing offers through direct to home mailings and email.

Nectar enables participating Accumulation Partners to improve customer loyalty, influence customer buying behaviour, improve marketing effectiveness and obtain customer data and analytics at a lower cost than can be provided through an in-house single participant loyalty program. Redemption Partners are able to access a discrete distribution channel and a large pool of Nectar members.

Nectar earns the majority of its Gross Billings by receiving a marketing service fee from its Accumulation Partners for each Nectar Point issued to members. Accumulation Partners generally have long-term contracts containing minimum commitments. When members redeem Nectar Points for rewards, Nectar pays Redemption Partners a redemption service fee for fulfilling the reward to the members.

Operating costs, not included in the cost of providing rewards, include the maintenance of the systems used to manage Nectar Points balances and securely hold customer data, marketing costs such as advertising and communications, employee costs and contact centre costs.

Nectar has emerged as the United Kingdom's largest coalition loyalty program with over 19 million active members as at March 20, 2014. In order to drive member interest and engagement, Nectar focuses on five key program drivers:

- the number of members registering in Nectar;
- frequency of card usage (activation);
- the number of Accumulation Partners that a member visits in a given period;
- the number of Nectar Points a member earns; and
- redemption behaviour including the number of Nectar Points a member uses for specific rewards, the frequency of redemption and the level of members' understanding of the redemption process and portfolio.

These indicators provide Management with important information on the spending behaviour of members and the health of Nectar more generally.

Nectar also operates "Nectar Business", a business-to-business loyalty program which enables small and medium sized businesses to collect Nectar Points. These Nectar Points can be earned across a range of consumer and dedicated business-to-business Accumulation Partners and redeemed for rewards in a similar manner to the consumer program, using Nectar Redemption Partners.

On February 22, 2012, Nectar announced that it signed a 7-year contract renewing its contract with founding coalition partner Sainsbury's for its participation in the Nectar program. As part of this renewal, Sainsbury's extended its commitment to the program to secure an even higher level of engagement and value for the

millions of Nectar members who regularly shop in Sainsbury's. Aimia reduced its estimate of the long term Breakage rate for the Nectar program to reflect these higher levels of engagement.

On September 20, 2012, Nectar announced that eBay, the UK's largest online marketplace, who have 17 million unique visitors to their website per month, was to become Nectar's new partner from October 15, 2012. eBay shoppers are able to collect Nectar Points on successful bids and 'buy it now' transaction once they have linked their eBay and Nectar accounts. Since launching eBay, over 4 million eBay shoppers have linked their eBay and Nectar accounts.

In 2013 Nectar redesigned the mobile app and launched a brand new iPad app, extending the reach to all major mobile platforms. The app enables members to view their points balance, search for local stores, opt into offers from partners and fast-moving consumer goods, and collect points online via eShops and Yahoo! searches. In 2013, the Nectar app was accessed by more than 850,000 users.

In April 2013, Nectar announced that Oxfam was to become a partner in the Nectar program with the 'Tag Your Bag' initiative enabling members to earn points when the items they donate are sold in Oxfam stores in the UK. Following the launch of Oxfam 'Tag Your Bag', there are now 115,000 active Tag Your Bag customers and over £2 million (including gift aid) has been raised from these members.

Accumulation Partners

The contracts which form the basis of each Accumulation Partner's participation in the Nectar Program generally contain the following characteristics:

- Long-term in nature (i.e., generally at least two years in length);
- Annual minimum financial commitments; and
- Annual, RPI linked program support fees.

These contract terms result in predictable and recurring cash flows. In general, contracts prevent an Accumulation Partner from participating in competitive programs and provide the Accumulation Partner with the exclusive right to issue Nectar Points within its category, use the Nectar brand in its marketing activities and identify other Nectar members who are currently not its own customers via Nectar's marketing initiatives. The Nectar database, together with other intellectual property used to operate Nectar, is owned exclusively by Nectar.

Nectar continues to seek opportunities to secure new long-term Accumulation Partner commitments while seeking to renew existing agreements. To the extent possible, the contract term of Accumulation Partner agreements are staggered in order to minimize concurrent contract renewal negotiations.

Redemption Partners

Members have the opportunity to redeem rewards across a wide spectrum of goods and services. Nectar contracts with a wide network of Redemption Partners who can broadly be divided into three categories:

In Store Discounts: Members can redeem Nectar Points to receive immediate discounts upon making a purchase at various retail locations. Significant retail suppliers include Sainsbury's and Argos.

Entertainment and Gifts: Members can redeem Nectar Points for discounts and gifts from various entertainment and lifestyle-oriented suppliers such as theme parks, concerts, video rental and cinema tickets. Significant suppliers of entertainment and gifts include Vue Cinemas.

Travel and Leisure: Members can redeem Nectar Points for more traditional rewards such as discounts off flights and hotel reservations with Expedia. In March, 2011, easyJet, the UK's largest airline, joined Nectar as a redemption partner, enabling Nectar members to redeem their Nectar points for seats on easyJet flights to over 550 destinations in 30 countries with no restrictions or time limits.

Operations

Systems and Database Management: Management of Nectar has utilized its past experience in building loyalty programs to design and build a modern, proprietary, loyalty database system which is robust, reliable and scalable. Nectar continually invests in its technology platform for the benefit of its Commercial Partners and members. Nectar's technology infrastructure is also portable and can be used to launch programs in new geographic markets and to provide outsourced services to customers interested in launching or managing their own loyalty programs.

The system is hosted by a leading provider of data hosting services and is supported by back-up and recovery systems. There is ongoing investment in the platform, which is regularly upgraded and enabled with new analytical tools. As a result, Management believes its platform is among the most sophisticated in the industry.

Print and Production: Since 2004, Nectar has worked with a variety of suppliers across Europe including some market leaders. This has enabled it to develop a range of innovative, personalized, alternative formats for communicating with members. Data processing is achieved through an in-house and outsource approach, which capitalizes on the data knowledge and quality initiatives led by Nectar and the processing software and know-how of mailing houses. By directly managing these aspects of the business, Nectar maintains full control over the process and consistently achieves cost reduction in the average cost of each communication.

Registration and Fulfilment: In addition to the Points Update Mailing, the print and production function is responsible for sourcing all materials and production of registration kits. Registration and fulfilment consist primarily of registration of new members and replacement of lost, stolen or damaged cards. A key tag product was launched in 2006 and this has been issued to high worth members showing the best demographic fit to this product.

Contact Centres: Nectar's telephone, email, webchat and mail interactions with members are handled through outsourced contact centres. The contact centre handles all member service inquiries and certain redemption reward bookings. Calls handled at the offshore site in Mumbai, India, are predominantly administrative in nature. Calls handled in the United Kingdom at a site in Newcastle are predominantly more complex complaints, redemption calls plus email, web chat and mail responses.

Air Miles Middle East

Launched in 2001, the program now counts more than 1.1 million registered members, of which 580,000 are active members from across the UAE, Qatar and Bahrain. Members can collect Air Miles from over 120 market-leading companies including HSBC, Spinneys, Sharaf DG, Lamcy Plaza, Arabian Centre, Adidas and Damas, plus many more. Air Miles Middle East also runs My Rewards Points Program for HSBC in Jordan, Egypt, Lebanon and Oman.

Air Miles Middle East offers a wealth of rewards and experiences to members such as flight and hotel bookings, car rental, electronics, jewellery, adventure experiences and entertainment tickets.

Nectar Italia

Nectar Italia, the Nectar branded coalition loyalty program which was launched in Italy on March 1, 2010, is modelled on the Nectar Program in the United Kingdom. It is the first independent coalition loyalty program uniting leading retailers in Italy and has signed approximately 11 million members since March 1, 2010. With 6.4 million active members, it is the largest coalition loyalty program in Italy. The Nectar Italia Program enables individuals to earn Nectar Italia Points for making everyday household purchases at leading retailers and services providers. Current accumulation partners include household names such as Sma, Auchan Hypermarkets (with which renewal discussions have commenced), Ip, UniEuro, Hertz, Welcome Travel and Original Marines.

In addition, Nectar Italia also offers an internet shopping portal which provides members with the opportunity to earn Nectar Italia Points on purchases from an extensive range of online retailers.

Members can redeem their Nectar Italia Points with Redemption Partners for rewards ranging from merchandise to shopping discounts.

Club Premier

Club Premier is the leading coalition program in Mexico with more than 3.5 million members and over 90 partners, and the operator of the frequent flyer program of Aeromexico, Mexico's flagship airline. As a member of the global airline alliance SkyTeam, Club Premier members have the opportunity to earn and redeem points on airlines such as Delta Airlines, the largest airline in the world, and Air France-KLM, the largest airline in Europe. Members also earn points for using the American Express and Banamex co-branded cards on a variety of services from other loyalty partners. Other partners of the Club Premier program include Soriana, one of the major Mexican grocers, and Sanborn's, a large chain of convenience stores. For the year ended December 31, 2013, its second full year in business, Club Premier reported Gross Billings of \$156.8 million.

PROPRIETARY LOYALTY

Aimia's proprietary loyalty service experts design, launch and operate new client programs, re-launch, refresh and operate existing client programs and bring our technology platforms, digital, mobile and analytical expertise to bear on behalf of clients, to sustain, enhance and deepen relationships with their customers. We also create incentive programs and loyalty solutions to encourage loyalty, increase sales and deliver results for employee and channel networks. Aimia's proprietary loyalty service experts bring their skill to clients through strategy and program design, loyalty and engagement platforms and systems, program operations, rewards management. For our channel and employee engagement clients, we also run engagement analytics and our event management team provides end-to-end development and delivery of events. Current clients include Procter & Gamble, Commonwealth Bank of Australia, Standard Chartered Bank, Petron, Starwood Hotels, Estee Lauder, The Toronto-Dominion Bank, Royal Bank of Canada, Scotiabank, Bank of Montreal, Vancity, MBNA, Royal Bank of Scotland, Lloyds TSB, Qtel, Mobily and Al Hokhair.

Strategy and Program Design

Aimia's strategy team develops, designs and manages loyalty programs and the business models that underpin them, for Aimia's world-renowned programs and many of the most visible global brands.

We begin with the proprietary Loyalty Health Check to deliver insight about the value of any existing loyalty or CRM program. We analyze our clients' customer base, their needs and expectations and deliver strategic loyalty recommendations.

Utilizing the insight from the Loyalty Health Check, Aimia creates and assesses potential business models and program design concepts. The main components of the consultancy phase include:

- **Program Proposition:** An articulation of the consumer value proposition as it aligns with the brand. This involves fully-researched and developed positioning including program rules, features and benefits. It also encompasses the rewards strategy.
- **Business Model Options:** Aimia identifies potential business models, allowing for new revenue sources and alternative ownership structures such as joint ventures. Each option is supported by a Program Business Model. This involves collating all potential costs and revenue streams and forecasting behavioural change based on existing benchmarks and Aimia insight.
- **Customer Plans:** Customer segment level plans including features, benefits, rewards, product- and customer-experience enhancements.
- **Customer Experience:** Customer experience maps describing the customer experience across channels including the service level experience and triggered as well as calendar communications. This work aligns with a broader CRM plan where it exists.
- **Data Strategy:** Plan for the collection and analysis of customer data to improve customer insight.

Loyalty Platforms & Systems

Aimia's global expertise, combined with data analytics, loyalty marketing and best-in-class technology, and actionable customer data deliver precise insights and create programs that influence behavior and market share.

Aimia designs and operates some of the world's largest loyalty programs. Aimia Systems – comprised of our loyalty platform and our, insights and communications platform – provide customers with opportunities to strengthen customer relationships and create the right customer experience.

The Aimia Loyalty Platform features intuitive, integrated self-service marketing tools. With the ability to capture and synthesize multichannel data for more precise customer understanding, the Aimia Loyalty Platform allows our clients to manage, configure and adapt their loyalty programs. The Aimia Loyalty Platform gives our clients the ability to:

- See things as they happen
- Anticipate opportunities
- Create more meaningful real-time interactions
- Make adjustments and take advantage of unexpected opportunities.

Program Operations

Aimia manages world-class global coalition and client programs. In consultation with our clients, our team will establish value and deliver service performance to ensure client satisfaction. Our goal is to minimize cost and provide customers with the most relevant level of support.

We tailor our proprietary operational model to meet our clients' needs. Options include off-shoring and in-house resources. To provide our clients with a cost-efficient and smooth service delivery we automate upgrades and configurations.

Rewards Management

An important driver of program enrolment, member satisfaction and member retention is the appeal of a program's rewards.

Aimia's loyalty reward management capabilities provide a complement of services for both newly created loyalty programs and long established ones. We have built our expertise on a foundation of advanced analytics and creative thinking to help loyalty programs reach the next level of sophistication. We offer extensive rewards management options tailored to meet our clients' needs. Our capabilities include:

- Reward cost management and optimization: Aimia has the experience and capability to manage and optimize one of the key expenses of any loyalty programs reward cost. Utilizing advanced analytics and modeling, our team is able to identify approaches to optimize interactions with direct and indirect cost drivers and accelerate predictable cost savings.
- Reward pricing management and optimization: using advanced analytics and modeling, Aimia provides expertise to achieve optimal reward margins and membership satisfaction. Aimia ensures the interests of all stakeholders are considered.
- Forecasting of reward key performance indicators (including financial budget and outlooks): Aimia's expertise includes internal forecasting. Understanding the main reward cost drivers and pricing elements leads to improved forecasting accuracy.
- Reward management levers development: Aimia excels in developing reward management tools and levers. Advanced analytics, continuous improvements and innovation techniques are critical to

develop such tools and management levers. Applying these techniques can greatly improve our clients' level of sustained return on investment.

Customer Engagement

Marketing Communications Services

Aimia delivers a full suite of marketing communications programs. We combine customer behaviour with program, transactional and household demographic data. Our programs have the ability to target consumers based on where they actually spend, to deliver relevant, customer centric marketing across all sectors. We unlock powerful insight to create meaningful marketing communications programs.

Our capabilities include:

- Fully integrated campaign management systems: SKU level propensity modeling enables us to plan and deliver award winning insight-driven programs by targeting relevant customers using the most effective channel.
- Self Serve: Our proprietary tool enables retailers and their vendors to proactively manage their business by identifying their customers' changing habits as they happen. This level of market intelligence enables timely, relevant, and targeted product communications and promotional offers directed to specific customer segments or store formats. In addition we offer bespoke innovative analysis for a wide range of global retailers to support the client's vision and strategy.
- Card-Linked Marketing: We provide a unique advertising platform that delivers targeted marketing recommendations to customers based on their past purchase history.

Social Integration Strategy

- (i) Social Loyalty: Real Relationships that power ROI

Aimia has the expertise to develop the right strategy to engage, retain and motivate clients' audiences. We have developed social loyalty programs for many of the leading global brands including Aeroplan, Nectar, P&G and Kellogg's to develop real, rewarding and long-term relationships for brands with customers.

Our experienced market-leading social media team works to deliver successful campaigns with several clients. Social integration is not just Facebook and Twitter platforms. Customer loyalty is more than achieving short-term campaign goals and delivering ROI. Social media and loyalty are driven by human emotion.

- (ii) Social Integration is:

- Real – Aimia achieves our clients' business goals by fostering social relationships that their customers value. Familiarity and engagement inspire loyalty and advocacy.
- Rewarding – Aimia is uniquely placed to pioneer social loyalty. We combine traditional loyalty mechanisms with social media to reward customer advocacy in social media and in-store behavior.
- Intimate – Aimia's proprietary loyalty programs show the client what their customers want. We personalize the client's customer messages and offers.

- (iii) We work with the client to test and learn to:

- Optimize the performance of the client's existing social channels
- Measure and developing the client's social ROI
- Test innovations and develop Social Loyalty with the client's customers.

Mobile Integration Strategy

Mobile technology plays an increasingly important role driving, enabling and shaping loyalty, and it is a channel we embrace as the “remote control of consumers’ lives”. We make sense of this dynamic space and help our clients to deliver a new generation of loyalty programs.

As the worlds of mobile technology, loyalty, and commerce collide, the landscape is becoming crowded. Consumers rely on smartphones, tablets and other connected devices to enhance their experience with brands and retailers. Mobile technology offers us a way to connect with consumers and to ensure our relationships become real and more immediate.

We adopt a "Mobile Forward" approach to loyalty program design. Mobile technology is reshaping how we do business. In retail, mobile technology is a change agent throughout the customer journey; from research and discovery, to in-store experience, to points, coupons and vouchers, through payment to post-purchase. Outside of retail, engaging and useful mobile apps are ensuring providers develop meaningful relationships with their customers.

The characteristics of mobile technology are shaping loyalty for the better; helping us ensure our clients' programs reach consumers with greater relevance and context. Aimia understands the intricacies of mobile technology opportunities in diverse markets. We are able to advise on mobile technology usage trends, handset adoption, uptake / growth potential of new mobile technologies such as Near Field Communications and Bluetooth Low Energy and the impact this may have on a market, a vertical or a brand. We have a team of experts who can advise on how to ensure mobile technology is a successful part of a loyalty program.

Communications Platform

Our team uses world-class technology to design, deliver and manage targeted multichannel campaigns. We use our platform to apply sophisticated analytics methods to increase the client’s campaign relevance and our proprietary technology to integrate multiple sources of the client’s customer data to measure and improve the effectiveness of the client’s campaigns.

Campaign Design, Delivery & Optimization

CRM (Customer Relationship Management) is the process of bringing technology, analytics, customer lifecycle, marketing and channels together to form a singular view of the customer to match their needs with products and offerings. This allows for strategic consideration of the message, delivery and channel.

We understand the importance of an effective campaign. Our strength lies in our experience to plan, design and deliver CRM campaigns across all channels and in our ability to measure ROI. We believe that the framework of a successful campaign is the design, delivery and optimization. Starting by deriving a business objective and setting goals we gain insight to influence and change customer behavior. The process is iterative and evolves as we continue to learn about the customer.

An impactful CRM program is one that simultaneously draws from the perspectives of marketing and analytics to develop campaign design and optimization. To ensure the overall success of the program, we continue to test and learn at each stage of development and we evaluate throughout the process and adjust as required to maximize resources and revenue.

We focus on maximizing our clients' ROI. We understand each campaign has different end goals — brand engagement, acquisition, retention, winning customers back, monetizing data through vendor product offerings or increasing value of existing customers. Our objective is to ensure measurable results as we implement each segment of the strategy to increase our clients' ROI.

An effectively designed campaign will:

- Enable the client to identify and target its best customers, generate leads, manage marketing campaigns and increase sales and traffic via campaign management and customer lifecycle analytics

- Allow the client to cultivate individualized relationships with customers to improve customer satisfaction and maximize profits; identify the most profitable customers to provide them with the highest level of service
- Provide employees with the necessary information to know their customers, understand and identify their needs and effectively build relationships between the client, its customers and partners.

The key success factors critical to optimizing the CRM strategy:

- Experimental Design – the science behind a client’s ability to test, learn, track, measure and optimize each CRM initiative.
- Measurement Best Practice – align each lifecycle stage with the core objective and effective measurement practices to monitor progress.
- Supporting Analytics – the foundation of any CRM program describes the customer, predicts behavior and is prescriptive to optimize their value.
- Results Interpretation – not just the 'what', but the 'why', and what it means for the client’s business.
- Appropriate Action – acting on the insights to influence and change customer behavior.

Aimia's analytics, strategy and creative teams work together throughout the cycle to implement the design and to monitor the customer relationship and customer engagement to maximize ROI. This is a continuous process from concept and at every stage of the delivery.

Enhancement Services

Aimia is a leading provider of Enhancement Services and insurance products to financial institutions and major retailers in the marketplace. We currently provide multi-lingual service and protection to more than 2.4 million active subscribers. Our team develops and markets valued, innovative assistance products and services to help our clients improve customer loyalty and engagement while enhancing the long-term customer value.

Aimia is a trusted partner because we work closely with our clients to develop the right business model and product solution to meet individual needs. We can accommodate turnkey, off the shelf product solutions or we can work with clients to develop custom, branded solutions that speak directly to the needs and wants of their customers in a consistent voice and manner.

(i) Our Product Strategy

Aimia has been driving the evolution in the Enhancement Services industry by introducing many first-in-market products that provide tangible value to our customers. By delivering the best suite of products and functionality available and continuously refining and evolving we remain contextually relevant to our customers. Our products are developed and refined using on-going research and we are committed to product innovation.

(ii) Our Product Suite

Our extensive product suite covers a wide array of assistance products designed to protect our customers and their assets, and to improve their quality of life. Our product suite consists of more than 75 individual core benefits including:

- Identity Fraud Prevention and Protection - Credit Alert® Plus: a comprehensive two bureau credit monitoring, credit information management and restoration service available to Canadian consumers. Credit Alert provides protection against identity fraud as well as valuable credit education.

