AIMIA
INSPIRING LOYALTY

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended March 31, 2016 and 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Aimia Inc. (together with its direct and indirect subsidiaries, where the context requires, "Aimia" or the "Corporation") was incorporated on May 5, 2008 under the laws of Canada.

The following management's discussion and analysis of financial condition and results of operations (the "MD&A") presents a discussion of the financial condition and results of operations for Aimia.

The MD&A is prepared as at May 12, 2016 and should be read in conjunction with the accompanying interim consolidated financial statements of Aimia for the three months ended March 31, 2016 and the notes thereto, the audited consolidated financial statements of Aimia for the year ended December 31, 2015 and the notes thereto, the annual management's discussion and analysis for Aimia for the year ended December 31, 2015 (the "2015 MD&A"), and Aimia's Management Information Circular and Annual Information Form, respectively dated March 14 and March 23, 2016.

The earnings and cash flows of Aimia are affected by certain risks. For a description of those risks, please refer to the Risks and Uncertainties section.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Forward-looking statements are included in this MD&A. 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 "should", and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking 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 significant Accumulation Partners and clients, failure to safeguard databases, cyber security and consumer privacy, changes to the Aeroplan Program, reliance on Redemption Partners, conflicts of interest, greater than expected redemptions for rewards, regulatory matters, retail market/economic conditions, industry competition, Air Canada liquidity issues or air travel industry disruption, 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, inability to use third-party software and outsourcing, 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, audit by tax authorities, as well as the other factors identified throughout this MD&A and throughout Aimia's public disclosure records on file with the Canadian securities regulatory authorities. The forward-looking statements contained herein represent Aimia's expectations as of May 12, 2016, 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 regulations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS MD&A CONTAINS THE FOLLOWING SECTIONS:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GLOSSARY

"Accumulation Partners" - means Commercial Partners that purchase coalition loyalty services, including Loyalty Units;

"Aeroplan" - means Aimia Canada Inc. (formerly known as Aeroplan Canada Inc.);

"Aeroplan Miles" - means the miles issued by Aeroplan under the Aeroplan Program;

"Aeroplan Program" - means the coalition loyalty program owned and operated by Aeroplan;

"Aimia" or the "Corporation" - means Aimia Inc., and where the context requires, includes its subsidiaries and affiliates;

"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 the period;

"Breakage" - means the estimated Loyalty Units sold which are not expected to be redeemed. By its nature, Breakage is subject to estimates and judgment. Management's consolidated weighted average breakage estimate at March 31, 2016 is 12% (March 31, 2015: 12%), and is calculated based on the total Loyalty Units outstanding under the Corporation's loyalty programs;

"Broken Loyalty Units" - means Loyalty Units issued, but not expired and not expected to be redeemed;

"Broken Miles" - means the Aeroplan Miles issued, but not expired and not expected to be redeemed;

"Canada Loyalty Solutions Group of CGUs" - means the non-platform based loyalty services business in Canada and the Canada-based Enhancement Services business.

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

"Cardlytics" - means Cardlytics, Inc., a US-based private company operating in card-linked marketing for electronic banking;

"Change in Future Redemption Costs" - means the change in the estimated Future Redemption Cost liability for any quarter (for interim periods) or fiscal year (for annual reporting purposes). For the purposes of this calculation, the opening balance of the Future Redemption Cost liability is revalued by retroactively applying to all prior periods the latest available Average Cost of Rewards per Loyalty Unit, experienced during the most recent quarter (for interim periods) or fiscal year (for annual reporting purposes). It is calculated by multiplying the change in estimated Unbroken Loyalty Units outstanding between periods by the Average Cost of Rewards per Loyalty Unit for the period;

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

"CRA" - means the Canada Revenue Agency;

"Expired Miles" - means the Aeroplan Miles that have been removed from members' accounts and are no longer redeemable;

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"Future Redemption Costs" - means the total estimated liability of the future costs 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 which are in accordance with IFRS;

"Gross Billings" - means gross proceeds from the sale of Loyalty Units, from loyalty services, analytics and insights 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;

"IFRS" - means International Financial Reporting Standards;

"i2c" - means Insight 2 Communication LLP;

"Loyalty Units" - means the miles, points or other loyalty program units issued by Aimia's subsidiaries under the respective programs owned and operated by each of the entities;

"Nectar", "Nectar UK" or the **"Nectar Program"** - means the coalition loyalty program operated by our International Coalitions segment in the United Kingdom;

"Nectar Italia" or the **"Nectar Italia Program"** - means the coalition loyalty program formerly operated by our International Coalitions segment in Italy;

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

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

"PLM" - means PLM Premier, S.A.P.I. de C.V., together with its predecessor Premier Loyalty & Marketing, S.A.P.I. de C.V., owner and operator of Club Premier, a Mexican coalition loyalty program;

"Prismah" - means Prismah Fidelidade S.A.;

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

"Smart Button" - means Smart Button Associates, Inc., which offers clients a turnkey, feature rich, software as a service loyalty solution;

"Think Big" - means Think Big Digital Sdn Bhd, the owner and operator of BIG, AirAsia and Tune Group's loyalty program;

"Total Miles" - means all redeemable Aeroplan Miles (including Broken Miles but not Expired Miles), under the Aeroplan Program;

"Travel Club" - means Air Miles España, S.A., the owner and operator of Travel Club, a Spanish coalition loyalty program;

"Unbroken Loyalty Units" - means Loyalty Units issued, not expired and expected to be redeemed;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Aimia, a data-driven marketing and loyalty analytics company, through its subsidiaries, operates in the following business segments as of January 1, 2016: Americas Coalitions, International Coalitions and Global Loyalty Solutions ("GLS").