- Card Protection - OnGuard – Info Protector Plus: The evolution of card registry service, OnGuard and Info Protector Plus expands the focus to include cyberspace fraud. OnGuard will help subscribers address issues around security of mobile devices by adding a new mobile lock and wipe feature.
- Assistance - HomeAdvantage®Plus: A comprehensive national home, auto and health assistance program which provides customer the peace-of-mind of knowing that help for virtually any problem around the home is only a phone call away.
- Care For My Home™: A prepaid home service plan which provides financial protection and services to help guard against the breakdown of major home systems and appliances.
- LegalSense®: A prepaid legal assistance plan which encompasses benefits ranging from phone advice given by a qualified lawyer to will preparation and contract review.

Channel and Employee Engagement

Channel Relationship Strategy & Program Design

We help our clients create sustainable and profitable relationships with their channel networks through an understanding of the drivers of loyalty. Our programs drive our clients' channel partners and business customers to sell more, stay with our client's brand longer, and invest more in its success. Through proven strategy, analytics, communications and awards, innovative technologies and scalable global solutions, we help our clients drive improved performance through each of their channels and achieve business objectives.

Our focus on an effective loyalty strategy begins with a proven strategic planning methodology designed to create a comprehensive plan to address our clients' business needs. We leverage our proprietary Relationship Strength Index (RSx) methodology to measure the strength of relationship that our clients' partners and business customers have with our client's brand in three dimensions:

- Trust
- Alignment
- Commitment

We then design award-winning programs from our findings. Aimia dynamically creates, launches, communicates and tracks event, incentive, reward, recognition and training programs that build stronger relationships with our clients' channel partners and business customers. We firmly believe that business results are a function of stronger relationships between the client, its channel partners and its customers.

Employee Relationship Strategy & Program Design

A motivated and engaged frontline employee can be the competitive differentiator a brand needs. That's why we have developed a proprietary Positive Engagement Model focused solely on creating a stronger, more profitable relationship between our clients' brands and the people who represent them.

Researched and validated, this proprietary model defines the six factors that contribute to an effective team:

- Well-Being: This serves as a foundation for superior performance. Well-being represents optimum health and work-life balance. If the goal is to build a thriving workplace, it stands to reason that feeling fit physically and mentally will set the stage.
- Appreciation: Enthusiasm and optimism bring energy to a business, and expressions of appreciation reinforce the unique value each person offers. It's also about experiencing gratitude, which nurtures a strong service orientation.

- **Connection:** Relationships are the thread that link employees to each other as well as to the business. Healthy internal relationships also contribute to healthy customer relationships.
- **Mastery:** In a rapidly changing environment, employee skill building and personal development ensure that a business can grow and change over time. Expertise also contributes to innovation and propels the organization into positive cycles of change.
- **Innovation:** Creativity is required to solve today's problems and to build a vision for the future. It also fosters openness and diversity.
- **Achievement:** Courage often is overlooked in business, yet it provides the needed push for taking risks and experimenting with new ideas and opportunities.

We design our employee reward, recognition, communications, training and event programs around the principles of this proprietary model. In consultation with our clients, we discuss goals and customize the program design. We follow a process flow beginning with insights, design, execution, evaluation and measurable results.

Our engagement programs drive our clients' employees to perform at higher levels, stay dedicated contributors, and become advocates of our clients. Our proven expertise helps to design the right strategy - to create a network of enthusiastic employees who are raving advocates for our clients' brands.

Engagement Platforms

Our innovative Engagement Platform is flexible so that our clients can configure their programs to meet the specific needs of their organization. Our proprietary Engagement Platform is used by many Fortune 1000 clients in the high-tech, telecommunications, automotive, financial services, healthcare and pharmaceutical industries. This technology allows a client to:

- Manage employee recognition and channel incentive efforts easily and efficiently via our web-based portal.
- Reward positive behavior, increase brand recognition and awareness.
- Expand as a client's needs grow. The platform's core functionality offers the flexibility to integrate new modules as a client's programs evolve.

Aimia's Engagement platform also allows a client to:

- Launch an engagement program quickly to their desired audience – employees or channel.
- House fragmented programs in one comprehensive site.
- Brand a website with corporate logo and color palette.
- Establish user roles with unique site views and access.
- Communicate dynamically with participants in multiple languages.
- Offer culturally relevant awards through a global catalog.
- Track and measure ROI through flexible reporting and dashboards.
- Easily evolve and grow programs over time.

This powerful technology will help a client engage and inspire its channel partner network today, and expand to meet tomorrow's challenges.

Rewards & Recognition Management

In the U.S., Aimia fulfills more than 2 million award units per year. We offer more than a one-size fits all catalogue with thousands of items that are updated daily to offer the best selection to participants.

We believe the right reward mix is critical to effective engagement. We begin by understanding the unique needs of our clients to create a mix of engaging rewards, offers and delivery mechanisms. With our client's customers in mind, we can develop a rewards strategy selecting from a range of gift cards, experiential rewards, travel, digital downloads, tickets & events, charities, value partnerships, merchandise and prepaid cards.

Our solutions are tailored to our client's needs, with market-leading tools that are flexible and configurable:

- Rewards eCatalog - Our online catalog is a dynamic reward platform with full mobile capabilities.
- Online Travel Booking – our proprietary online travel booking platform provides participants with the ability to book flights, hotels, cars and packages 24/7 with agent support and mobile capability.
- Experiential – Exclusive packages for high value customers.
- Merchandise Rewards - Aimia offers merchandise options ranging from the latest tablet and electronics to popular athletic equipment.
- Gift Card Rewards – We have hundreds of merchant retail gift cards to choose from – available in plastic or virtually.
- Digital Rewards – Millions of songs to choose from, over 500,000 eBook and Audiobook titles, movies and TV shows for participants to download.
- Tickets & Events – Choose from sporting events, concerts and theatre tickets across North America for all major cities.
- Optional Cash-Like Reward Options - Every time winners pull out their card, they are reminded of where the rewards came from.
- Proprietary Award-Winning Card Products – Aimia offers open acceptance (unfiltered) and filtered prepaid reward cards which steer redemption toward particular merchants or categories.

In consultation with our clients, we have the experience and toolsets to create a program that engages, motivates and drives results for our clients, their employees, their channel partners and their business customers.

Engagement Analytics

We believe relationships matter. We've built a proprietary methodology designed to measure, prove and improve the strength of the relationship our clients have with their partners and business customers. Relationship Strength Index, or RSx, is our proprietary tool designed to evaluate the impact any particular engagement has on our clients' partner or customer relationships, and the degree to which improved relationships lead to better business outcomes. Using RSx, we can focus on strategies and program design features that ensure your channel customers will sell more, stay with your brand longer, and invest more in your success.

In today's world of increasing product parity, it's employees who can create a differentiating customer experience to separate a brand from the pack. Our focus is to uncover the insights that motivate our clients' employees to put their brand over the top. We do this through analytics that feed award-winning employee engagement strategies. Aimia has extensive global experience in analytics focused on our proprietary Positive Engagement Model. Aimia can apply proprietary ECHO scoring to determine the effectiveness of our clients' employee engagement initiatives through the lens of our proprietary Positive Engagement Model.

Analytics guide our upfront and ongoing relationship-building decisions to support program design, messaging, planning and improvement and we leverage a full suite of analytic offerings:

- Reporting, dashboards and performance scorecards.
- Campaign execution and analysis.
- Economic modeling and ROI analysis.
- Market research.
- Digital analytics.
- Predictive and segmentation modeling.
- Customer valuation.
- Communications & acquisition campaigns.
- Program Analytics and Post Campaign Tracking & Reporting

Successful programs embrace program- and member-level analytics to understand the performance drivers and to influence profit-driving sales behaviour. In partnership with our clients, our experts work to develop a customized Measurement and Analytics Roadmap to establish appropriate on-going program management.

We have developed a three-stage approach to ensure delivery of comprehensive, relevant and actionable loyalty analytic solutions:

- Create analytic architecture.
- Build foundation.
- Deliver value.

Our world-class analytics teams are focused on real results, with tool-sets to analyze our clients' programs, portfolio of programs, and specific deliverables within our clients' programs to establish a Return on Engagement and Return on Investment.

Events Management

Recognition and Incentive Events

Aimia is an industry leader in the end-to-end development and delivery of meetings, conferences, incentives and events for some of the world's most visible brands in the High Tech, Telecommunications, Automotive, Financial Services, Healthcare and Pharmaceutical industries. We design and deliver innovative, personalized engagements that strengthen relationships and deepen loyalty for your brand.

Recognition and incentive events are core competencies. We operate events of all sizes ranging from small intimate settings to large groups. Passion, supported by our in-house capabilities, drives us to deliver new and innovative strategies to our clients' incentive events.

The Aimia team will deliver on all aspects of our clients' recognition and incentive events. In cooperation with key stakeholders, we:

- Establish a vision and set objectives

- Ensure a best-in-class process for logistics management
- Provide a supplier management strategy
- Validate technology and its ability to support event management and reporting
- Deliver a measurement strategy that is aligned with key objectives
- Implement a solid strategic account management process
- Oversee agreed-upon milestones for a successful implementation
- Provide exceptional solution delivery
- Offer greater value to you and continuously improve service level
- Ensure a cost-effective operation
- Meet and exceed your needs and success measures

Business Meetings Design & Delivery

Aimia delivers channel partner and customer conferences for some of the world's premier high-tech, telecommunications, and automotive brands. We're highly successful for our clients because we approach the measurement, design and delivery of these critical marketing initiatives with an emphasis on the drivers of loyalty.

Aimia designs and delivers meetings that inspire loyalty among our clients' employees. For decades we have designed industry leading meetings, conferences and events for the sales and HR corporate audience that include board and sales meetings, reward and recognition events, learning and analyst events with a host of other unique programs.

Our employees maintain key leadership positions at Site International, Foundation Board of Trustees and Site Global Board of Directors, along with employing a number of Certified Meeting Professionals. We have the credentials and the experience to design and deliver meetings to meet our clients' every need.

We bring to clients a vast range of integrated marketing, strategic sourcing, brand strategies, technology services, content development, creative services, event production, sponsorship fulfillment and audience acquisition strategies – all delivered under one roof.

- We have an industry-renowned reputation for award-winning strategies
- Our strategic partnerships offer an entire enterprise of resources, supplier relationships, and expertise
- We are at the forefront of employing mobile technology, social media, and virtual and hybrid solutions in the design and communications prior to, during and after the conference
- Our own media, creative and sponsorship management services remove the hassle and maximize the effectiveness of our clients' brands' efforts
- In-house measurement, analytics, and strategic planning capabilities improve meeting effectiveness

Strategic Meetings Management

Our clients' meeting portfolio may include hundreds or thousands of events, in many forms and audiences – including channel partners. Aimia's Strategic Meetings Management (SMM) mission is to help our clients lower delivery costs, increase quality and effectiveness, mitigate financial and legal risk and optimize supplier relationships in the delivery of those meetings.

We have an established global sourcing strategy and the experience to help our clients leverage their total meeting and ROI with third party suppliers. We have the buying power to manage complex supplier negotiations, and the in-house expertise to deliver savings through benchmarking, strategic supplier analysis, sourcing, contract management, and data analytics.

Our teams can leverage the disparate data from all a client's meetings and bring it together to increase savings for that client's bottom line. We offer the following advantages:

- The largest global, wholly-owned meeting planning resource footprint in the world.
- Strategic sourcing expertise for leveraging spend with suppliers
- Substantial buying power
- Scalability, allowing us to handle small events, large programs, and multiple or simultaneous operations
- Proven meeting and event ROI measurement and analysis experience
- Creative, interactive marketing

We are constantly looking for new operational innovations, greater efficiencies and cost savings opportunities at every turn.

Our skilled procurement professionals help our clients maximize use of their data, uncover trends, review costs and realize market share.

Training & Communications

Communications Strategy

Aimia believes channel partners have a direct impact on customer loyalty. Aimia also believes that informed, passionate and properly trained employees are our clients' greatest asset. Our experienced team develops communications strategies to engage and inspire our clients' partners and employees to deliver their brand promise consistently to their customers.

Our channel and business customer communications programs have the ability to target our clients' high potential partners based on where they actually spend, to deliver relevant marketing across all sectors. We unlock powerful insight to create meaningful marketing communications programs. Our capabilities include:

- Promotional communications: fully integrated campaigns to generate enthusiasm and participation in meetings, conferences, events and incentive programs
- Training communications: announcing, preparing and training our clients' network on product and process launches
- Acquisition campaigns: Integrating online, print, mobile, social and paid media, and virtual communications to attract the right audiences to our client's initiative.

Our proven loyalty lifecycle is the foundation of an effective loyalty communications strategy. We use program analytics, leveraging multiple layers of segmentation – including needs-based, behaviour-based, and value-based models – to drive personalized, relevant messaging and promotions through the appropriate channels for our clients' audiences. Our campaigns are designed to:

ATTRACT. Create awareness and interest in our clients' initiatives

MOTIVATE. Provide training, reinforce program rules, and promote program benefits

ACHIEVE. Provide guidance and status on accomplishments

CELEBRATE. Recognize and reward accomplishments

PROMOTE. Recognize and leverage the excitement of successful participants

Our campaigns are supported by communications planning and in-house design, editorial, mobile, social, virtual and media planning expertise.

Curricula Design & Training Delivery

We help our clients design effective curricula and training for their important channel partners and their employees. We work with audiences ranging from employees, channel leaders, supplier leaders, channel/supplier management and channel/supplier employees. We provide the right tools to help our clients' channels and employees succeed; rewarding those who excel is at the forefront of our thinking. We combine our full suite of services to offer a curriculum targeted toward our clients' teams and our clients' goals. The Aimia performance improvement team is degreed, certified and award winning in the channel space.

ANALYTICS & INSIGHTS

Customer Analytics

Aimia is at the forefront of insight and analysis. Understanding the customer and their needs enables decisions that transform businesses. Using proprietary modelling techniques designed to identify potential valuable customers for acquisition or customers at risk of churn, we develop a multi-segmentation approach for our clients.

Aimia delivers a full suite of customer analytics to a global client base. Aimia is committed to continued investment in analytical innovation.

Aimia develops a multi-segmentation approach for our clients, using multiple lenses to understand their customers. We provide the experience, insight and services to turn these understandings into actions by:

- Developing segment objectives and feeding these into merchandising, media, CRM and brand plans. We tailor every business decision by the segment objectives to improve ROI.
- Using statistical modelling to identify acquisition prospects, we focus on recruiting those who will impact the business the most.
- Predictive modelling to reduce customers lapsing or churning.
- Trigger base strategy to re-engage those customers at risk before they have a chance to lapse.

Aimia uses data and sophisticated analysis in an innovative way to introduce businesses to their customers. The ability to communicate using appropriate language, in a timely and relevant fashion, is vital. Aimia uses customer analytics to increase acquisition and retention, resulting in increased customer lifetime value.

Loyalty Program Analytics

Aimia is a global leader in using loyalty program analytics to support key program decision-making. We use proprietary tools and advanced predictive modeling techniques to analyze future program liability trends and reward costs to help our clients maximize the commercial impact of their loyalty programs. Loyalty program analytics bring an integrated view of the interdependencies between program design, commercial strategies and member behaviours that impact short and long-term program profitability.

Our capabilities include:

- Breakage modeling and program impact assessments: Aimia has developed leading edge capabilities in predicting a program's Breakage rate, future liability and reward expenses, using a variety of methodologies based on macro program metrics or member level data. Aimia provides:
 - Third party Breakage analysis for financial reporting purposes
 - Breakage rates and profitability over the long-term
 - Breakage impact estimate of planned program changes
 - Assessment of the impact to elements such as margins, engagement, competitiveness, and value proposition.
- Profitability optimization: Aimia uses proprietary forecasting tools to assess and enhance our client's program's financial performance. This includes clear visibility on the correlations and levers between cost and volume of points sold, cost and volume of points redeemed, Breakage rate and member engagement/influence on consumer behaviour.
- Liability out-sourcing: Transfer of a program's liability to Aimia will eliminate all program liability from the program operator's balance sheet, and remove the financial risks while ensuring the program drives loyalty to your customers. Aimia leverages its expertise in both liability management and unit cost optimization to provide effective profitability/value creation management.

Retail Analytics

Aimia delivers a full suite of tailored retail analytics to a global client base. We combine our vast knowledge of data, leading edge global products, experienced analysts, consultancy and retail experience to provide clients with actionable insight. Our retail analytics capabilities enable our clients to increase relevance and value to their customers via more personalized and responsive retailing disciplines. These tools, along with our proprietary self-reporting tool, allow Aimia's retail clients to acquire an innate understanding of their customers' behaviour and generate incremental revenue by monetizing their customer data via CPG companies.

Aimia's experienced analysts use proprietary products to deliver customized analysis to global retailers. Our tools include Self Serve, our proprietary tool that enables retailers and their vendors to proactively manage their business by identifying their customers' changing habits as they happen. Self Serve reports are driven from embedded algorithms based on best practices from working with major global retailers since 2007. The fuel for the Self Serve analytic engine is customer and point of sale data. Self Serve is designed for the business user, is extremely flexible and can significantly improve decision making across assortment and category management, pricing, store layouts/item adjacencies, new product launches and promotional effectiveness.

This level of customer intelligence also enables timely, relevant, and targeted product communications and promotional offers directed to specific customer segments or store formats. In addition, we offer bespoke innovative analysis for a wide range of global retailers to support the client's vision and strategy.

Aimia analyzes customer shopping behaviour in terms of how much, what and when they purchase and through statistical techniques, segment these behaviours into defined customer groups. Our approach is to build a

common customer language that enables our retail partners to understand all components of their business. We create multiple customer segmentations that act as lenses into a customer's complete shopping and consumption behaviour. These multiple views come together to form the basis of our retail partners' customer strategy.

Aimia works closely with global retailers to provide extensive customer analytics and insight regarding customer-product interaction. We analyze these customer metrics and combine them with product performance metrics to deliver range optimization tools that enable retailers to make informed category management decisions.

We build store-based cluster solutions using analytical expertise and statistical techniques. These clusters provide our retailer partners with operationally viable solutions including:

- Store layout;
- Category space;
- Product mix.

These clusters allow the retailer to tailor their range and communications to be more customer specific, providing customers a more personalized experience. Current clients include names such as Sainsbury's, CVS Pharmacy (in the United States), Migros (in Switzerland), Coles (in Australia), Sobeys (in Canada) and Spartan (in the United States).

Customer Research

Customer research is the foundation of Aimia's programs. We analyse the right data to develop precise campaigns and measure their effectiveness. Analyzing transactional data gives companies a wealth of information about their customers' behaviour. Combining this with primary customer research data enables Aimia to add emotional warmth to the 'what' with insight into the 'why'. We provide a variety of customer research methodologies and deliverables to help clients understand the voice of the customer and put this into the context of how they are behaving. The combination of the two data sources enables unique insight into how customers act and feel.

Aimia has a team of researchers and insight analysts who are able to bring a customer profile to life. We ensure that there are many opportunities for the customer to provide useful feedback. Videos, PowerPoint and infographics populate interactive dashboards in real time or create interactive word clouds. Aimia selects respondents on the basis of their behaviour and use CRM capabilities to survey at key points of the customer journey. This timeliness enhances respondent recall. Methodologies are flexible and vary using qualitative and quantitative methods. Our proprietary methodologies enable customers to convey their relationship with the company/brand and the thought process they use when choosing, experiencing or reflecting on the purchase.

Our projects can be on-demand where a customized approach is designed or via our specialized research tools where Aimia helps answer repeatable questions.

Customer experience feedback is also well suited to this type of analysis as customer responses can be analyzed in the context of their past purchasing behaviour and loyalty. Improvements in satisfaction can be measured by tracking future spend patterns. Timely feedback on new products can help businesses quickly understand their appeal and the likelihood of customers to repeat purchase as well as highlight challenges with promotion or availability. Surveys can be triggered by the purchase of new products enabling accurate sampling and timely feedback for the business.

COMPETITION

Aimia is one of the leading global loyalty players active in the coalition space. There is only a handful of players on a global scale and these include American Express and Alliance Data Systems Corporation.

Aeroplan partners and coexists with the proprietary loyalty programs developed by Aeroplan's existing and potential Commercial Partners. Aeroplan's principal competitors in Canada include the loyalty programs offered by credit and charge card institutions such as Royal Bank of Canada's Avion program and the BMO World Elite

offering, the Air Miles program, frequent flyer programs operated by airlines, and loyalty programs operated by consumer products, services retailers and gasoline retailers.

Nectar generally competes with other forms of marketing services, including advertising, promotions and other loyalty incentives, both traditional and on-line, for a portion of a client's total marketing budget. With over 19 million active members, Nectar is the largest coalition loyalty program in the United Kingdom. The rest of the market is largely fragmented as the vast majority of loyalty programs in the United Kingdom represent single retailer in-house programs, the main ones being Boots' Advantage card and Tesco Clubcard.

Similarly, Air Miles Middle East, Nectar Italia and Club Premier compete with other forms of marketing services and loyalty incentives, both traditional and on-line.

It is expected that competition will remain intense in the respective markets of each of our coalition loyalty programs. In addition, competitors of our coalition loyalty programs may target our Accumulation Partners and members as well as draw rewards from our Redemption Partners. The ability to generate Gross Billings from Accumulation Partners will depend on the ability of our programs to differentiate themselves through the products and services offered and the attractiveness of the programs to members. The continued attractiveness of the programs will depend in large part on our ability to remain affiliated with Commercial Partners that are valuable to members and to offer rewards that are both attainable and attractive to members. For database marketing services, the ability to continue to capture detailed transaction data on members is critical to providing effective customer relationship management strategies for Accumulation Partners.

Aimia's proprietary loyalty service offering competes with a broad spectrum of companies engaged in one or more aspects of consumer or channels and employee loyalty. Those offering the broadest array of services related to proprietary loyalty are (i) Brierley & Partners, a privately-held company based in Dallas creating customer loyalty programs, (ii) Epsilon, a Subsidiary of Alliance Data Systems Corporation, a provider of loyalty marketing technology and solutions, (iii) LoyaltyOne, Inc., a Subsidiary of Alliance Data Systems Corporation, a provider of loyalty and marketing solutions, (iv) Maritz Loyalty Marketing, a privately-held company providing strategy and analytics, market research, technology, creative communications and rewards fulfillment services for consumer loyalty programs, (v) Hinda Incentives, a privately-held incentive company that specializes in sales award and employee recognition programs; (vi) Davis+Henderson, a provider of technology managed services to North American financial services industry; (vii) Affinion (Direct Response, Prospective, NetGain); (viii) Loyalty Partner Solutions, which develops and operates professional customer loyalty programs based on tailor-made IT solutions and process management systems; and (ix) communications and marketing strategy consulting competitors such as Dunnhumby, BBDO (Proximity, AMV), McKinsey Corporation, Oliver Wyman, Bain and Deloitte & Touche LLP.

Aimia's analytics and insights services compete with suppliers of data insight and communication services particularly in respect of the sale, supply or provision of enhanced data (including SKU-level data) analytics services involving the combination of data relating to loyalty programs and transactional data, such as Dunnhumby, 5one, Loyalty Partner (EMNOS), Data Ventures, EYC—Engage Your Customers, Alliance Data Systems, Information Resources, Inc. (IRI), Nielsen, Epsilon, Leo Burnett, Digitas, Maritz, Loyalty One, Loyalty Lab, McKinsey Corporation, Oliver Wyman, Bain and IBM.

LOGOS AND TRADEMARKS

Management believes that its trademarks are important to its competitive position. The following trademarks are the subject of either registration, or application for registration, in various jurisdictions: Aeroplan, Aéroplan, AeroCorporate, AéroEntreprise, Aeroexpress, Aeromortgage, Aérohypothèque, Aeroplan Plus, Aéroplan Plus, Aéro Platine, Aero Platinum, Aeroservice, Aerogold, Aéro Or, Aeromove, Aeronote, Aéronote, Aimia, Air Miles word mark and logo, Air Miles Travel the World word mark and logo, Air Miles Shopping Rewards word mark and logo, Best of Everything, Classicflight, Distinction, Market Fare Flight Rewards, Mcerts, Nectar and Nectar logo and card, Onguard, Ready Rewards, Rebound, RSx, and Vol Classique. Air Canada has granted Aeroplan a license to use the Air Canada trade name and the Air Canada trademarks, including Air Canada and Air Canada Roundel, solely in connection with Air Canada's participation in the Aeroplan Program. Please see the section "The Business – Overview – Coalition Loyalty – Aeroplan – Long-Term Strategic Relationship with Air Canada".

Aimia will continue to operate programs and use technology under previously registered Carlson Marketing brands, including, but not limited to, marks such as RSx, Best of Everything, Ready Rewards, and Mcerts.

Aimia has granted licenses to use the Air Miles, Air Miles Travel the World and Air Miles Shopping Rewards word marks and logos in the United Kingdom, Canada, Holland, Spain and the Middle East.

In addition, Aimia owns certain rights, trademark, know-how and other intellectual property of the Air Miles brand and receives royalty income from these assets.

Aimia's intangible assets are an important part of its business. It benefits from the goodwill established for its brand names and protects its proprietary information, including its trademarks and database, through trademark laws, contractual provisions and confidentiality procedures. Employees, service providers and Commercial Partners are contractually bound to protect the Aimia's proprietary information in order to control access to and the distribution of any such information.

REGULATORY

Privacy

A number of privacy laws have been enacted in the key markets where we conduct business, including Canada, the United States, Europe and Asia-Pacific. Aimia and its Subsidiaries have privacy policies which are designed to meet or exceed the requirements of the applicable local private sector privacy legislation.

The Personal Information Protection and Electronic Documents Act (Canada) (the "Federal PIPEDA") governs the collection, use and disclosure of personal information in the course of commercial activities. Pursuant to the Federal PIPEDA, organizations may collect, use or disclose personal information only for purposes that a reasonable person would consider appropriate in the circumstances. Furthermore, the knowledge and consent of the individual are required for the collection, use or disclosure of his or her personal information except in certain circumstances as set out in the Federal PIPEDA. Québec, Alberta and British Columbia also have private sector privacy legislation and that legislation has been declared substantially similar to the Federal PIPEDA. The Canadian Radio-television and Telecommunications Commission governs rules for telemarketing and the National Do Not Call List. Canada's Anti-Spam Legislation (CASL) will come into force on July 1, 2014. CASL prohibits the sending of a commercial electronic message to an electronic address without consent, and prescribes form and content requirements. Management believes that its privacy policies and practices comply with applicable law. In particular, please see the section "The Business — Coalition Loyalty — Aeroplan — Members — Protecting the Privacy of Aeroplan's Members".

Businesses in the United States which collect or hold personal information must comply with a variety of Federal and State laws set by the Federal Trade Commission and the relevant States ("**U.S. Privacy Laws**"). The U.S. Privacy Laws require certain processes for collection and storage of personal data (which may include encryption), reporting on disclosures of personal data, policies with regard to protections, and requirements for destruction of data. In addition to compliance with U.S. Privacy Laws, and because of Aimia's heavy concentration of clients in the financial services industry in the US & APAC region, Aimia also strives to be compliant with the Payment Card Industry standards applicable to the services they provide.

The Data Protection Act and various statutory instruments give effect in United Kingdom law to the EC Directive 94/46/EC. The Data Protection Act requires Nectar and Aimia's proprietary loyalty service, as businesses which handle personal information, to comply with data protection principles which make sure that personal information is: fairly and lawfully processed, processed for limited purposes, adequate, relevant and not excessive, accurate and up to date, not kept for longer than is necessary, processed in line with the individual's rights, secure and not transferred to countries outside the European Union without adequate protection. The Data Protection Act also provides individuals with important rights, including the right to find out what personal information is held on computer and most paper records. The Information Commissioner's Office is the independent public body set up in the United Kingdom to protect personal information and has legal powers (including the power to issue information and enforcement notices, conduct audits and prosecute offenders) to ensure that organizations comply with the requirements of the Data Protection Act. Nectar has registered with the Information Commissioner's Office in the United Kingdom as required by the Data Protection Act. Management believes that Nectar's Privacy Policy, cookie policy and practices comply with the applicable law.

Operations in Australia must comply with the Australian Privacy Act of 1988 when collecting any personally identifiable information from program participants. The Australian Privacy Act of 1988 is governed by eleven Information Privacy Principles (IPPs). The IPPs regulate how Australian and ACT government agencies manage personal information. They cover how and when personal information can be collected, how it should be used and disclosed, and storage and security. They also allow individuals to access that information and have it corrected if it is wrong. In addition to compliance with Australian privacy laws, Aimia often commits to compliance with its clients' internal security and privacy requirements.

Aimia's New Zealand operations must comply with the New Zealand Privacy Act of 1993 when collecting any personally identifiable information from program participants. The New Zealand Privacy Act of 1993 is governed by twelve privacy principles which control how private and public sector agencies collect, use, disclose, store and give access to personal information.

EMPLOYEES

Aimia benefits from a strong and experienced employee base in coalition loyalty, proprietary loyalty services, analytics and insights, which is focused on driving growth and enhancing value to our Commercial Partners, clients and members. Aimia has 32 offices in 20 countries around the world, with its largest employee bases in Canada (where we own and operate the Aeroplan program), the UK (where we own and operate the Nectar program) and the US. Around three-quarters of our 4,300 employees are located in these countries.

FACILITIES

In Canada, Aimia leases office space in Montreal, Quebec, where its global head offices is located; Toronto, Ontario; Mississauga, Ontario; and Richmond, British Columbia. In the US & APAC region, Aimia's main offices are in Plymouth, Minnesota, where the head offices for the US are located; Singapore, where the head offices for APAC are located, Sydney, NSW Australia; and Auckland, New Zealand; Mumbai, India; Kuala Lumpur, Malaysia; Jakarta, Indonesia; and Kobe, Hyoko, Japan. In the EMEA region, Aimia leases office space in London, England, where the head offices for the EMEA region are located; Dubai, United Arab Emirates, and Milan, Italy. Air Miles Middle East leases office space in Dubai, United Arab Emirates; Doha, Qatar; and Manama, Bahrain. All of the above leases are at market rates.

ENVIRONMENTAL

Aimia does not own any real property. Aimia has not identified any existing or potential environmental hazards at any of its leased facilities, nor has it received any inquiry or notice that has resulted, or may reasonably be expected to result in, actual or potential proceedings, claims, lawsuits or losses related to environmental liabilities. Aimia is not engaged in any activities that are subject to material environmental risk.

RISKS AND UNCERTAINTIES AFFECTING THE BUSINESS

The results of operations and financial condition of Aimia are subject to a number of risks and uncertainties, and are affected by a number of factors outside of the control of Management. The following section summarizes certain of the major risks and uncertainties that could materially affect our future business results going forward. The risks described below may not be the only risks faced by Aimia. Other risks which currently do not exist or which are deemed immaterial may surface and have a material adverse impact on Aimia's results of operations and financial condition.

RISKS RELATED TO THE BUSINESS AND THE INDUSTRY

Dependency on Top Accumulation Partners and Clients

Aimia's top three Accumulation Partners were responsible for 47% of Gross Billings for the year ended December 31, 2013. A decrease in sales of Loyalty Units to any significant Accumulation Partner, for any reason, including a decrease in pricing or activity, or a decision to either utilize another service provider or to no longer outsource some or all of the services provided, could have a material adverse effect on Gross Billings and revenue. The success of our coalition programs is dependent to a large extent on our relationships with certain key anchor

partners. There is no assurance that contracts with Aimia's principal Accumulation Partners, including anchor partners, will be renewed on similar terms, or at all when they expire.

The Aeroplan Program derives a significant portion of its Gross Billings from its agreements with TD, CIBC, Air Canada and AMEX.

On September 16, 2013, Aimia entered into ten-year financial credit card agreements with each of TD and CIBC, which became effective on January 1, 2014 (the "**New Credit Card Agreements**"). Under the New Credit Card Agreements, TD has become Aeroplan's primary financial services partner and credit card issuer, while CIBC also continues to be an issuer of the Aeroplan credit cards. Concurrent with the execution of the New Credit Card Agreements, Aimia entered into a purchase agreement with TD and CIBC under which TD acquired on December 27, 2013 approximately half of the current Aeroplan card portfolio and CIBC retained the balance, comprised of Aeroplan cardholders who have broader banking relationships with CIBC.

The terms of the New Credit Card Agreements are materially different from the previous agreement with CIBC (the "**Old CIBC Agreement**") which expired on December 31, 2013, pursuant to which CIBC administered various Visa and other products through which Aeroplan members could accumulate Aeroplan Miles from the credit cards and other spending. There can be no assurance that the New Credit Card Agreements will provide a financial contribution to Aimia similar to the historical contribution of the Old CIBC Agreement and/or at the levels Aimia anticipates and, in the event the New Credit Card Agreements provide a lesser financial contribution to Aimia as compared to the historical contribution of the Old CIBC Agreement or as compared to the levels Aimia anticipates, there would be an adverse effect on our Gross Billings, revenue, redemption costs and profitability.

The New Credit Card Agreement with CIBC (the "**New CIBC Agreement**") also includes an option for either party to terminate the agreement after its third year if certain conditions related to the migration of Aeroplan credit cards in CIBC's retained portfolio to other CIBC credit cards are met. In the event the termination option is exercised under the CIBC New Credit Card Agreement, there can be no assurance that CIBC Aeroplan cardholders would migrate to TD or what level of cardholder migration, if any, may occur at that time. Consequently, the exercise of such termination option could have an adverse effect on Aimia's Gross Billings and revenues.

The CPSA expires on June 29, 2020, subject to four automatic renewals of five years each, unless either party provides written notice to the other of its intention not to renew at least 12 months prior to the expiry of the initial term or the then current renewal term. Subject to the minimum number of Aeroplan Miles to be purchased by Air Canada under the CPSA, Air Canada can change the number of Aeroplan Miles awarded per flight without Aeroplan's consent, which could lead in a significant reduction in Gross Billings.

Aeroplan and AMEX were parties to certain agreements dated as of January 1, 2004, as amended (the "**Old AMEX Agreements**") pursuant to which AMEX administered various American Express products through which Aeroplan members could accumulate Aeroplan Miles from their card spending. The Old AMEX Agreements had a term expiring on January 1, 2014. On November 13, 2013, the Corporation entered into a number of four-year agreements with AMEX, effective January 1, 2014 (the "**New AMEX Agreements**"). The terms of the New AMEX Agreements are materially different from the Old AMEX Agreements. There can be no assurance that the New AMEX Agreements will provide a financial contribution to Aimia similar to the historical contribution of the Old AMEX Agreements and/or at the levels Aimia anticipates and, in the event the New Amex Agreements provide a lesser financial contribution to Aimia as compared to the historical contribution of the Old Amex Agreements or as compared to the levels Aimia anticipates, there would be an adverse effect on our Gross Billings, revenue, redemption costs and profitability.

The Nectar Program derives a significant portion of its Gross Billings from its founding coalition partner, Sainsbury's. The commercial agreements governing the participation of Sainsbury's as an Accumulation Partner and Redemption Partner in the Nectar Program expire in 2019, unless renewed by the parties.

The Nectar Italia Program derives a significant portion of its Gross Billings from its agreements with Simply Sma Stores and Auchan Hypermarkets and the Air Miles Middle East program derives a significant portion of its Gross Billings from its founding coalition partner, HSBC. The commercial agreements relating to the participation of these anchor partners in the respective coalition loyalty programs are long-term in nature (i.e. at least two years in length), with early exit rights in the case of HSBC.

Aimia's proprietary loyalty services clients are generally able to reduce marketing spending or cancel projects on short notice at their discretion. It is possible that such clients could reduce spending in comparison with historical patterns, or they could reduce future spending. A significant reduction in marketing spending by Aimia's largest proprietary loyalty services clients, or the loss of several large clients, if not replaced by new accounts or an increase in business from other clients, could adversely affect our proprietary loyalty service revenues and impact Aimia's results of operations and financial condition.

Changes to the Aeroplan Program

Aimia implemented significant changes to the Aeroplan Program on January 1, 2014, including: new Market Fare Flight Rewards which replaced ClassicPlus Flight Rewards, offering members significantly improved value; the launch of Distinction, a new tiered recognition program that rewards top accumulating members with preferential mileage levels for redemption; and the cancellation of the seven-year mileage redemption policy, with miles no longer expiring for members active in the program each year. Successful financial implementation of the enhanced Aeroplan Program is partially dependent on expectations of increased engagement by current Aeroplan members and the attraction of new members to the Aeroplan Program. There can be no assurance that the introduction of the changes to the Aeroplan Program will result in the increased member engagement and/or the attraction of new Aeroplan members at the levels expected by Aimia, which may have an adverse effect on Aimia's Gross Billings and revenue. In addition, there can be no assurance that the actual level of redemption activity and/or anticipated costs of rewards will be achieved at the levels expected by Aimia. Higher than expected redemption activity and/or costs may have an adverse impact on Aimia's profitability.

Failure to Safeguard Databases and Consumer Privacy

As part of our coalition and proprietary loyalty programs and in connection with the activities of Aimia's proprietary loyalty and loyalty analytics businesses, member databases are maintained for our programs and those of our clients. These databases contain member information including account transactions. Although we have established rigorous security procedures, the databases may be vulnerable to potential unauthorized access to, or use or disclosure of member data. If we were to experience a security breach, our reputation may be negatively affected and an increased number of members in our loyalty programs may opt out from receiving marketing materials. The use of loyalty marketing services by partners and clients could decline in the event of any publicized compromise of security.

Any public perception that we released consumer information without authorization could subject our businesses to complaints and investigation by the applicable privacy regulatory bodies and adversely affect relationships with members, clients and partners. In addition, any unauthorized release of member information, or any public perception that member information was released without authorization, could lead to legal claims from consumers or regulatory enforcement actions

Conflicts of Interest

Aimia's businesses provide services to a number of clients who are competitors in various industries. Our ability to retain existing, and attract new, Accumulation Partners and clients may be limited by perceptions of conflicts of interest arising out of other relationships. If we are unable to adequately manage multiple client relationships and avoid potential conflicts of interests, there could be an impact on our results of operations and financial condition.

Greater Than Expected Redemptions for Rewards

A significant portion of our profitability is based on estimates of the number of Loyalty Units that will never be redeemed by the member base. The percentage of Loyalty Units that are not expected to be redeemed is known as "**Breakage**" in the loyalty industry. Breakage is estimated by Management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' future redemption practices. Management, assisted by an independent expert, developed an econometric model that takes into account historical activity, and expected member behaviour, projected on a going concern basis. This tool is used by Aimia to estimate and monitor the appropriate Breakage estimates of several programs it operates on a regular basis. As announced on June 27, 2013, the estimate of the Breakage rate for the Aeroplan Program was adjusted from 18% to approximately 11%, resulting in a decrease to the

consolidated weighted average Breakage estimate to 12% at December 31, 2013 (December 31, 2012: 17%). The consolidated weighted average Breakage estimate is calculated based on the total Loyalty Units outstanding under the Corporation's loyalty programs. This Breakage estimate is based on the results of the application of the model in 2013, including management's revised expectations around Aeroplan member engagement and the cancellation of the Aeroplan seven-year mileage redemption policy. The amount of revenue recognized related to Breakage is based on the number of Loyalty Units redeemed in a period in relation to the total number expected to be redeemed, which factors in the Corporation's estimate for Breakage. Breakage for the Aeroplan and Nectar Programs may decrease as such programs grow and a greater diversity of rewards becomes available. If actual redemptions are greater than current estimates, profitability could be adversely affected due to the cost of the excess redemptions. Furthermore, the actual mix of redemptions between air and non-air rewards could adversely affect profitability. Management believes that the estimates, methodologies, judgments and assumptions made in the preparation of the Corporation's financial statements, including those relating to the treatment of Breakage, are reasonable based upon the information available and reliance on subject matter experts. However, there can be no assurance that applicable tax or other regulatory authorities will agree with such estimates, judgments and assumptions.

Regulatory Matters

Aimia's businesses are subject to several types of regulation, including legislation relating to privacy, telemarketing, consumer protection, competition, advertising and sales, and lotteries, gaming and publicity contests. In addition, an increasing number of laws and regulations pertain to the Internet, including in relation to liability for information retrieved from or transmitted over the Internet and online content regulation. Moreover, the applicability to the Internet to existing laws governing personal privacy, intellectual property ownership and infringement and other issues continues to be uncertain and is developing. There is also the possibility that additional laws and regulations are adopted to specifically regulate the loyalty industry, or portions thereof.

Aimia closely monitors and regularly participates in dialogues with the appropriate governmental departments to ensure that we are constantly apprised of the current status of global regulatory matters that could have a material impact on Aimia's business in the short or long term, including the following:

Privacy

In Canada, we are subject to the Privacy Act and the Personal Information Protection and Electronic Documents Act (PIPEDA). PIPEDA sets out rules for how private sector organizations may collect, use or disclose personal information in the course of commercial activities. Canada's Anti-Spam Legislation (CASL) will come into force on July 1, 2014. CASL prohibits the sending of a commercial electronic message to an electronic address without consent, and prescribes form and content requirements. Failure to comply with the provisions of CASL may result in monetary penalties that could have an impact on Aimia's results of operation and financial condition. In addition, the federal government introduced the Safeguarding Canadians' Personal Information Act on September 29, 2011. This legislation includes provisions that would clarify an individuals' consent to the collection, use or disclosure of their personal information.

The enactment of new, or amendments to existing, legislation or industry regulations relating to consumer privacy issues and/or marketing, in Canada and in any of the markets where Aimia conducts business, including regulations associated with PIPEDA, may materially impact our relationships with members and our Commercial Partners. Any such legislation or industry regulations could place restrictions upon the collection and use of information and could adversely affect our ability to deliver loyalty marketing services.

Payments in Canada

The voluntary Code of Conduct for the Credit and Debit Industry in Canada was introduced by the Federal Minister of Finance in 2010 in response to pressures from retailers demanding better control and transparency over their costs associated with accepting electronic payments at the point of sale and in particular the differentiated cost of accepting "premium" card products vs "standard" card products. At the same time, a Task Force for the Payments Systems Review was formed. The Task Force was designed to review the safety, soundness and efficiency of the Canadian payments system and to submit its final report with recommendations to the Minister of Finance by the end of 2011. In 2012, the Canadian Government announced the creation of the FinPay advisory committee, a forum of public and private sector representatives, to further review and provide recommendations to the Department of Finance on the Canadian payments eco-system. Aimia will work with the FinPay advisory committee to provide

input on the future of the payments eco-system. In order to further the ecosystem's evolution, the Department of Finance has invited payments eco-system participants, including Aimia, to provide comments to the Department of Finance. Any downward change in the interchange rates of credit cards could lead to a decrease in revenue for credit card companies and, as a result, could have an adverse effect on our Gross Billings.

On December 15, 2010 the Canadian Competition Bureau filed an application with the Competition Tribunal to strike down what it considers to be restrictive and anti-competitive rules imposed by Visa and MasterCard on merchants who accept their credit cards. The claim specifically targeted rules prohibiting merchants from applying a surcharge to payments made by a credit card, as well as rules requiring merchants to accept all types of credit cards from a given credit card network, regardless of fee structure and interchange rate.

On July 23, 2013, the Competition Tribunal dismissed the application filed by the Canadian Competition Bureau and shortly thereafter, the Competition Commissioner announced that it would not appeal the tribunal's decision. In dismissing the application, the Competition Tribunal noted that the proper solution to the concerns raised in the submission could be a regulatory framework that should be reviewed by the Department of Finance. As a result of the Competition Tribunal's comments, the Minister of Finance referred the matter to the FinPay advisory committee. FinPay has held consultations with its members to develop potential options and solutions to address the concerns raised. In parallel, the Department of Finance met with various industry participants on a bi-lateral basis to encourage the implementation of a voluntary solution that would avoid regulatory intervention. On February 11, 2014, as part of the 2014/2015 federal budget, the Canadian government announced that it will continue to work with stakeholders to promote fair and transparent practices and to help lower credit card acceptance costs, while encouraging merchants to lower prices to consumers. In order to attain these objectives, the Government stated that it intends to strengthen the voluntary Code of Conduct for the credit and debit card industry, in consultation with stakeholders.

Should a voluntary non-regulatory solution be implemented by industry participants resulting in a downward change and/or cap in the interchange rates of credit cards, or a material change in the admissibility criteria or should it otherwise result in changes that would significantly reduce the number of individuals who can apply for and hold premium card products, this could have an adverse effect on our Gross Billings.

Retail Market/Economic Conditions

The markets for the services that Aimia's businesses offer may contract or continue to contract and this could negatively impact growth and profitability. Loyalty and database marketing strategies are relatively new to retailers, and there can be no guarantee that merchants will continue to use these types of marketing strategies. In addition, Gross Billings and marketing revenues are dependent on levels of consumer spend with Accumulation Partners and clients, and any slowdown or reduction in consumer activity may have an impact on our business.

Industry Competition

Competition in the loyalty marketing industry is intense. New and existing competitors may target Accumulation Partners, clients and members, as well as draw rewards from Redemption Partners. The continued attractiveness of Aimia's businesses will depend in large part on their ability to remain affiliated with existing Commercial Partners and clients or add new partners, that are desirable to consumers and to offer rewards that are both attainable and attractive to consumers. Many of our current competitors may have greater financial, technical, marketing and other resources. We cannot ensure that we will be able to compete successfully against current and potential competitors, including in connection with technological advancements by such competitors.

Air Canada Liquidity Issues

In the past, Air Canada has sustained significant operating losses and may sustain significant losses in the future. In its recent public filings, Air Canada has indicated that it is currently faced with several risks that may have a material impact on future operating results including risks related to leverage, the need for additional capital and liquidity, foreign exchange, economic and geopolitical conditions, market volatility in the price of fuel, increased competitive pressures, pension plan funding, as well as risks relating to restrictive terms under its financing agreements.

There can be no assurance that Air Canada will continue to achieve sustainable profitability in the future or to meet its financial liabilities and other contractual obligations as they become due. If Air Canada is unable to meet its financial liabilities and other contractual obligations as they become due, or to conclude arrangements to secure additional liquidity should it be unable to do so, it may be required to commence proceedings under applicable creditor protection legislation.

The bankruptcy or insolvency of Air Canada could lead to a termination or renegotiation of the CPSA. Upon such a renegotiation, Aimia may be required to pay more for seat capacity from Air Canada than the currently negotiated rates under the CPSA. If the CPSA is terminated, Aimia would have to purchase seat capacity from other airlines. Seat capacity from other airlines could be more expensive than comparable seat capacity under the CPSA, and the routes offered by the other airlines may be inconvenient or undesirable to the redeeming members. As a result, Aimia would experience higher air travel redemption costs, while at the same time member satisfaction with the Aeroplan Program may be adversely affected by requiring travel on other carriers.

The bankruptcy or insolvency of Air Canada could also lead certain Accumulation Partners to attempt to renegotiate certain terms of their commercial relationships with Aeroplan. Depending on the results of any such negotiation, Aimia's gross proceeds from the sale of Aeroplan Miles could be negatively affected.

Air Canada or Travel Industry Disruptions

Aeroplan members' strong demand for air travel creates a significant dependency on Air Canada in particular and the airline industry in general. Any disruptions or other material adverse changes in the airline industry, whether domestic or international, affecting Air Canada or a Star Alliance member airline, could have a material adverse impact on the business. This could manifest itself in Aeroplan's inability to fulfill member's flight redemption requests or to provide sufficient accumulation opportunities. As a result of airline or travel services industry disruption, such as those which resulted from the terrorist attacks on September 11, 2001, or as might result from political instability, other terrorist acts or war, from epidemic diseases, environmental conditions and factors, such as those arising from volcanic eruptions or other natural phenomena, or from increasingly restrictive security measures, such as restrictions on the content of carry-on baggage, too much uncertainty could result in the minds of the traveling public and have a material adverse effect on passenger demand for air travel. Consequently, members might forego redeeming miles for air travel and therefore might not participate in the Aeroplan Program to the extent they previously did which could adversely affect revenue from the Aeroplan Program. A reduction in member use of the Aeroplan Program could impact Aeroplan's ability to retain its current Commercial Partners and members and to attract new Commercial Partners and members.

Airline Industry Changes and Increased Airline Costs

Air travel rewards remain the most desirable reward for consumers under the Aeroplan Program. An increase in low cost carriers and the airline industry trend which has major airlines offering low cost fares may negatively impact the incentive for consumers of air travel services to book flights with Air Canada or participate in the Aeroplan Program. Similarly, any change which would see the benefits of Star Alliance reduced either through Air Canada's, or, to a lesser extent, another airline's withdrawal from Star Alliance, or the dissolution of Star Alliance, could also have a negative impact since Aeroplan's members would lose access to the existing portfolio of international reward travel. In addition, the growth or emergence of other airline alliance groups could have a negative impact on Aeroplan by reducing traffic on Air Canada and Star Alliance member airlines.

The airline industry has been subject to a number of increasing costs over the last several years, including increases in the cost of fuel and insurance, and increased airport user fees and air navigation fees. In addition, new and proposed legislation have been considered or adopted concerning carbon emissions emanating from the airline industry, including the setting of emissions allowances and charging aircraft operators for a certain percentage of these allowances. These increased costs may be passed on to consumers, increasing the cost of redeeming Aeroplan Miles for air travel rewards. This may negatively impact consumer incentive to participate in the Aeroplan Program.

Supply and Capacity Costs

Costs may increase as a result of supply arrangements with Air Canada and other suppliers for our coalition loyalty programs. Aeroplan may not be able to satisfy its members if the seating capacity made available to

Aeroplan by Air Canada, Jazz and Star Alliance member airlines or other non-air rewards from other suppliers are inadequate to meet their redemption demands at specific prices.

If, upon the expiry of the CPSA, Aeroplan is unable to negotiate a replacement agreement with Air Canada on similarly favourable terms, or if Air Canada sharply reduces its seat capacity, Aeroplan may be required to pay more for seat capacity from Air Canada than the currently negotiated rates under the CPSA or to purchase seat capacity from other airlines. Seat capacity from other airlines could be more expensive than comparable seat capacity under the CPSA, and the routes offered by the other airlines may be inconvenient or undesirable to the redeeming members. As a result, Aeroplan would experience higher air travel redemption costs, while at the same time member satisfaction with the Aeroplan Program may be adversely affected by requiring travel on other carriers on certain routes.

Unfunded Future Redemption Costs

In the coalition loyalty program model, Gross Billings are derived from the sale of Loyalty Units to Accumulation Partners. The earnings process is not complete at the time a Loyalty Unit is sold as most of the costs are incurred on the redemption thereof. Based on historical data, the estimated period between the issuance of a Loyalty Unit and its redemption is currently 30 months for the Aeroplan Program and 15 months for the Nectar Program; however, Aeroplan and Nectar have no control over the timing of the redemption or the number of units redeemed. Aeroplan and Nectar currently use proceeds from Gross Billings (which are deferred for accounting purposes) in the fiscal year from the issuance of the unit to pay for the redemption costs incurred in the year. As a result, if Aeroplan or Nectar were to cease to carry on business, or if redemption costs incurred in a given year were in excess of the revenues received in the year from the issuance of the Loyalty Units, they would face unfunded Future Redemption Costs, which could increase the need for working capital and, consequently, affect the payment of dividends to Shareholders.

Changes to Coalition Loyalty Programs

From time to time we may make changes to our coalition loyalty programs that may not be well received by certain segments of the membership and may affect their level of engagement. In addition, these members may choose to seek such legal and other recourses as available to them, which if successful, could have a negative impact on results of operations and /or reputation.

Seasonal Nature of the Business, Other Factors and Prior Performance

Aeroplan has historically experienced lower Gross Billings from the sale of Aeroplan Miles in the first and second quarters of the calendar year and higher Gross Billings from the sale of Aeroplan Miles in the third and fourth quarters of the calendar year. In addition, Aeroplan has historically experienced greater redemptions and therefore costs for rewards, in the first and second quarters of the calendar year and lower redemptions and related costs for rewards in the third and fourth quarters of the calendar year. This pattern results in significantly higher operating cash flow and margins in the third and fourth quarters for each calendar year compared to the first and second quarters. This pattern may however vary in future years as the degree of seasonality evolves over time.

Nectar's Gross Billings from the Nectar Program are seasonal with fourth quarter gross billings typically higher than the preceding quarters, as a result of the impact of Christmas shopping. Gross Billings for the other quarters are broadly similar. Redemption activity in the Nectar Program is more seasonal than Gross Billings. More than 40% of all redemptions for the Nectar Program in the last three years have taken place during the fourth quarter, as a result of members redeeming for gifts and other rewards prior to Christmas. Consequently, operating results for any one quarter may not be necessarily indicative of operating results for an entire year.

Demand for travel rewards is also affected by factors such as economic conditions, war or the threat of war, fare levels and weather conditions. Due to these and other factors, operating results for an interim period are not necessarily indicative of operating results for an entire year, and operating results for a historical period are not necessarily indicative of operating results for a future period.

The proprietary loyalty business also fluctuates seasonally, with award redemptions typically higher around the Christmas shopping season, and business loyalty events typically occurring during the spring and fall.

Foreign Operations

A significant portion of Aimia's Gross Billings is generated outside Canada. We expect Gross Billings from outside Canada to continue to represent a significant portion of Aimia's consolidated Gross Billings in the foreseeable future. As a result, we are subject to the risks of doing business internationally, including changes in foreign laws and regulations and general changes in economic and geopolitical conditions.

Legal Proceedings

From time to time, Aimia becomes involved in various claims and litigation as a result of carrying on its business. Please see "Legal Proceedings and Regulatory Actions". Our businesses are susceptible to various claims and litigation, including class action claims, arising in the course of operating our business or with respect to the interpretation of existing agreements. Any future claims or litigation could also have a material adverse effect on our business and results from operations.

Reliance on Key Personnel

Aimia's success depends on the abilities, experience, industry knowledge and personal efforts of senior Management and other key employees, including the ability to retain and attract skilled employees. The loss of the services of such key personnel could have a material adverse effect on our business, financial condition or future prospects. Aimia's growth plans may also put additional strain and demand on senior Management and key employees and produce risks in both productivity and retention levels. In addition, we may not be able to attract and retain additional qualified Management as needed in the future.

Labour Relations

Aeroplan's contact center employees are unionized. The collective agreement for these employees is effective from November 15, 2012 and will expire on November 14, 2015. No strikes or lock-outs may lawfully occur during the term of the collective agreement, nor during the negotiations of its renewal until a number of pre-conditions have been satisfied. There can be no assurance that the collective agreement will be renewed without labour conflict or action or that there will not be a labour conflict that could lead to a dispute or to an interruption or stoppage in Aeroplan's contact center service or otherwise adversely affect the ability of Aeroplan Canada to conduct its operations, any of which could have an adverse effect on our business, operations and financial condition.

Pension Liability

The transfer of over 800 contact centre employees from Air Canada to Aeroplan was fully effected on June 14, 2009. As part of the transfer of the employees, Aeroplan agreed to recognize the transferred employees' seniority and assume any excess pension obligation arising from the accumulation of service years post termination with Air Canada until retirement from Aeroplan.

On June 8, 2012, Aeroplan entered into an agreement with Air Canada through which Air Canada will transfer to the Aeroplan defined benefit pension plan all the pension plan assets and obligations related to pension benefits accrued by employees who were Air Canada customer sales & service agents prior to 2009 and who were transferred to Aeroplan in 2009. The transfer is subject to regulatory approval from the Office of the Superintendent of Financial Institutions ("OSFI") which is expected to occur within 18 to 24 months of the agreement date. As such, as of December 31, 2013, the financial statements do not reflect assets and obligations in relation to this plan.

The funding requirements of the defined benefit pension plan resulting from valuations of its assets and liabilities, depends on a number of factors, including actual returns on pension plan assets, long-term interest rates, plan demographic and pension regulations. Changes in these factors could cause actual future contributions to significantly differ from our current estimates and could require us to make contributions in the future and, therefore, could have a negative effect on our liquidity and results of operations.

Technological Disruptions and Inability to use Third-Party Software

Aimia's ability to protect the data and contact centres of our coalition loyalty programs and those of our clients against damage from fire, power loss, telecommunications failure and other disasters is critical. In order to provide many of our services, we must be able to store, retrieve, process and manage large databases and periodically expand and upgrade their capabilities. While we have in place, and continue to invest in, technology security initiatives and disaster recovery plans, these measures may not be adequate or implemented properly. Any damage to data and contact centres, any failure of telecommunication links that interrupts operations or any impairment of the ability to use licensed software could adversely affect the ability to meet our Commercial Partners', clients' and members' needs and their confidence in utilizing our services or programs in the future.

In addition, proper implementation and operation of technology initiatives is fundamental to the ability to operate a profitable business. We continuously invest in new technology initiatives to remain competitive, and our continued ability to invest sufficient amounts to enhance technology will affect our ability to operate successfully.

Failure to Protect Intellectual Property Rights

Third parties may infringe or misappropriate our trademarks or other intellectual property rights or may challenge the validity of trademarks or other intellectual property rights, which could have a material adverse effect on our business, financial condition or operating results. The actions that are taken to protect trademarks and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect intellectual property rights, trade secrets or determine the validity and scope of the proprietary rights of others. Aimia cannot ensure that we will be able to prevent infringement of intellectual property rights or misappropriation of proprietary information. Any infringement or misappropriation could harm any competitive advantage that we currently derive or may derive from proprietary rights. Third parties may assert infringement claims against our businesses. Any such claims and any resulting litigation could result in significant liability for damages. An adverse determination in any litigation of this type could require us to design around a third party's patent or to license alternative technology from another party. In addition, litigation may be time-consuming and expensive and could result in the diversion of time and resources. Any claims from third parties may also result in limitations on the ability to use the intellectual property subject to these claims.

RISKS RELATED TO AIMIA

Interest Rate and Currency Fluctuations

Aimia may be exposed to fluctuations in interest rates under its borrowings. Increases in interest rates may have an adverse effect on the earnings.

Aimia's results are sensitive to fluctuations in the Canada/U.S. dollar exchange rate and to the exchange rate from pound sterling (GBP) to Canadian dollars. Aeroplan incurs expenses in U.S. dollars for such items as air, car rental and hotel rewards issued to redeeming Aeroplan members, while a substantial portion of its revenues are generated in Canadian dollars. A significant deterioration of the Canadian dollar relative to the U.S. dollar would increase the costs of Aimia. Substantially all of Aimia EMEA Limited's revenues and expenses are denominated in pounds sterling (GBP) rendering its results and their impact on Aimia's consolidated statements sensitive to fluctuations in the Canadian dollar exchange rate. Aimia US & APAC's activities are located in the United States and the Asia Pacific region. Financial results are sensitive to the changing value of the Canadian dollar and foreign operations are sensitive to the fluctuations of other currencies, including the United States dollar, British pound sterling, the Euro and the Australian dollar.

Leverage and Restrictive Covenants in Current and Future Indebtedness

The ability of Aimia to pay dividends, make distributions or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness (including the credit facilities). The degree to which Aimia is leveraged has important consequences to Shareholders, including: (i) Aimia's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a significant portion of cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; (iii) certain borrowings will be at variable rates of interest, which exposes Aimia to the risk of increased interest rates; and (iv)

Aimia may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures.

In addition, the credit facilities contain a number of financial and other restrictive covenants that require Aimia to meet certain financial ratios and financial condition tests and limit the ability to enter into certain transactions. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the credit facilities, including any possible hedge contracts with the lenders, were to be accelerated, there can be no assurance that the assets of Aimia would be sufficient to repay in full that indebtedness.

Aimia may need to refinance its available credit facilities or other debt and there can be no assurance that it will be able to do so or be able to do so on terms as favourable as those presently in place. If Aimia is unable to refinance these credit facilities or other debt, or is only able to refinance these credit facilities or other debt on less favourable and/or more restrictive terms, this may have a material adverse effect on Aimia's financial position, which may result in a reduction or suspension of payments of dividends to Shareholders. In addition, the terms of any new credit facility or debt may be less favourable or more restrictive than the terms of the existing credit facilities or other debt, which may indirectly limit or negatively impact the ability of Aimia to pay dividends.

Uncertainty of Dividend Payments

Payment of dividends are dependent upon operating cash flows generated by Subsidiaries of Aimia, financial requirements of Aimia and the satisfaction of solvency tests on the payment of dividends pursuant to the CBCA.

Managing Growth

We regularly review potential acquisitions of businesses we believe may be complementary to ours. As part of any acquisition we conduct customary due diligence with the goal of identifying and evaluating material risks. Notwithstanding our review, we may be unsuccessful in identifying all such risks or realizing the intended synergies of any given acquisition and our results of operations and financial condition could be adversely impacted. In addition, our inability to effectively manage growth could have a material adverse impact on our business, operations and prospects.

Credit Ratings

Aimia has been assigned issuer credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. The Notes have also been assigned credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. There can be no assurance that the credit ratings assigned to Aimia and the Notes will remain in effect for any given period of time or that the ratings will not be withdrawn or revised by either or both of the rating agencies at any time. The interest rate payable pursuant to Aimia's credit facilities and the Notes will be subject to adjustment from time to time if any of DBRS or S&P downgrade (or subsequently upgrade) their ratings. Additionally, Aimia's access to capital markets could be adversely affected by changes to the debt credit ratings assigned by independent rating agencies such as DBRS and S&P.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Aimia consists of (i) an unlimited number of Common Shares issuable in series, of which 173,336,155 were issued and outstanding as of March 20, 2014, (ii) an unlimited number of Preferred Shares issuable in series, of which 6,900,000 have been designated as Series 1 Preferred Shares, and 6,000,000 have been designated as Series 3 Preferred Shares and were issued and outstanding as of March 20, 2014. See "Description of Capital Structure - Debt Financing". Aimia further has \$150 million Series 2 Notes, \$200 million Series 3 Notes, \$250 million Series 4 Notes and \$200 million Series 5 Notes issued and outstanding as of December 31, 2013.

The summary below of the rights, privileges, restrictions and conditions attaching to the securities of Aimia does not purport to be complete and is subject to, and qualified by reference to, Aimia's articles and by-laws and the trust indenture dated April 23, 2009 between Aimia and CIBC Mellon Trust Company (the "**Trust Indenture**").

COMMON SHARES

Each Common Share shall entitle the holder thereof to one (1) vote at all meetings of Shareholders (except meetings at which only holders of another specified class of shares are entitled to vote, pursuant to the provisions of the CBCA).

The holders of Common Shares shall be entitled to receive, as and when declared by the directors of Aimia, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, dividends which may be paid in money, property or by the issue of fully paid shares in the capital of Aimia.

In the event of the liquidation, dissolution or winding-up of Aimia, whether voluntary or involuntary, or other distribution of assets of Aimia among Shareholders for the purpose of winding up its affairs, subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares and to any other class of shares ranking senior to the Common Shares, the holders of Common Shares shall be entitled to receive the remaining property of Aimia. In the event of an insufficiency of property and assets to pay in full the amounts which the holders of Common Shares are entitled to receive upon such liquidation, dissolution or winding-up, the holders of Common Shares shall participate rateably among themselves in accordance with the amounts to which they are respectively entitled upon such liquidation, dissolution or winding-up.

PREFERRED SHARES

The directors of Aimia may, at any time and from time to time, issue the Preferred Shares in one (1) or more series, each series to consist of such number of shares as may, before issuance thereof, be determined by the directors. The directors may from time to time fix, before issuance, the designation, rights, privileges, preferences, restrictions, conditions and limitations attaching to the Preferred Shares of each series, the whole subject to the issuance of a certificate of amendment in respect of articles of amendment in the prescribed form to designate a series of shares.

The holders of the Preferred Shares shall not be entitled to receive notice of, nor to attend or vote at meetings of the shareholders of Aimia other than (i) as provided for in the CBCA, and (ii) as have been provided for in the rights, privileges, restrictions and conditions attached to the Series 1 Preferred Shares, the Series 2 Preferred Shares, the Series 3 Preferred Shares and the Series 4 Preferred Shares, or as may be provided for in the rights, privileges, restrictions and conditions attached to any series of preferred shares created by the board of directors of Aimia, but in such cases, voting rights shall be attached to the preferred shares of such series if, and only if, Aimia fails to pay a certain number of dividends, as set out in such rights, privileges, restrictions and conditions.

The holders of the Preferred Shares shall be entitled to receive, as and when declared by the directors of Aimia, in preference and priority to any dividends on the Common Shares of Aimia and any other shares of Aimia ranking junior to the Preferred Shares, dividends which may be paid in money, property or by the issue of fully paid shares in the capital of Aimia.

In the event of the liquidation, dissolution or winding-up of Aimia or other distribution of assets of Aimia among shareholders for the purpose of winding-up its affairs, the holders of the Preferred Shares shall, before any amount shall be paid to or any property or assets of Aimia distributed among the holders of the Common Shares or any other shares of Aimia ranking junior to the Preferred Shares, be entitled to receive an amount equal to the consideration received by Aimia upon the issuance of such shares together with, in the case of cumulative Preferred Shares, all unpaid cumulative dividends (which, for such purpose, shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid, up to and including the date of distribution) and, in the case of non-cumulative Preferred Shares, all declared and unpaid non-cumulative dividends, but shall not be entitled to share any further in the distribution of the property or assets of Aimia.

Series 1 Preferred Shares and Series 2 Preferred Shares

Holders of the Series 1 Preferred Shares are entitled to receive fixed cumulative preferential cash dividend, as and when declared by the board of directors of Aimia, payable quarterly on the last business day of each of March, June, September and December at an annual rate of 6.50%, or \$1.625 per Series 1 Preferred Share, for the

initial five-year period ending on March 31, 2015. The dividend rate will be reset on March 31, 2015 and every five years thereafter at a rate equal to the sum of the five-year Government of Canada bond yield plus 3.75%. On March 31, 2015 and on each March 31 every fifth year thereafter, Aimia may, at its option, redeem the Series 1 Preferred Shares in whole or in part by the payment of \$25.00 in cash per Series 1 Preferred Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. The Series 1 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 1 Preferred Shares. Holders of Series 1 Preferred Shares will have the right, at their option, to convert all or any of their Series 1 Preferred Shares into Series 2 Preferred Shares, on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share, subject to certain conditions, on March 31, 2015 and on March 31 every fifth year thereafter.

Holders of the Series 2 Preferred Shares will be entitled to receive quarterly floating rate cumulative preferred cash dividends, as and when declared by the board of directors of Aimia, payable on the last business day of each of March, June, September and December in each year. On any Series 2 Conversion Date (as hereinafter defined) on and after March 31, 2020, Aimia may, at its option, redeem the Series 2 Preferred Shares in whole or in part by the payment of \$25.00 in cash per Series 2 Preferred Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. On any date after March 31, 2015 that is not a Series 2 Conversion Date (as hereinafter defined), Aimia may, at its option, redeem all or any part of the outstanding Series 2 Preferred Shares by the payment of an amount in cash of \$25.50 per Series 2 Preferred Share together with all declared and unpaid dividends to but excluding the redemption date. The Series 2 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 2 Preferred Shares. Holders of Series 2 Preferred Shares will have the right, at their option, on March 31, 2020 and on each March 31 every fifth year thereafter (each such date a "**Series 2 Conversion Date**"), to convert, subject to certain conditions, all or any of their Series 2 Preferred Shares, into Series 1 Preferred Shares, on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share.

In the event of the liquidation, dissolution or winding-up of Aimia or any other distribution of assets of Aimia among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of Aimia and of holders of shares of Aimia ranking prior to the Series 1 Preferred Shares and the Series 2 Preferred Shares, the holders of Series 1 Preferred Shares and Series 2 Preferred Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all declared and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by Aimia), before any amount may be paid or any assets of Aimia are distributed to the registered holders of any shares ranking junior to the Series 1 Preferred Shares and the Series 2 Preferred Shares. After payment of such amounts, the holders of Series 1 Preferred Shares and Series 2 Preferred Shares will not be entitled to share in any further distribution of the assets of Aimia.

Subject to applicable law, holders of Series 1 Preferred Shares and Series 2 Preferred Shares, in their capacity as holders thereof, will not be entitled to receive notice of, or to attend or to vote at, any meeting of Aimia's shareholders, unless and until Aimia fails to pay dividends for any eight quarters. In the event that Aimia has not paid the dividends accrued and payable for any eight quarters, whether or not consecutive and whether or not such dividends have been declared, on the Series 1 Preferred Shares or the Series 2 Preferred Shares, as applicable, at the applicable dividend rate for such shares, the holders of shares of the relevant series will be entitled to receive notice of and to attend meetings of shareholders of Aimia, other than meetings at which only holders of another specified class or series are entitled to vote, and to vote together with all of Aimia's other shareholders entitled to vote at such meetings on the basis of one vote for each Series 1 Preferred Share or Series 2 Preferred Share held, as applicable. The voting rights of the holders of shares of the relevant series will forthwith cease upon payment by Aimia of all accrued but unpaid dividends on the shares of such series until such time as Aimia may again fail to pay the applicable dividend for any further eight quarters, in which case such voting rights will become effective again.

The Series 1 Preferred Shares and Series 2 Preferred Shares will rank on parity with all other Preferred Shares of Aimia and will rank prior to the Common Shares as to the payment of dividends and the distribution of the assets of Aimia in the event of the dissolution, liquidation or winding-up of the Corporation or any other distribution of the assets of Aimia for the purpose of winding-up its affairs.

The Series 1 Preferred Shares have been given a Canadian scale rating of P-3 by S&P. Such P-3 rating is the tenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic

conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The Series 1 Preferred Shares have been given a rating of Pfd-3 by DBRS. Pfd-3 is the eighth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

Series 3 Preferred Shares and Series 4 Preferred Shares

Holders of the Series 3 Preferred Shares are entitled to receive fixed cumulative preferential cash dividend, as and when declared by the board of directors of Aimia, payable quarterly on the last business day of each of March, June, September and December at an annual rate of 6.25%, or \$1.5625 per Series 3 Preferred Share, for the initial five-year period to but excluding March 31, 2019. The dividend rate will be reset on March 31, 2019 and every five years thereafter at a rate equal to the sum of the five-year Government of Canada bond yield plus 4.20%. On March 31, 2019 and on each March 31 every fifth year thereafter, Aimia may, at its option, redeem the Series 3 Preferred Shares in whole or in part by the payment of \$25.00 in cash per Series 3 Preferred Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. The Series 3 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 3 Preferred Shares. Holders of Series 3 Preferred Shares will have the right, at their option, to convert all or any of their Series 3 Preferred Shares into Series 4 Preferred Shares, on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share, subject to certain conditions, on March 31, 2019 and on March 31 every fifth year thereafter.

Holders of the Series 4 Preferred Shares will be entitled to receive quarterly floating rate cumulative preferred cash dividends, as and when declared by the board of directors of Aimia, payable on the last business day of each of March, June, September and December in each year. On any Series 4 Conversion Date (as hereinafter defined) on and after March 31, 2024, Aimia may, at its option, redeem the Series 4 Preferred Shares in whole or in part by the payment of \$25.00 in cash per Series 4 Preferred Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. On any date after March 31, 2019 that is not a Series 4 Conversion Date (as hereinafter defined), Aimia may, at its option, redeem all or any part of the outstanding Series 4 Preferred Shares by the payment of an amount in cash of \$25.50 per Series 4 Preferred Share together with all declared and unpaid dividends to but excluding the redemption date. The Series 4 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 4 Preferred Shares. Holders of Series 4 Preferred Shares will have the right, at their option, on March 31, 2024 and on each March 31 every fifth year thereafter (each such date a "Series 4 Conversion Date"), to convert, subject to certain conditions, all or any of their Series 4 Preferred Shares, into Series 3 Preferred Shares, on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share.

In the event of the liquidation, dissolution or winding-up of Aimia or any other distribution of assets of Aimia among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of Aimia and of holders of shares of Aimia ranking prior to the Series 3 Preferred Shares and the Series 4 Preferred Shares, the holders of Series 3 Preferred Shares and Series 4 Preferred Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all declared and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by Aimia), before any amount may be paid or any assets of Aimia are distributed to the registered holders of any shares ranking junior to the Series 3 Preferred Shares and the Series 4 Preferred Shares. After payment of such amounts, the holders of Series 3 Preferred Shares and Series 4 Preferred Shares will not be entitled to share in any further distribution of the assets of Aimia.

Subject to applicable law, holders of Series 3 Preferred Shares and Series 4 Preferred Shares, in their capacity as holders thereof, will not be entitled to receive notice of, or to attend or to vote at, any meeting of Aimia's shareholders, unless and until Aimia fails to pay dividends for any eight quarters. In the event that Aimia has not paid the dividends accrued and payable for any eight quarters, whether or not consecutive and whether or not such dividends have been declared, on the Series 3 Preferred Shares or the Series 4 Preferred Shares, as applicable, at the applicable dividend rate for such shares, the holders of shares of the relevant series will be entitled to receive notice of and to attend meetings of shareholders of Aimia, other than meetings at which only holders of another specified class or series are entitled to vote, and to vote together with all of Aimia's other shareholders entitled to vote at such meetings on the basis of one vote for each Series 3 Preferred Share or Series 4 Preferred Share held, as applicable.

The voting rights of the holders of shares of the relevant series will forthwith cease upon payment by Aimia of all accrued but unpaid dividends on the shares of such series until such time as Aimia may again fail to pay the applicable dividend for any further eight quarters, in which case such voting rights will become effective again.

The Series 3 Preferred Shares and Series 4 Preferred Shares will rank on parity with all other Preferred Shares of Aimia and will rank prior to the Common Shares as to the payment of dividends and the distribution of the assets of Aimia in the event of the dissolution, liquidation or winding-up of the Corporation or any other distribution of the assets of Aimia for the purpose of winding-up its affairs.

The Series 3 Preferred Shares have been given a Canadian scale rating of P-3 by S&P. Such P-3 rating is the tenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Series 3 Preferred Shares have been given a rating of Pfd-3 by DBRS. Pfd-3 is the eighth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

SENIOR SECURED NOTES

Trust Indenture

The Trust Indenture was entered into by Aimia and CIBC Mellon Trust Company, as trustee, on April 23, 2009.

The Trust Indenture sets out the terms governing the Notes. It allows for the issuance of an unlimited amount of Notes or other evidence of indebtedness, issuable in series. The Notes issued under the Trust Indenture will be in the form of fully registered global Notes held by, or on behalf of, CDS or another corporation performing similar services that is acceptable to the trustee under the Trust Indenture as custodian of the global Notes. Interest on the Notes will be payable on such periodic basis or at maturity as specified in the applicable prospectus supplement.

The Notes issued under the Trust Indenture may be direct unsecured or secured debt obligations of Aimia as specified in the terms schedule of any series of Notes and each series of Notes shall rank equally and *pari passu* with other Notes of the same series and with respect to security interests, with all other present and future subordinated indebtedness for borrowed money of Aimia or Aimia Canada, as the case may be. In addition, Aimia shall cause certain of its Subsidiaries to provide an unconditional guarantee for the obligations of Aimia under the Notes. Aimia, for so long as it is not in default under the Trust Indenture, is entitled to redeem any Notes issued thereunder stated by their terms to be so redeemable, either in whole at any time or in part from time to time before the stated maturity, at such rate or rates of premium, on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such Notes.

The Trust Indenture governing the Notes also contains restrictive covenants that place significant restrictions on, among other things, the ability of Aimia and certain of its Subsidiaries to incur liens or enter into transactions in which all or substantially all of Aimia's property and assets would become the property of another person. In addition, the Trust Indenture limits Aimia's and its Subsidiaries' ability to incur additional indebtedness.

Notes

As of December 31, 2013, Aimia had an amount of \$150 million in Series 2 Notes issued and outstanding. The Series 2 Notes will mature on September 2, 2014, and bear interest at the rate of 7.90% per annum from September 2, 2009. Interest on the Series 2 Notes is payable semi-annually in arrears on September 2 and March 2 of each year, commencing on March 2, 2010. The interest rate payable on the Series 2 Notes will be subject to adjustment from time to time, if either of DBRS or S&P downgrade (or upgrade) their rating assigned to the Series 2

Notes. The Series 2 Notes have been assigned credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. The Series 2 Notes are redeemable in whole or in part at any time, at the option of Aimia, at the greater of 100% of the principal amount and the Canada Yield Price (as defined in the Trust Indenture), together in each case with accrued and unpaid interest to the date fixed for redemption. The Corporation will be required to make an offer to repurchase the Series 2 Notes at a price equal to 101% of their aggregate principal amount together with accrued and unpaid interest to the date of purchase upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture).

As of December 31, 2013, Aimia had an amount of \$200 million in Series 3 Notes issued and outstanding. The Series 3 Notes will mature on January 26, 2017, and bear interest at the rate of 6.95% per annum from January 26, 2010. Interest on the Series 3 Notes is payable semi-annually in arrears on January 26 and July 26 of each year, commencing on July 26, 2010. The interest rate payable on the Series 3 Notes will be subject to adjustment from time to time, if either of DBRS or S&P downgrade (or upgrade) their rating assigned to the Series 3 Notes. The Series 3 Notes have been assigned credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. The Series 3 Notes are redeemable in whole or in part at any time, at the option of Aimia, at the greater of 100% of the principal amount and the Canada Yield Price (as defined in the Trust Indenture), together in each case with accrued and unpaid interest to the date fixed for redemption. The Corporation will be required to make an offer to repurchase the Series 3 Notes at a price equal to 101% of their aggregate principal amount together with accrued and unpaid interest to the date of purchase upon the occurrence of a Change of Control Triggering Event (as defined in the Trust Indenture).

As of December 31, 2013, Aimia had an amount of \$250 million in Series 4 Notes issued and outstanding. The Series 4 Notes will mature on May 17, 2019, and bear interest at the rate of 5.60% per annum from May 17, 2012. Interest on the Series 4 Notes is payable semi-annually in arrears on May 17 and November 17 of each year, commencing on November 17, 2012. The interest rate payable on the Series 4 Notes will be subject to adjustment from time to time, if either of DBRS or S&P downgrade (or upgrade) their rating assigned to the Series 4 Notes. The Series 4 Notes have been assigned credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. The Series 4 Notes are redeemable in whole or in part at any time, at the option of Aimia, at the greater of 100% of the principal amount and the Canada Yield Price (as defined in the Trust Indenture), together in each case with accrued and unpaid interest to the date fixed for redemption. The Corporation will be required to make an offer to repurchase the Series 4 Notes at a price equal to 101% of their aggregate principal amount together with accrued and unpaid interest to the date of purchase upon the occurrence of a Change of Control Triggering Event (as defined in the Trust Indenture).

As of December 31, 2013, Aimia had an amount of \$200 million in Series 5 Notes issued and outstanding. The Series 5 Notes will mature on January 22, 2018, and bear interest at the rate of 4.35% per annum from November 22, 2012. Interest on the Series 5 Notes is payable semi-annually in arrears on January 22 and July 22 of each year, commencing on January 22, 2013. The interest rate payable on the Series 5 Notes will be subject to adjustment from time to time, if either of DBRS or S&P downgrade (or upgrade) their rating assigned to the Series 5 Notes. The Series 5 Notes have been assigned credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. The Series 5 Notes are redeemable in whole or in part at any time, at the option of Aimia, at the greater of 100% of the principal amount and the Canada Yield Price (as defined in the Trust Indenture), together in each case with accrued and unpaid interest to the date fixed for redemption. The Corporation will be required to make an offer to repurchase the Series 5 Notes at a price equal to 101% of their aggregate principal amount together with accrued and unpaid interest to the date of purchase upon the occurrence of a Change of Control Triggering Event (as defined in the Trust Indenture).

The Notes are direct secured debt obligations of Aimia, secured by certain present and future undertakings, property and assets of Aimia and certain of its Subsidiaries, and all rights and benefits accruing thereunder, and rank equally and *pari passu*, including with respect to security interests, with all other present and future unsubordinated Indebtedness (as defined in the Trust Indenture) for borrowed money of Aimia or Aimia Canada, as the case may be. In the event that all *pari passu* ranking secured and unsubordinated Indebtedness for borrowed money of Aimia or Aimia Canada, as the case may be, becomes unsecured, the Notes will become direct unsecured Indebtedness of Aimia and will rank equally and *pari passu* with all other unsecured and unsubordinated Indebtedness of Aimia or Aimia Canada, as the case may be.

RATINGS

In addition to the ratings assigned to its securities as described herein, Aimia has been assigned issuer credit ratings of BBB with a stable trend by DBRS and BBB- by S&P. Issuer credit ratings are intended to convey the opinion of a rating agency in respect of an obligor's overall financial capacity to pay its financial obligations.

Both DBRS and S&P rate issuers, with ratings ranging from "AAA", the highest issuer credit rating, to "D", for issuers that are in payment default. According to the DBRS rating system, long-term debt rated BBB is of adequate credit quality. Protection of interest and principal is considered acceptable but the entity is fairly susceptible to adverse changes in financial and economic conditions, or that there may be other adverse conditions present which reduce the strength of the entity and its related securities. A DBRS rating may be modified by the addition of "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category. According to the S&P rating system, an obligor that is rated in the BBB category is considered by S&P to have an adequate capacity to meet its financial commitments. However, S&P considers that adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the issuer to meet its financial commitments. An S&P rating may be modified by the addition of a plus "(+)" or minus "(-)" to show relative standing within the particular major rating category.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant.

In the last two years, Aimia paid rating agencies their customary fees in connection with the above ratings. Aimia has not made any payments to the rating agencies in the past two years for services unrelated to the provision of such ratings.

DEBT FINANCING

On June 12, 2009, the Corporation concluded with a syndicate of lenders a renewal of its \$650 million credit facilities, consisting of a term facility of \$300 million and a revolving facility of \$250 million, both maturing on April 23, 2012, and a bridge facility of \$100 million, which was repaid with the proceeds of the Series 2 Notes. On December 7, 2009, the revolving facility was amended to increase the maximum borrowings under this facility from \$250 million to \$300 million. On January 26, 2010, a portion of the term facility was repaid with the proceeds generated from the issuance of the Series 3 Notes, with the authorized availability being reduced by the amount of the payment. On May 6, 2011, Aimia concluded an amendment to its credit facilities. The Corporation repaid \$100 million outstanding under its term facility with funds drawn from its revolving facility and the term facility was terminated. The new secured credit facility, which now only consists of a revolving facility of \$300 million, matures on April 23, 2014. On April 13, 2012, Aimia further amended its credit facility, extending the term of the \$300 million revolving facility by two years to April 23, 2016. The credit facility ranks *pari passu* with the Series 2 Notes, Series 3 Notes, Series 4 Notes and Series 5 Notes. Interest rates under the credit facilities depend on Aimia's credit ratings, and are at Canadian prime rate plus 0.20% to 1.50% and Bankers' Acceptance and LIBOR rates plus 1.20% to 2.50%. As of March 20, 2014, Aimia issued irrevocable letters of credit in the aggregate amount of \$57.5 million. This amount reduces the available credit under the revolving facility. The debt service ratio covenant under the credit facilities is maximum 2.0 to 1.0.

REDEMPTION RESERVE

In conjunction with the credit facilities concluded on June 29, 2005 and December 19, 2007, as refinanced on June 12, 2009, Aeroplan established the Aimia Canada Miles redemption reserve (the "**Reserve**") in connection with the Aeroplan Program. As at December 31, 2013, the Reserve amounted to \$300.0 million and was included in short-term and long-term investments.

The amount held in the Reserve, as well as the types of securities in which it may be invested, are based on policies established by Management, which are reviewed periodically. At December 31, 2013, the Reserve was invested in corporate, federal and provincial bonds.

Subject to compliance with the provisions of the credit facilities, the Reserve may be used to supplement cash flows generated from operations in order to pay for rewards during periods of unusually high redemption activity associated with Aeroplan Miles under the Aeroplan Program. In the event that the Reserve is accessed, Aeroplan has agreed to replenish it as soon as practicable, with available cash generated from operations.

Management is of the opinion that the Reserve is sufficient to cover redemption costs, including redemption costs incurred in periods of unusually high redemption activity, as they become due, in the normal course of business. Management reviews the adequacy of the Reserve periodically and may adjust the level of the Reserve depending upon the outcome of this review.

To date, Aimia has not used the funds held in the Reserve.

At December 31, 2013, the Reserve, as well as other assets held to comply with a contractual covenant with a major Accumulation Partner, represented 23.9% of the consolidated Future Redemption Cost liability or \$437.0 million.

The deferred revenue presented in the balance sheet contained in the Corporation's management discussion and analysis for the year ended December 31, 2013 represents accumulated unredeemed Loyalty Units valued at their weighted average selling price and unrecognized Breakage. The estimated consolidated Future Redemption Cost liability of those Loyalty Units, calculated at the current Average Cost of Rewards per Loyalty Unit redeemed, is approximately \$1,828.1 million.

DIVIDENDS AND DISTRIBUTIONS

DIVIDEND POLICY

Aimia's current policy is to declare dividends of \$0.17 per Common Share per quarter. For each of the three most recently completed financial years, Aimia declared and paid quarterly dividends on its Common Shares and Series 1 Preferred Shares as follows:

Date of Dividend Declaration	Amount of Dividend (per Common Share)	Amount of Dividend (per Series 1 Preferred Share)
February 24, 2011	\$0.125	\$0.40625
May 25, 2011	\$0.15	\$0.40625
August 10, 2011	\$0.15	\$0.40625
November 9, 2011	\$0.15	\$0.40625
February 22, 2012	\$0.15	\$0.40625
May 3, 2012	\$0.16	\$0.40625
August 9, 2012	\$0.16	\$0.40625
November 8, 2012	\$0.16	\$0.40625
February 27, 2013	\$0.16	\$0.40625
May 13, 2013	\$0.17	\$0.40625
August 12, 2013	\$0.17	\$0.40625
November 13, 2013	\$0.17	\$0.40625

Dividends payable by Aimia to its Shareholders are recorded when declared. Dividends paid by Aimia to Canadian residents on both its common and preferred shares are "eligible dividends" for Canadian income tax purposes.

The declaration of dividends is subject to the discretion of the board of directors and may vary depending on, among other things, Aimia's earnings, financial requirements, debt covenants, the satisfaction of certain tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time.

MARKET FOR SECURITIES

Since October 7, 2011, the Common Shares and the Series 1 Preferred Shares have been listed for trading on the TSX under the symbol "AIM" and "AIM.PR.A", respectively. Prior to October 7, 2011, the Common Shares and the Series 1 Preferred Shares were listed for trading on the TSX under the symbol "AER" and "AER.PR.A", respectively. The Series 3 Preferred Shares are listed for trading on the TSX under the symbol "AIM.PR.C".

TRADING PRICE AND VOLUME

The following table shows the monthly range of high and low closing prices per Common Share, the total monthly volumes, and the average daily volumes of Common Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including, December 2013, as quoted on Bloomberg.

2013 Month	Price per Common Share Monthly High	Price per Common Share Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
January	\$16.53	\$15.05	22,160,605	1,007,300
February	\$16.22	\$15.55	15,903,257	837,014
March	\$15.82	\$15.15	24,028,784	1,201,439
April	\$16.08	\$15.16	19,555,687	888,895
May	\$16.29	\$14.85	26,826,107	1,219,369
June	\$15.74	\$13.74	20,242,816	1,012,141
July	\$15.68	\$15.04	18,021,027	819,138
August	\$16.15	\$15.30	21,487,704	1,023,224
September	\$18.13	\$16.03	16,821,492	841,075
October	\$18.53	\$17.70	14,759,604	670,891
November	\$18.88	\$18.12	11,720,951	558,141
December	\$19.51	\$18.78	11,543,171	577,159

The following table shows the monthly range of high and low closing prices per Series 1 Preferred Share, the total monthly volumes, and the average daily volumes of Common Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including, December 2013, as quoted on Bloomberg.

2013 Month	Price per Series 1 Preferred Share Monthly High	Price per Series 1 Preferred Share Monthly Low	Series 1 Preferred Share Total Monthly Volume	Series 1 Preferred Share Average Daily Volume
January	\$26.70	\$25.85	278,139	12,643
February	\$27.20	\$26.46	360,298	18,963
March	\$27.14	\$26.55	236,869	11,843
April	\$26.70	\$25.86	400,725	18,215
May	\$26.59	\$26.12	284,014	12,910
June	\$26.36	\$24.62	276,404	13,820
July	\$25.60	\$25.19	108,779	4,945
August	\$25.55	\$24.84	111,490	5,309
September	\$25.80	\$25.30	157,019	7,851
October	\$25.85	\$25.36	175,938	7,997
November	\$25.96	\$25.33	157,661	7,508
December	\$25.78	\$25.09	129,307	6,465

PRIOR SALES

During the financial year ended December 31, 2013, no securities of Aimia that are not listed or quoted on a marketplace were issued.

DIRECTORS AND OFFICERS

DIRECTORS

The articles and by-laws of Aimia 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. Each member of the board of directors 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. The board of directors is comprised, as at March 20, 2013, of ten (10) members as set out in the following table.

Name, Municipality and Province of Residence	Position with Aimia	Principal Occupation	Director Since
Robert E. Brown Montreal, Quebec, Canada	Chairman of the Board	Corporate Director	June 21, 2005
Roman Doroniuk ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Director	Consultant	June 21, 2005
Rupert Duchesne Toronto, Ontario, Canada	Director	Group Chief Executive, Aimia	June 21, 2005
Joanne Ferstman ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada	Director	Corporate Director	June 21, 2005
Michael M. Fortier ⁽²⁾⁽³⁾ Town of Mount-Royal, Quebec, Canada	Director	Vice-Chairman, RBC Capital Markets	January 19, 2009
John M. Forzani ⁽²⁾⁽³⁾ Calgary, Alberta, Canada	Director	Corporate Director	July 17, 2007

Name, Municipality and Province of Residence	Position with Aimia	Principal Occupation	Director Since
Beth S. Horowitz ^{(1) (2)} Toronto, Ontario, Canada	Director	Corporate Director	December 20, 2012
David H. Laidley ⁽¹⁾⁽²⁾ Westmount, Quebec, Canada	Director	Corporate Director	January 19, 2009
Douglas D. Port ⁽²⁾⁽³⁾ Oakville, Ontario, Canada	Director	Corporate Director	July 17, 2007
Alan P. Rossy ⁽¹⁾⁽³⁾ Town of Mount-Royal Quebec, Canada	Director	President and Chief Executive Officer, Groupe Copley	July 17, 2007

(1) Member of the Audit Committee.

(2) Member of the Governance and Nominating Committee.

(3) Member of the Human Resources and Compensation Committee.

OFFICERS

The following table sets out, as at March 20, 2013, for each of the current executive officers, the person's name, municipality of residence, position, principal occupation and date of start of office.

Name, Municipality and Province of Residence	Position and Principal Occupation	Executive Officer Since
David L. Adams Beaconsfield, Quebec, Canada	Executive Vice President and Chief Financial Officer	July 16, 2007
Marc Allsop Hove, England	Senior Vice President and Head of Global Business Development	July 1, 2013
Susan Doniz Toronto, Ontario, Canada	Global Chief Information Officer	June 7, 2011
Rupert Duchesne Toronto, Ontario, Canada	Group Chief Executive	August 1, 2000
Liz Graham Westmount, Quebec, Canada	Executive Vice President, Operations and Strategic Initiatives	November 1, 2000
Mark Hounsell, Town of Mount-Royal, Quebec, Canada	Chief Legal Officer and Corporate Secretary	October 2, 2006
David Johnston London, England	Group Chief Operating Officer	January 11, 2010
Jan-Pieter Lips London, England	President, Europe, Middle East and Africa	February 27, 2013
Eric Monteiro Toronto, Ontario, Canada	Chief Strategy & Analytics Officer	November 5, 2012
Vincent R. Timpano Toronto, Ontario, Canada	President and Chief Executive Officer, Canada and Executive Vice President	November 3, 2008
Sandra Walker Nobleton, Ontario, Canada	Chief Talent Officer	October 17, 2011

Name, Municipality and Province of Residence	Position and Principal Occupation	Executive Officer Since
Michael Zea New Canaan, Connecticut, USA	President and Chief Executive Officer, US and Executive Vice President	December 31, 2012

As at March 20, 2013, the directors and officers of Aimia as a group owned, directly or indirectly, or had control or direction over 286,344 Common Shares representing approximately 0.17% of the issued and outstanding Common Shares.

BIOGRAPHIES

The following are biographies of the directors of Aimia, and the current executive officers of Aimia.

David L. Adams is Executive Vice President and Chief Financial Officer of Aimia and has executive responsibility for the overall financial strategic direction, control, reporting and financial monitoring of Aimia's operations. He also oversees the organization's access to and engagement with global capital markets and is responsible for global tax, treasury and mergers and acquisitions. In 2007, he was appointed Executive Vice President, Finance and Chief Financial Officer of Aeroplan. Before joining Aimia, he was Senior Vice President and Chief Financial Officer at Photowatt Technologies Inc. Prior to Photowatt, he acted as Senior Vice President Finance and Chief Financial Officer of SR Telecom Inc. Mr. Adams previously held a variety of executive finance positions at CAE Inc., a global market leader in the production of flight simulators and control systems. Prior to these roles, he held a number of progressively senior roles with the Bank of Nova Scotia and Clarkson Gordon (Ernst & Young). Mr. Adams is a CA and holds a Bachelor of Commerce and Finance Degree from the University of Toronto and has completed the Stanford Executive Program.

Marc Allsop is Senior Vice President and Head of Global Business Development since July 1, 2013. In this role, he leads the global business development team who plan and execute the expansion of Aimia's full suite strategy into new territories, as well as supporting the enhancement of the Aimia value proposition in existing geographies. Mr Allsop joined Aimia from American Express where he spent 15 years across a range of business lines, including operations, merchant acquiring and consumer card issuing, where he was most recently responsible for business development in their European business. He has extensive global experience, spending a significant amount of time working in loyalty, business development and partnership management, working with major blue chip clients across a range of key industry verticals including airline, lodging, retail and financial services. He holds an Honours Degree in Management Studies and French from the University of Brighton in the United Kingdom.

Robert E. Brown has been Chairman of the Corporation 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 became 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 Ltd. He has also received honorary doctorates from five Canadian universities. Mr. Brown is a Member of the Order of Canada and an Officer of L'Ordre National du Québec.

Susan Doniz is Aimia's Global CIO. She is responsible for defining the global internal and external Information Technology and Digital strategy and leading the development and delivery of Global Product. Prior to joining Aimia, Susan held a variety of leadership roles with Procter & Gamble, including CIO & Shared Services. A specialist in creating and delivering multifunctional strategies, Susan has worked extensively in both developed and emerging markets and speaks multiple languages. Susan graduated from University of Toronto, Engineering and studied Graduate courses in Europe and Executive Learning at Harvard Business School. Susan was named one of Canada's Most Powerful Women in 2011, and is active on a number of boards including the University of California Irvine Center for Digital Transformation, DAREarts and the Ontario Science Centre.

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 is Vice Chairman of Aquatics, Inc., a wholly-owned subsidiary of Tomkins plc, and sits on the board of Martinrea International Inc. Mr. Doroniuk acts as the Court appointed special receiver in the matter of the Livent Inc. bankruptcy. 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.

Rupert Duchesne is Group Chief Executive of the Corporation. In this role, Mr. Duchesne culminates a decade of innovative stewardship of the rapid growth of the organization from its carve-out as a division of Air Canada in 2002. Under his leadership the company has grown from a single loyalty program in a single market to a truly global enterprise with operations in over 20 countries. Prior to his leadership role in creating Aimia, Mr. Duchesne spent twelve years in strategy and investment consulting around the world before joining Air Canada in 1996, where he held the positions of Vice President Marketing, Senior Vice President International and ultimately Chief Integration Officer, overseeing the integration of Air Canada with Canadian Airlines. 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. He is a Director of Dorel Industries and Chair of the Boards of the NeuroScience Canada Partnership and Brain Canada Foundation. A passionate supporter of the arts, Mr. Duchesne is Vice President of the Art Gallery of Ontario (AGO)'s Board of Trustees, a member of the boards of the Luminato Festival in Toronto, and played a leadership role in the development and touring of "Painting Canada", an international exhibit featuring Tom Thompson and The Group of Seven. He also serves on the boards of the Royal Conservatory of Music, the International Festival of Authors and the Greenwood College School.

Joanne Ferstman currently serves as a corporate director and sits on various public company boards. Over an 18 year period until her retirement in June 2012, Ms. Ferstman held a variety of executive positions with the Dundee Group of Companies. Most recently, Ms. Ferstman was the President and Chief Executive Officer of Dundee Capital Markets Inc., a full service investment dealer with principal businesses including investment banking, institutional sales and trading and private client financial advisory. Prior to January 31, 2011, Ms. Ferstman was Vice-Chair and Head of Capital Markets of DundeeWealth Inc., a diversified wealth management company. Prior to 2009 Ms. Ferstman was Executive Vice President and Chief Financial Officer of DundeeWealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. In these senior financial roles, Ms. Ferstman was actively involved in all corporate strategy, including acquisitions and financings, and was responsible for all public financial reporting. Prior to joining the Dundee Group of Companies, 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 currently serves as the Chair of Dundee Industrial Real Estate Investment Trust and Dundee Real Estate Investment Trust, and a director of Osisko Mining Corporation and Excellon Resources Inc. Ms. Ferstman holds a Bachelor of Commerce and a Graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant.

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 (now Norton Rose Fulbright Canada 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 Montreal. 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. He is a director of CAE Inc. Mr. Fortier holds a Bachelor of Laws from Université Laval.

John M. Forzani is the founder (1974) of The Forzani Group Ltd., Canada's largest retailer of sporting goods with over 600 stores under eight different banners until its acquisition by Canadian Tire Corporation Limited in August 2011. He was Chairman of the Board of The Forzani Group Ltd. and has held the positions of Chief Executive Officer, President and Chief Operating Officer. He was on the boards of Sustainable Energy Technologies Ltd. from July 2004 to July 2012 and The Forzani Group Ltd. from June 1993 to August 2011. In addition, he was Chairman of Swiss based Intersport International from September 2003 to September 2009, the world's largest sporting goods retailer and purchasing group with over 7,000 stores worldwide. Mr. Forzani is a graduate of Utah

State University with a Bachelor of Science Degree. He also played for the Calgary Stampeders of the Canadian Football League and is currently a partner of the club.

Liz Graham was appointed Executive Vice President, Operations and Strategic Initiatives in February, 2013. In this role Ms. Graham is responsible for overseeing the global CIO office and its strategic transformation. This includes the development and deployment of differentiated global technology products which provide scale and efficiencies to support client needs and business growth. As a founding executive of Aeroplan, the predecessor to the global entity now known as Aimia, over the last decade Ms. Graham has developed and led the full spectrum of operational support units across the enterprise and through significant corporate transformations and growth, including previous roles as Chief Operating Officer, and President USA & Asia Pacific. Prior to joining Aimia, Ms. Graham enjoyed a lengthy and successful career with Air Canada in increasingly complex and senior leadership roles in Customer Service, Business Development and Strategy culminating in her appointment, in 1998, as Vice President, Airports, where she was responsible for airport and cargo operations in North America. Ms. Graham holds the designation of Chartered Director (C. Dir) and is a board member of the Canadian Chamber of Commerce.

Beth S. Horowitz is Former Chair, President & CEO, Amex Bank of Canada, and former President & General Manager, Amex Canada, Inc. She spent 22 years with Amex in a variety of leadership roles including Senior Vice President, International Product Strategy & Development, and Vice President, Quality and Reengineering. In 2009, Ms. Horowitz was appointed to the HSBC Bank Canada Board and is a member of its audit and risk committee. She also serves as Trustee on the Art Gallery of Ontario (AGO)'s Board of Trustees, Advisor on the Schulich School of Business' Dean's Advisory Board, Advisor on Catalyst Canada's Advisory Board, Director on the Harvard Business School Club of Toronto Board of Directors, and Advisor for the Women's Venture Capital Fund. Ms. Horowitz received a B.A. degree in Medieval and Renaissance European History from Cornell University, and an M.B.A. degree from Harvard Business School. She also holds the ICD.D certification from the Institute of Corporate Directors.

Mark Hounsell is Aimia's Chief Legal Officer and Corporate Secretary and has overall responsibility for the development and management of the legal framework for Aimia's various businesses, as well as leadership of the enterprise's corporate secretariat, ethics, government relations and privacy portfolios. In 2006, Mr. Hounsell was hired as Vice President & General Counsel of Aeroplan. From 1997 to 2006, Mr. Hounsell held various senior positions within the BCE group of companies, including his last position as Assistant General Counsel for Bell Canada. In this role, Mr. Hounsell was responsible for managing Bell's legal commercial group to service the needs of Bell's Québec enterprise operations. Mr. Hounsell's previous work with BCE concentrated on M&A, financing initiatives and corporate governance, as well as various counsel positions at Bell Canada International Inc., including the position of Vice-President, Law and Corporate Secretary. After having received his degree in law at the Université de Montréal in 1991 and having been called to the Québec Bar in 1992, Mr. Hounsell worked in private practice as a corporate commercial lawyer specializing in securities prior to moving in-house.

David Johnston was appointed Group Chief Operating Officer in February 2013. In this role, he is responsible for driving further development of Aimia's global operating model and performance, with Aimia's key operating regions of Canada, EMEA, US and APAC all reporting to Mr. Johnston. Mr. Johnston will also continue to be responsible for the global business development team who plan and execute the expansion of Aimia's full suite strategy into new territories. Prior to this Mr. Johnston was President and Chief Executive Officer, EMEA and Executive Vice President from January 2010. In this role, he had full responsibility for driving the expansion of Aimia's businesses in the EMEA region including Nectar, Nectar Italia and Air Miles Middle East as well as all of our proprietary loyalty and loyalty analytics businesses in the region. Mr. Johnston joined Aimia from PepsiCo where he spent 13 years in Marketing and General Management. He has had extensive global experience in PepsiCo in Europe, Latin America and in PepsiCo's global headquarters in Purchase, New York. He holds an Honours Degree in Business from Nottingham Trent University in the United Kingdom.

David H. Laidley is a retired partner of Deloitte & 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. He currently serves on the boards of CT Real Estate Investment Trust, EMCOR Group Inc. (NYSE) and Input Capital Corp. He is also a director of Aviva Canada Inc. He served on the boards of Biovail Corporation (now Valeant Pharmaceuticals International Inc.) from 2008 to 2010, the Bank of Canada from 2007 to 2013 where he was Lead Director, Nautilus Indemnity Holdings Limited from 2008 to 2013, where he was Chairman, and ProSep Inc. from 2008 to 2014. Mr. Laidley is a Fellow of

the Québec Order of Chartered Professional Accountants and holds a Bachelor of Commerce degree from McGill University.

Jan-Pieter Lips was appointed President of the EMEA region and Executive Vice President in February 2013. In this role, he has full accountability for leading and growing Aimia's businesses in the EMEA region across a full suite of loyalty management services of proprietary loyalty, loyalty analytics and coalition, including Nectar, Nectar Italia and Air Miles Middle East. Mr. Lips was one of the founders of the Nectar UK business in 2002 and was Managing Director of Nectar UK from 2009 to February 2013. He is one of the pioneers of the loyalty management industry in Europe, having started his career with Loyalty Management Group in the Netherlands in 1997. Prior to this Jan-Pieter worked for retail consortium Vendex where he started his career. Jan-Pieter has lived in London UK for more than 10 years and was born and educated in The Netherlands. He holds a degree in Business Economics from the University of Amsterdam

Eric Monteiro was appointed Chief Strategy & Analytics Officer in March 2014. In 2012, Mr. Monteiro was hired as Executive Vice President, Global Strategy. Mr. Monteiro is responsible for leading Aimia's overall global strategy and key strategic initiatives, including identifying mergers and acquisitions targets as well as supporting new business development. Monteiro leads Aimia's Global Strategy group, working with our Group Chief Executive and partnering with regional business leaders to conceive and execute strategic and long-term plans that will drive growth for the company. He also supervises the development of centres of excellence and strategic product roadmaps, and leads our global analytics center of excellence. Monteiro brings nearly 20 years of strategy experience, most recently as a partner at McKinsey & Company, where he spent the last 15 years and co-led the Business Technology office in Canada and served a variety of international clients with an emphasis on financial services and telecom sectors. Eric began his career in São Paulo, Brazil, where he was born and raised, working with Fortune 100 multinationals. He holds an M.B.A. with High Distinction from the University of Michigan Ross Business School and a B.Sc. in Automation Engineering from the University of São Paulo.

Douglas D. Port 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. He is Vice-Chairman of the Air Canada Foundation.

Alan P. Rossy is President and Chief Executive Officer of Groupe Copley, comprised of real estate entities that purchase, develop and lease residential and commercial properties in Quebec and Ontario. Mr. Rossy has served as Executive Vice-President of Store Operations at Dollarama L.P., a national retail chain, from 1991 to 2007. His responsibilities included new store growth, sales, merchandising, advertising and human resource consulting. Mr. Rossy is a founding family member of Dollarama and current shareholder. Presently, Mr. Rossy is on the Board of Directors of the Jewish General Hospital Foundation and is also a Director of Selwyn House School, a private boys school in Westmount, Quebec. Mr. Rossy graduated from McGill University with a Bachelor's of Arts, majoring in Economics.

Vincent R. Timpano is President and Chief Executive Officer, Canada and Executive Vice President of Aimia. In this role, Mr. Timpano has full accountability for leading and growing the Canadian business, which includes the full suite of loyalty management products and services of coalition, proprietary, enhancement services and loyalty analytics. Previously, he served as President and CEO of Aeroplan, where he established and led the strategic direction of the business, while ensuring alignment across the organization to drive performance and growth for Canada's leading premium rewards program. Before Aeroplan, Mr. Timpano was President, Coca-Cola Ltd. in Canada and prior to holding that position, he served as President and CEO for The Minute Maid Company Canada Inc. Mr. Timpano is currently the Chair of the United Way Toronto, as well as Chair of its Governance and Human Resources Committee. He is also a member of the board of the Canadian Marketing Association and Business for the Arts. Mr. Timpano holds a Masters of Business Administration degree from the Richard Ivey School of Business, University of Western Ontario.

Sandra Walker is Aimia's Chief Talent Officer and is responsible for human resources, talent and culture strategy and delivery globally to support and accelerate achievement of our goals. She is also accountable for global communications, to drive internal alignment and foster and build Aimia's corporate reputation in the market.

Previous to this role, Ms. Walker held senior positions at BCE/Bell Canada and Alliance Atlantis Communications Inc. She joined BCE/Bell Canada in 2005, initially leading Human Resources for the Enterprise Group and subsequently taking the post of Vice President, Human Resources - Business Markets where she successfully oversaw multiple transformational business structuring endeavours, evolved people and culture planning for all B2B businesses, led the reset of Bell's Leadership Development and Talent Management programs, focused on building the organization's talent pipeline, and supported talent identification deeply into the organization. Prior to joining Bell, Ms. Walker was Senior Vice President, Human Resources & Administration at Alliance Atlantis Communications Inc. where, as a member of the Executive Committee, she had full responsibility for all matters related to global human resource governance matters. Earlier in her career, Ms. Walker held progressively senior roles in the life and health reinsurance business, leading to the role of Head, Human Resource Services, North America for Swiss Re Life & Health. Ms. Walker is a graduate of the University of Toronto, holds FLMI and CHRP designations, and currently serves on the Board of the Hincks Dellcrest Centre and as a member of its Finance, Resource & Audit Committee.

Michael Zea is President and Chief Executive Officer for the U.S. Region, and Executive Vice President of Aimia. In this role, Mr. Zea has full commercial and operating responsibility for Aimia in the U.S., with a critical focus on new business development and driving key strategic growth initiatives for the market. Mr. Zea brings more than 20 years of strategic consulting experience, most recently as a partner at McKinsey & Company, where he was an acknowledged client and knowledge entrepreneur within the firm and led McKinsey's Loyalty Marketing Service line globally. Prior to McKinsey, Mr. Zea enjoyed over a decade of success with Oliver Wyman, having joined that firm as the founding associate of the Chicago office and one of three selected to launch that firm's Aviation practice, and managed the firm's New York office from 2003-2005. A graduate of Kellogg Graduate School of Management at Northwestern and Purdue University, earlier in his career Mr. Zea worked in sales, pricing and distribution at major airlines including United and American. Mr. Zea is also a Trustee on the Board of The Nature Conservancy of Connecticut, and Alexandra's Playground.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of Aimia, no director or executive officer of Aimia (a) is, as at the date hereof, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) and no Shareholder holding a sufficient number of securities of Aimia to affect materially the control of Aimia, is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) and no Shareholder holding a sufficient number of securities of Aimia to affect materially the control of Aimia, has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, except for:

- (i) 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 employee 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;
- (ii) David H. Laidley was a director of 2907160 Canada Inc. (formerly ProSep Inc.) ("**ProSep**") from August 2008 until January 2014. On April 12, 2013, the Autorité des marchés financiers

issued a management cease trade order restricting all trading in securities of ProSep by management and insiders of ProSep due to failure to file its annual disclosure documents within the prescribed time period. The management cease trade order was revoked on June 17, 2013. On October 28, 2013, ProSep filed for and obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada). At the same time, the Superior Court of Quebec (Commercial Division) approved the sale of substantially all of ProSep's assets to a third party. The distribution of ProSep's liquidation proceeds was completed and ProSep was dissolved on January 15, 2014.

Penalties or Sanctions

To the knowledge of Aimia, no director or executive officer of Aimia, and no Shareholder holding a sufficient number of securities of Aimia to affect materially the control of Aimia, nor any personal holding company thereof, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of Aimia, in the last ten years, no director or executive officer of Aimia, and no Shareholder holding a sufficient number of securities of Aimia to affect materially the control of Aimia, nor any personal holding company thereof, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets or the assets of his or her holding company.

CONFLICTS OF INTEREST

Except as disclosed in the section "Interest of Management and Others in Material Transactions" and elsewhere herein, no director or senior officer of Aimia or other insider of Aimia, nor any associate or affiliate of the foregoing persons, has any existing or potential material conflict of interest with Aimia or any of its Subsidiaries.

AUDIT COMMITTEE INFORMATION

The primary purpose of the Audit Committee is to assist the board of directors of Aimia in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements.

CHARTER OF THE AUDIT COMMITTEE

The charter of the Audit Committee is set out in Schedule "B" to this Annual Information Form.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is composed of five members, as follows: Roman Doroniuk, Chair, Joanne Ferstman, Beth S. Horowitz, David H. Laidley and Alan P. Rossy. Each member of the Audit Committee is Independent of Aimia and financially literate as required under *Multilateral Instrument 52-110 – Audit Committees*.

RELEVANT EDUCATION AND EXPERIENCE OF THE AUDIT COMMITTEE MEMBERS

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

- (i) 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 is Vice Chairman of Aquatics, Inc., a wholly-owned subsidiary of Tomkins plc, and sits on the

board of Martinrea International Inc. Mr. Droniuk acts as the Court appointed special receiver in the matter of the Livent Inc. bankruptcy. Mr. Droniuk 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. Droniuk holds a Bachelor of Business Management from Ryerson University and is a Chartered Accountant.

- (ii) Joanne Ferstman currently serves as a corporate director and sits on various public company boards. Over an 18 year period until her retirement in June 2012, Ms. Ferstman held a variety of executive positions with the Dundee Group of Companies. Most recently, Ms. Ferstman was the President and Chief Executive Officer of Dundee Capital Markets Inc., a full service investment dealer with principal businesses including investment banking, institutional sales and trading and private client financial advisory. Prior to January 31, 2011, Ms. Ferstman was Vice-Chair and Head of Capital Markets of DundeeWealth Inc., a diversified wealth management company. Prior to 2009 Ms. Ferstman was Executive Vice President and Chief Financial Officer of DundeeWealth Inc. and Executive Vice President, Chief Financial Officer and Corporate Secretary of Dundee Corporation. In these senior financial roles, Ms. Ferstman was actively involved in all corporate strategy, including acquisitions and financings, and was responsible for all public financial reporting. Prior to joining the Dundee Group of Companies, 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 currently serves as the Chair of Dundee Industrial Real Estate Investment Trust and Dundee Real Estate Investment Trust, and a director of Osisko Mining Corporation and Excellon Resources Inc. Ms. Ferstman holds a Bachelor of Commerce and a Graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant.
- (iii) Beth S. Horowitz is Former Chair, President & CEO, Amex Bank of Canada, and former President & General Manager, Amex Canada, Inc. She spent 22 years with Amex in a variety of leadership roles including Senior Vice President, International Product Strategy & Development, and Vice President, Quality and Reengineering. In 2009, Ms. Horowitz was appointed to the HSBC Bank Canada Board and is a member of its audit and risk committee. She also serves as Trustee on the Art Gallery of Ontario (AGO)'s Board of Trustees, Advisor on the Schulich School of Business' Dean's Advisory Board, Advisor on Catalyst Canada's Advisory Board, Director on the Harvard Business School Club of Toronto Board of Directors, and Advisor for the Women's Venture Capital Fund. Ms. Horowitz received a B.A. degree in Medieval and Renaissance European History from Cornell University, and an M.B.A. degree from Harvard Business School. She also holds the ICD.D certification from the Institute of Corporate Directors.
- (iv) David H. Laidley is a retired partner of Deloitte & 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. He currently serves on the boards of CT Real Estate Investment Trust, EMCOR Group Inc. (NYSE) and Input Capital Corp. He is also a director of Aviva Canada Inc. He served on the boards of Biovail Corporation (now Valeant Pharmaceuticals International Inc.) from 2008 to 2010, the Bank of Canada from 2007 to 2013 where he was Lead Director, and Nautilus Indemnity Holdings Limited from 2008 to 2013, where he was Chairman, and ProSep Inc. from 2008 to 2014. Mr. Laidley is a Fellow of the Québec Order of Chartered Professional Accountants and holds a Bachelor of Commerce degree from McGill University.
- (v) Alan P. Rossy is President and Chief Executive Officer of Groupe Copley, comprised of real estate entities that purchase, develop and lease residential and commercial properties in Quebec and Ontario. Mr. Rossy has served as Executive Vice-President of Store Operations at Dollarama L.P., a national retail chain, from 1991 to 2007. His responsibilities included new store growth, sales, merchandising, advertising and human resource consulting. Mr. Rossy is a founding

family member of Dollarama and current shareholder. Presently, Mr. Rossy is on the Board of Directors of the Jewish General Hospital Foundation and is also a Director of Selwyn House School, a private boys school in Westmount, Quebec. Mr. Rossy graduated from McGill University with a Bachelor's of Arts, majoring in Economics.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee reviews and approves the nature of all non-audit services, as permitted by securities legislation and regulations, to be provided by Aimia's external auditor prior to the commencement of such work.

The Audit Committee also reviews a report from the external auditor of all relationships between the external auditor and its related entities and Aimia and its related entities, including all work performed and fees paid for such work of a non-audit nature, that in the external auditor's professional judgment may reasonably be perceived to bear on its objectivity and independence and confirming that in the external auditor's professional judgment it is independent of Aimia, and discusses this report with the external auditor in order to evaluate the objectivity and independence of the external auditor. The Audit Committee will also review steps taken by the external auditor to address any findings in any of the foregoing reviews.

AUDIT FEES

PricewaterhouseCoopers LLP has served as auditors of Aimia since June 25, 2008 and as auditors of Aeroplan Income Fund since the Initial Public Offering.

Fees paid for the years ended December 31, 2013 and December 31, 2012 to PricewaterhouseCoopers LLP and its Subsidiaries are \$4,302,193 and \$3,776,160, respectively, as detailed below:

	<u>Year ended December 31, 2013</u>	<u>Year ended December 31, 2012</u>
Audit fees	\$2,435,797	\$2,119,057
Audit-related fees	\$30,250	\$149,012
Tax fees	\$728,494	\$676,424
All other fees	\$1,107,652	\$831,667
	<u>\$4,302,193</u>	<u>\$3,776,160</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 Aimia's annual financial statements and for services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. In 2013, audit-related fees were paid for services rendered in connection with the Corporation's Information Circular dated March 15, 2013 and Annual Information Form dated March 21, 2013. In 2012, audit-related fees were paid for services rendered in connection with the offering to the \$250 million Series 4 Notes and the \$200 million Series 5 Notes including for services in connection to the Corporation's Management Information Circular dated March 16, 2012 and Annual Information Form dated March 22, 2012.

Tax fees. Tax fees were paid in 2013 and 2012 in connection with the review of tax provisions, fees associated with general tax and compliance advice, and for assistance in the preparation of Scientific Research & Experimental Development tax credit claims.

All other fees. In 2013 and 2012, other fees were paid for professional services rendered with respect to the review of quarterly reporting by Aimia and the translation thereof, the due diligence investigation in connection with acquisitions and investments, including the acquisition of Smart Button in 2013 and the acquisition of EIM in 2012, and other regulatory and contractual audit-related obligations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time, Aimia becomes involved in various claims and litigation as a result of carrying on its business. This section describes important legal proceedings which involve Aimia's businesses. While the final outcome of the claims and litigation described below and any other pending claims and litigation cannot be predicted, nor can we estimate the amount of loss, or range of loss, if any, that may result from these proceedings, based on the information currently available, Management believes the resolution of current pending claims and litigation will not have a material impact on the Corporation's financial position and results of operations. The Corporation will regularly assess its position as events progress.

VAT APPEAL

Aimia EMEA Limited (formerly Loyalty Management Group Limited) was in litigation with HMRC since 2003 relating to the VAT treatment of the Nectar Program as it applies to the deductibility of input tax credits in the remittance of VAT owed.

On October 7, 2010, the European Court of Justice ("ECJ") ruled against Aimia EMEA Limited and in favour of HMRC. The case was referred back to the UK Supreme Court for judgment based on the guidance of the ECJ. The hearing took place on October 24 and October 25, 2012. On March 13, 2013, the UK Supreme Court issued its judgment. While the ruling was in favour of Aimia EMEA Limited, the UK Supreme Court asked for further written submissions from both Aimia EMEA Limited and HMRC to fully determine the case. On June 20, 2013, the UK Supreme Court issued its final judgment in favour of Aimia.

As a result, an amount of \$161.3 million (£101.1 million) was reversed from the provision to net earnings. Of this amount, \$142.4 million (£89.3 million) related to cost of rewards and represented input tax credits relating to the supply of goods claimed historically and to date, \$17.3 million (£10.8 million) related to interest expense and \$1.6 million (£1.0 million) to operating expenses as it represented legal fees. At the same time, the accounts receivable of \$67.5 million (£42.3 million) which would have been due from certain Redemption Partners in the event of Aimia EMEA Limited losing the case was also released to cost of rewards.

Additionally, as set out in the agreement at the time of acquisition, an amount of \$7.2 million (£4.5 million) relating to a provision payable to certain employees in the event of a favourable judgment as well as an amount of \$43.2 million (£27.1 million) relating to the contingent consideration payable to the former shareholders of Aimia EMEA Limited were recorded in accounts payable and general and administrative expenses for the period ending June 30, 2013. The contingent consideration payable was settled on July 19, 2013 upon the release of the funds held in escrow to the former shareholders of Aimia EMEA Limited.

Prior to the issuance of the final ruling by the UK Supreme Court, \$2.1 million (£1.4 million) had been recorded in cost of rewards and \$1.1 million (£0.7 million) had been recorded in interest expense during the period from January 1, 2013 to March 31, 2013. As a result of the final ruling, no amounts were recorded during the period from April 1 to June 20, 2013.

During the year ended December 31, 2012, \$4.3 million (£2.7 million) was recorded in cost of rewards and \$4.5 million (£2.8 million) was recorded in interest expense.

CLASS ACTION CONTESTING CHANGES TO AEROPLAN'S MILEAGE ACCUMULATION AND EXPIRY RULES

On July 2, 2009, Aimia was served with a motion for authorization to institute a class action and to obtain the status of representative in the Superior Court of Quebec. The motion was heard on May 9 and 10, 2011 and Aeroplan was added as a potential defendant. In a judgment dated March 6, 2012, the Superior Court of Quebec authorized the motion for the petitioner to bring a class action. That motion was the first procedural step before any class action could be instituted. A notice of the judgment authorizing the class action was published on April 6, 2013.

On October 1, 2013, the petitioner served and filed its class action proceeding seeking to nullify the changes made to the mileage expiry and accumulation rules of the Aeroplan Program announced on October 16, 2006, reimbursement of any amounts expended by Aeroplan members to reinstate their expired miles, \$50 in compensatory damages and an undetermined amount in exemplary damages on behalf of each class member. The

parties have agreed upon a timetable for procedural matters leading up to readiness for trial. The next step is for Aimia to file its defence. Management does not expect a ruling on the merits for at least 2 years.

Management has identified a strong defence to this class action lawsuit and believes that it is more likely than not that its position will be sustained.

CANADA REVENUE AGENCY NOTICE OF REASSESSMENT

On August 30, 2013, Aimia received a notice of reassessment from the Canada Revenue Agency ("CRA") with respect to the taxation year ended December 31, 2008. The reassessment relates to the timing of recognition for tax purposes of deferred revenues from Breakage. Aimia recognizes the deferred revenue from Breakage for tax purposes in the same manner as for accounting purposes. The CRA is of the view that Aimia should recognize for tax purposes all of its deferred revenue from Breakage in the year that it is billed. The impact of this reassessment is to increase taxable income at December 31, 2008 by \$222.5 million, representing the deferred Breakage revenue balance reflected in the accounts at December 31, 2008, with a corresponding increase in current income tax liability of \$54.0 million. Interest and penalties of \$24.0 million were also assessed.

This difference in income inclusion for tax purposes versus the method adopted for accounting purposes represents a temporary difference which would give rise to a deferred income tax recovery asset of \$43.0 million.

Management is of the view that there is a strong case to support its filed position and has contested the reassessment through the CRA administrative appeals procedures. On February 11, 2014, as required under the relevant tax laws, the Corporation issued a letter of credit to the CRA in the amount of \$41.3 million. This letter of credit acts as security for the reassessment and it will be released back to the Corporation upon the successful defence of its filing position.

Since management believes that it is more likely than not that its position will be sustained, no amounts related to this issue have been recorded in the financial statements as of December 31, 2013.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Aimia, none of the directors, executive officers or other insider, as applicable, of (i) Aimia 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 within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Aimia or any of its Subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is CST Trust Company at its principal offices in Montreal, Toronto, Vancouver, Calgary and Halifax.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business of Aimia, and/or its Subsidiaries, as the case may be, entered into the following material contracts: (i) before the most recently completed financial year, and these contracts are still in effect at the current time; or (ii) during the financial year ended December 31, 2013:

- the Trust Indenture;
- the amended and restated credit facility dated May 6, 2011, as amended on April 13, 2012, among Aimia, as borrower, Royal Bank of Canada, as administrative agent, RBC Capital Markets, TD Securities and Canadian Imperial Bank of Commerce, as co-lead arrangers and bookrunners, TD Securities, as syndication agent, Bank of Montreal and Canadian Imperial Bank of Commerce, as co-documentation agents, and the financial institution party thereto (the "**Credit Facility**");

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP are the auditors of Aimia and have advised that they are independent with respect to Aimia within the meaning of the Rules of Professional Conduct of the Ordre des comptables agréés du Québec.

ADDITIONAL INFORMATION

Additional information relating to Aimia may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness and principal Shareholders, is included in Aimia's information circular for its most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Aimia for the year ended December 31, 2013.

Aimia will, upon request to the Chief Legal Officer and Corporate Secretary of Aimia, 5100 de Maisonneuve Boulevard West, Montreal, Québec, H4A 3T2, provide to any person or company, the documents specified below:

- (a) when Aimia is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:
 - (i) one copy of Aimia's latest annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;
 - (ii) one copy of the comparative Consolidated Financial Statements of Aimia for the most recently completed financial year for which financial statements have been filed, together with the Auditors' Report thereon, and one copy of any interim consolidated financial statements of Aimia for any period after its most recently completed financial year;
 - (iii) one copy of the information circular of Aimia in respect of its most recent annual meeting of Shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or
- (b) at any other time, Aimia shall provide to any person or company one copy of any of the documents referred to in items (i), (ii) and (iii) of paragraph (a) above, provided that Aimia may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of Aimia's securities.

SCHEDULE A
GLOSSARY OF TERMS

In this Annual Information Form, unless the context otherwise requires, the terms defined below have the following meanings:

"**AC Flights**" means the flights operated by Air Canada and its affiliate, Air Canada Express, and certain other carriers under the "AC" code;

"**Accumulation Partners**" means Commercial Partners that purchase loyalty marketing services, including Loyalty Units;

"**Aeroplan**" means Aimia Canada;

"**Aeroplan LP**" means Aeroplan Limited Partnership, a limited partnership established under the laws of the Province of Québec on June 21, 2005 and which was liquidated and dissolved on December 29, 2008;

"**Aeroplan Miles**" means the miles issued by Aimia Canada under the Aeroplan Program;

"**Aeroplan Program**" means the loyalty marketing program owned and operated by Aimia Canada;

"**Aimia**" or "**Corporation**" means Aimia Inc., a corporation incorporated under the CBCA and, where applicable, means Aeroplan Income Fund, the predecessor entity to Aimia;

"**Aimia Canada**" means Aimia Canada Inc., a corporation amalgamated under the CBCA and a direct wholly-owned Subsidiary of Aimia, and the successor of Aeroplan LP following the Reorganization. Where applicable, references to Aimia Canada include references to Aeroplan LP;

"**Aimia Proprietary Loyalty U.S.**" means Aimia Proprietary Loyalty U.S. Inc., a corporation incorporated under the laws of Delaware;

"**AMEX**" means Amex Bank of Canada;

"**AMEX Agreement**" means, collectively, (a) the co-brand program agreement dated as of November 13, 2013, among Aeroplan and AMEX relating to co-branded cards, and (b) the membership rewards program agreement dated as of November 13, 2013, among Aeroplan and AMEX;

"**Annual Information Form**" means this annual information form of Aimia dated March 20, 2014, together with all schedules hereto;

"**Audit Committee**" means the audit, finance and risk committee of Aimia;

"**Average Cost of Rewards per Loyalty Unit**" means, for any reporting period, the cost of rewards for such period divided by the number of Loyalty Units redeemed for rewards during such period;

"**Breakage**" means estimated Loyalty Units sold which are not expected to be redeemed. By its nature, Breakage is subject to estimates and judgment;

"**Card Migration Provision**" means the provision in relation to the net migration of Aeroplan-branded credit card account between CIBC and TD as described under the Financial Highlights section;

"**CAW**" means the National Automobile, Aerospace, Transportation and General Workers Union of Canada, Local 2002;

"**CBCA**" means the *Canada Business Corporations Act*, as amended;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, as amended;

"**CIBC**" means Canadian Imperial Bank of Commerce;

"**CIBC Agreement**" means the credit card agreement dated September 16, 2013 between CIBC and Aeroplan;

"**CIBC Payment**" means the payment of \$150.0 million made to CIBC by Aimia on December 27, 2013 in relation to the sale of approximately half of the Aeroplan card portfolio to TD in accordance with the asset purchase agreement as described under the Financial Highlights section;

"**ClassicFlight Rewards**" means the basic air rewards available to Aimia Canada members currently representing 8% of Air Canada and Air Canada Express seat capacity;

"**Commercial Partners**" means Accumulation Partners and Redemption Partners;

"**Common Shares**" means the common shares in the share capital of Aimia;

"**Data Protection Act**" means the *Data Protection Act 1998*;

"**DBRS**" means DBRS Limited;

"**ECJ**" means the European Court of Justice;

"**Future Redemption Costs**" means the total estimated liability of the future cost of rewards for Loyalty Units which have been sold and remain outstanding, net of Breakage and valued at the Average Cost of Rewards per Loyalty Unit experienced during the most recent quarter (for interim periods) or fiscal year (for annual reporting purposes);

"**GAAP**" means generally accepted accounting principles in Canada as in effect from time to time. As of January 1, 2011, this represents International Financial Reporting Standards;

"**Governance and Nominating Committee**" means the governance and nominating committee of Aimia;

"**Gross Billings**" means gross proceeds from the sale of Loyalty Units, from proprietary loyalty services, loyalty analytics services and from other services rendered or to be rendered;

"**Gross Billings from the sale of Loyalty Units**" means gross proceeds from the sale of Loyalty Units;

"**HMRC**" means Her Majesty's Revenue & Customs;

"**Human Resources and Compensation Committee**" means the human resources and compensation committee of Aimia;

"**Independent**" means independent as defined in *National Policy 58-201 — Corporate Governance Guidelines*;

"**Initial Public Offering**" means the offering of 25,000,000 Units issued and sold by Aeroplan Income Fund pursuant to its prospectus dated June 22, 2005;

"**Loyalty Units**" means the miles, points or other loyalty program reward units issued by Aimia's Subsidiaries under the respective programs owned and operated by such Subsidiaries;

"**Management**" means the management of Aimia or its Subsidiaries, as the context requires;

"**Miles**" means the miles issued under the Aeroplan Program by either Aimia Canada or Air Canada;

"**Nectar**" or "**Nectar Program**" means the loyalty marketing program operated by Aimia in the United Kingdom;

"**Nectar Italia**" or "**Nectar Italia Program**" means the loyalty marketing program operated by Aimia in Italy;

"**Nectar Italia Points**" means the points accumulated by members under the Nectar Italia Program;

"**Nectar Points**" means the points accumulated by members under the Nectar Program;

"**Notes**" means, collectively, the Series 2 Notes, Series 3 Notes, Series 4 Notes and Series 5 Notes, and any other notes or other evidence of indebtedness of Aimia created and issued or to be issued pursuant to the terms of the Trust Indenture;

"**Person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any governmental entity) or any other entity, whether or not having legal status;

"**Points Update Mailings**" means the primary direct mail method through which Nectar communicates with members;

"**Preferred Shares**" means the preferred shares in the share capital of Aimia;

"**Redemption Partners**" means Commercial Partners that offer air travel, shopping discounts or other rewards to members upon redemption of Loyalty Units;

"**RMMEL**" means Rewards Management Middle East Free Zone LLC;

"**RPI**" means the Retail Price Index in the United Kingdom as defined by the Office for National Statistics;

"**S&P**" means Standard & Poor's Ratings Services;

"**Shareholders**" means the holders of Common Shares;

"**Subsidiary**" means, with respect to any Person, a subsidiary (as that term is defined in the CBCA (for such purposes, if such person is not a corporation, as if such person were a corporation)) of such Person and includes any limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a subsidiary (as described above) if such entity were a corporation;

"**TD**" means The Toronto-Dominion Bank;

"**TSX**" means the Toronto Stock Exchange;

"**Units**" means units of Aeroplan Income Fund;

"**VAT**" means Value Added Tax.

SCHEDULE B

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

1. Structure and Qualifications

The Audit, Finance and Risk Committee (the "**Committee**") shall be composed of not less than three directors, 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 "**Board**") of Aimia Inc. (the "**Corporation**"). The members of the Committee shall have no relationships with management, the Corporation and its related entities that in the opinion of the Board may interfere with their independence. In addition, a Committee member shall not receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries. The members of the Committee shall possess the mix of characteristics, experiences and skills to provide an appropriate balance for the performance of the duties of the Committee and in particular each member of the Committee shall be "financially literate". The members of the Committee shall be appointed by the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders of the Corporation or until their successors are appointed. Unless a Chair and a Secretary are appointed by the Board, the members of the Committee may designate a Chair and a Secretary by a majority vote of all the Committee members. The Board may remove, at any time, any member of the Committee at its discretion and may accept the resignation of any member of the Committee. Vacancies at any time occurring on the Committee shall be filled by the Board.

2. Procedure

- (a) A quorum of the Committee shall be a majority of the members, and a majority of the members present shall be required to pass a resolution or make a recommendation of the Committee. The Chair and the members of the Committee shall be appointed annually by the Board.
- (b) The Committee shall meet at least quarterly at the call of the Chair of the Committee.
- (c) An "in-camera" session of the members of the Committee shall be held as part of each meeting of the Committee.
- (d) Meetings may be held in person or by telephone or by any other means which enables all participants to communicate with each other simultaneously.
- (e) The Committee may fix its own procedure at meetings and for the calling of meetings except as may be otherwise provided by the Board.
- (f) Notice of meetings shall be given by letter, facsimile, email or telephone not less than 24 hours before the time fixed for the meeting other than in extraordinary circumstances. Notice of meetings shall state the date, the place and the hour at which such meetings will be held. Members may waive notice of any meeting.
- (g) The minutes of the Committee meetings shall accurately record the significant discussions of, and decisions made by, the Committee, including all recommendations to be made by the Committee to the Board, and shall be distributed to Committee members, with copies to the Chairman of the Board and Group Chief Executive of the Corporation.
- (h) The Committee, through its Chair, shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board may require or as the Committee in its discretion may consider advisable.

3. **Objectives**

(a) The objectives of the Committee are as follows:

- (i) To assist the Board in the discharge of its responsibility to monitor the component parts of the Corporation's financial reporting and audit process.
- (ii) To maintain and enhance the quality, credibility and objectivity of the Corporation'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.
- (iii) To assist the Board in its oversight of the independence, qualifications and appointment of the external auditor.
- (iv) To monitor the performance of the internal financial and accounting controls and of the internal and external auditors.
- (v) To provide independent communication between the Board and the internal auditor and the external auditor.
- (vi) To facilitate in-depth and candid discussions between the Committee and management and the external auditor regarding significant issues involving judgment and impacting quality of controls and reporting.

4. **Duties**

To achieve its objectives, the Committee shall:

- (a) Monitor and review the quality and integrity of the Corporation's accounting and financial reporting process through discussions with management, the external auditor and the internal auditor. This will include a review of the annual and quarterly financial statements and accompanying notes and Management's Discussion and Analyses ("MD&As") to be filed with regulatory authorities and provided to shareholders of the Corporation, and financial statements and other financial disclosure included in earnings press releases and other similar documents. These reviews will include:
 - (i) discussions with management and the external auditor and a consideration of the report by the external auditor to the Committee of matters related to the conduct of an audit;
 - (ii) discussions with the external auditor respecting the auditor's judgment regarding both the acceptability and quality of the financial statements including the critical accounting policies and practices used by management in their preparation, alternative treatments and disclosures of financial information within generally accepted accounting principles that have been considered by management and their ramifications, the selection of changes in significant accounting policies, the method used to account for significant unusual transactions, the effect of significant accounting policies in controversial or emerging areas, the degree of aggressiveness or conservatism, as the case may be, of the accounting policies adopted by the Corporation, the process used by management in formulating particularly significant accounting estimates and the basis for the external auditor's conclusions regarding the reasonableness of those estimates;
 - (iii) a review of significant adjustments arising from an audit;
 - (iv) a review of disagreements with management over the application of accounting policies as well as any disclosure in the financial statements;

- (v) a review of all material off-balance sheet transactions and other relationships with non-consolidated entities that may have a material current or future effect on the financial condition of the Corporation including their disclosure or lack thereof in the applicable quarterly or annual financial statements;
 - (vi) a review of the external auditor's suggestions for improvements to the Corporation's operations and internal controls;
 - (vii) a review of the nature and size of unadjusted errors of a non-trivial amount; and
 - (viii) the selection of, and changes in, accounting policies and consideration of the appropriateness of such selections and changes.
- (b) Review with management, the internal auditor and the external auditor and, if considered appropriate, approve for recommendation to the Board the release of the Corporation's annual or quarterly financial statements, as applicable, accompanying notes, related MD&A and earnings press releases.
 - (c) Review with management, the external auditor and legal counsel, the Corporation's procedures to ensure compliance with applicable laws and regulations, and any significant litigation, claim or other contingency, including tax assessments, that would have a material effect upon the financial position or operating results of the Corporation and the disclosure or impact on the results of these matters in the quarterly and annual financial statements.
 - (d) Meet with the external auditor to review and approve their audit plan, with particular emphasis on risk factors which could lead to a material misstatement of the financial statements, the scope and timing of the audit, the assumptions and decisions that have been made in developing the plan and co-ordination of work between the external auditor and the internal audit department.
 - (e) Review and approve estimated audit and audit-related fees and expenses for the current year. Pre-approve any significant additional audit and audit-related fees over the estimated amount. Review and approve audit and audit-related fees and expenses for the prior year. The authority for the determination and payment of fees to the external auditor rests solely and exclusively with the Committee. The Corporation shall ensure that funding is available to the Committee for payment of compensation to the external auditor.
 - (f) Review and approve, or delegate to a member of the Committee the responsibility to review and approve and subsequently report to the Committee, 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. Implement from time to time a process in connection with non-audit services performed by the external auditor.
 - (g) Review a report from the external auditor, if deemed appropriate by the Committee, of all relationships between the external auditor and its related entities and the Corporation and its related entities, including all work performed and fees paid for such work of a non-audit nature, that in the external auditor's professional judgment may reasonably be perceived to bear on its objectivity and independence and confirming, or otherwise, that in the external auditor's professional judgment it is independent, and discuss this report with the external auditor in order to evaluate the objectivity and independence of the external auditor.
 - (h) Receive reports on any consultations between management and other public accountants respecting accounting principles to be applied in preparing the quarterly or annual financial statements, and on any incidents involving fraud or illegal acts of which management, the internal audit department or the external auditor become aware. In this regard, review the relevant control procedures with management to ensure that such matters are adequately guarded against.
 - (i) At least once each year, meet privately with management to assess the performance of the external auditor.

- (j) Meet privately with the external auditor at each regularly scheduled Committee meeting, amongst other things, to understand any restrictions placed on them or other difficulties encountered in the course of the audit, including instructions on the scope of their work and access to requested information and the level of co-operation received from management during the performance of their work and their evaluation of the Corporation's financial, accounting and audit personnel and systems.
- (k) Evaluate the performance of the external auditor, and if so determined, recommend that the Board either take steps to replace the external auditor or provide for the reappointment of the external auditor by the shareholders of the Corporation.
- (l) Regarding the services provided by the internal audit department, the Committee shall:
 - (i) review and approve annually the internal audit plan and planned scope for the internal audit program, its objectives, and the resources required to attain these objectives;
 - (ii) meet privately with the head of the internal audit department at each regularly scheduled Committee meeting, amongst other things, to understand any restrictions placed on the internal audit department or other difficulties encountered in the course of its audits, including instructions on the scope of its work and access to requested information and the level of co-operation received from management during the performance of its work;
 - (iii) periodically review and approve the mandate, reporting relationships and resources of the internal audit department;
 - (iv) review the objectivity, qualifications, adequacy and experience of the internal audit staff and approve the appointment, dismissal or replacement of the head of the internal audit department;
 - (v) periodically throughout each year review the reports of the internal audit department which describe the activities of the internal audit department for the preceding period; and
 - (vi) review the working relationship between the internal audit department and the external auditor, and between the internal audit department and management.
- (m) Obtain from both the internal audit department and the external auditor the major audit findings and internal control recommendations reported during the period under review, the response of management to those recommendations, and review the follow-up performed by management and the internal audit department in order to monitor whether management has implemented an effective system of internal accounting control.
- (n) Review significant emerging accounting and reporting issues, including recent professional and regulatory pronouncements, and assess their impact on the Corporation's financial statements.
- (o) Review policies and procedures for the receipt, retention and treatment of complaints received by the Corporation from employees, shareholders of the Corporation and other stakeholders regarding accounting issues and financial reporting, internal controls and internal or external auditing matters. The Committee should be satisfied that sufficient controls are in place to ensure that all such complaints can be received anonymously and with an appropriate degree of confidentiality and that potential employee informants are aware of the process that is in place. The Committee should also be satisfied that processes are in place to ensure that all such complaints, regardless of significance, are presented to the Committee.
- (p) Review policies for approval of senior management expenses.
- (q) Review the process relative to the periodic certifications by the Chief Executive Officer and the Chief Financial Officer of the Corporation in respect of financial disclosures, the existence of any significant deficiencies in the design or operation of internal controls which could adversely affect the ability to

record, process, summarize and report financial data and any significant changes in internal controls or changes to the environment in which the internal controls operate, including corrections of material deficiencies and weaknesses.

- (r) Review and approve all related party transactions as such term is defined from time to time in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as may be amended from time to time.
- (s) Whenever it may be appropriate to do so, retain and receive advice from experts, including independent legal counsel and independent public accountants, and conduct or authorize the conduct of investigations into any matters within the scope of the responsibility of the Committee as the Committee may consider appropriate. The Corporation shall ensure that funding is available to the Committee in respect of the aforementioned activities.
- (t) Report regularly to the Board on the activities, findings and conclusions of the Committee.
- (u) Review this Charter on an annual basis and recommend to the Board any changes to it that the Committee considers advisable.
- (v) Complete a self-assessment annually to determine how effectively the Committee is meeting its responsibilities.
- (w) Perform such other functions as may be delegated from time to time by the Board.
- (x) Review the process for the rotation of the lead audit partner, the concurring partner and any other audit engagement team partner.
- (y) Set policies for the hiring of partners and employees or former partners and employees of present and former external auditors.

5. Other

(a) Public Disclosure

- (i) The Committee shall review and approve the Public Disclosure Policy and any changes related thereto and ensure consistency with current developments and best practices; and
- (ii) Where practicable, management will review with the Committee or the Chair of the Committee draft news releases to be disseminated to the public related to earnings warnings or financial results which are expected by management to be material in relation to the market price of any of the Corporation's securities.

(b) Risk Identification and Management

The Committee shall make all reasonable efforts to identify and address material financial and other risks to the business and affairs of the Corporation and its subsidiaries, including contingent liabilities and IT system contingency plans and make recommendations in that regard to the Board. The Committee shall review and discuss with management, the internal audit department and the external auditor all major financial risk exposures and the steps management has taken to monitor/control those exposures, in particular in relation to derivatives, foreign currency exposure, hedging and insurance. The Committee shall be entitled, from time to time, to retain experts and consultants to assist the Committee with the discharge of such mandate. The Committee shall have the discretion in the discharge of these duties to address risks to the Corporation's and its subsidiaries' revenues and costs, as well as potentially corrupt or other practices that may lead to loss or depreciation of business reputation.

(c) Corporate Authorizations Policies

The Committee shall:

- (i) Periodically review and approve policies relative to the financial control, conduct, regulation and administration of the Corporation and its subsidiaries;
- (ii) Periodically review any administrative resolutions adopted from time to time pertaining to the establishment of procedures relative to commitment and transaction authorizations, the determination of the officers or other persons by whom any instrument in writing or document is to be executed and the manner of execution thereof; and
- (iii) Review, monitor and approve any other financial expenditure policies that would affect the Corporation's and its subsidiaries' financial condition or reputation.

(d) **Pension Plans.**

The Committee shall

- (i) review on an annual basis the accounting treatment for the Corporation's pension plans;
- (ii) review and recommend for Board approval pension plan funding changes;
- (iii) review and approve the asset investment strategy for the Corporation's pension plans; and
- (iv) review on an annual basis reports focusing on the performance, funded status, and other relevant issues relating to the Corporation's pension plans.

6. Responsibilities

Nothing contained in the above mandate is intended to assign to the Committee the Board's responsibility to ensure the Corporation's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Committee. Even though the Committee has a specific mandate and its members have financial experience and expertise, it is not the duty of the Committee to plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the internal auditor and the external auditor.

Members of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided by the external auditor.