Americas Coalitions

Within the Americas Coalitions segment, Aimia owns and operates the Aeroplan Program, Canada's premier coalition loyalty program. Also included in this segment are the Corporation's Canadian non-platform based loyalty services business, its Enhancement Services business, based in Canada, and its U.S. Channel and Employee Loyalty business.

International Coalitions

Within the International Coalitions segment, Aimia owns and operates Nectar, the United Kingdom's largest coalition loyalty program, and Air Miles Middle East, the leading coalition loyalty program in the UAE, Qatar and Bahrain. The segment also includes the Corporation's Shopper Insights and Communications business, which provides data-driven analytics and insights services to retailers and their suppliers globally through its Intelligent Shopper Solutions ("ISS") business and its 50% participation in i2c, a joint venture with Sainsbury's. Aimia also operated Nectar Italia, an Italian coalition program which ceased its operations on March 1, 2016, and owns a 25% interest in Travel Club, a coalition loyalty program in Spain.

On March 20, 2016, Aimia acquired the remaining 40% of the issued shares of Rewards Management Middle East Free Zone LLC, the company that owns and operates the Air Miles Middle East program. For more information, please refer to the condensed interim consolidated financial statements for the three months ended March 31, 2016.

Global Loyalty Solutions

Within this segment, Aimia provides clients with comprehensive end-to-end loyalty solutions across the globe with operations in Americas, Europe and Asia Pacific. GLS provides clients with loyalty strategy, program design, implementation, campaign, analytics and rewards fulfillment. GLS also deploys Aimia's loyalty platforms including the Aimia Loyalty Platform and Smart Button as part of its loyalty solutions.

Corporate

Corporate includes global shared services, product development costs and share-based compensation that have not been allocated to divisions, as well as investments. Corporate investments include a 48.9% interest in, and joint control with Grupo Aeromexico of, PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program. Additionally, Corporate includes investments in Think Big, the owner and operator of BIG, AirAsia and Tune Group's loyalty program, and China Rewards, a China based retail coalition loyalty program start-up, as well as minority interests in Cardlytics, a US-based private company operating in card-linked marketing for electronic banking, and Fractal Analytics, a provider of advanced analytics.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUR BUSINESS

We provide our clients with the customer insights they need to make smarter business decisions and build relevant and rewarding one-to-one relationships to the benefit of both their business and customers.

We do this through permission-based data analytics for the programs we run for ourselves and for our clients - drawing insights from all the customer interactions collected by individual companies, financial institutions and through loyalty rewards programs. Our data analysts find hidden patterns and actionable insights to help marketers work more effectively and get more value from their resources.

We help our clients make business personal, providing their customers with experiences and interactions that are uniquely relevant and rewarding.

To do this we have developed advanced technology platforms and operational experience. Our experts use those tools and experience to evolve and improve our offering, for the benefit of our clients, partners and our company.

There are three main ways that our clients work with us:

Coalition Loyalty

A coalition program is one that brings together many partners in a loyalty rewards program. Partners benefit from the insights gained from a more complete picture of customer behaviour and preferences they get from pooling data, and members of the program benefit from an ability to collect and redeem rewards in multiple ways. In addition to providing a complete array of services for the coalition programs that we own and operate, Aimia's coalition experts evolve others' programs to continuously provide better value and adapt to changing consumer behaviour and client needs, launch new coalitions, and transform individual programs into coalitions.

Loyalty Solutions

While coalition programs connect many partners under one rewards umbrella, Aimia also provides individual companies with loyalty programs and support. Aimia's loyalty service experts design, launch and operate client programs, and advance existing programs leveraging our technology platforms, and our digital, mobile and analytical expertise. We also create incentive programs and loyalty solutions to encourage loyalty, increase sales and deliver improved results for employee and channel networks.

Analytics and Insights

For coalition programs we own and operate and loyalty programs we manage on behalf of clients, we draw insights from the data created. In addition, we provide analytics and insights services to other clients. By looking at the transactional, behavioural and contextual data that is collected through our programs and technology, our data analysts find hidden patterns and insights that marketers use to better predict customer behaviours. Using those findings, our clients can provide relevant offers that will influence customer behaviour from the companies they do business with and for the products and services they buy.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)

GROSS BILLINGS

Gross Billings from the sale of Loyalty Units

Aimia derives cash inflows from the sale of Loyalty Units to Accumulation Partners with respect to its coalition loyalty programs. These inflows are referred to as “Gross Billings from the sale of Loyalty Units”.

Gross Billings from Loyalty Services and Other

Aimia also derives cash inflows from loyalty services rendered or to be rendered to customers, from analytics and insights services, as well as various other loyalty related services. These inflows are referred to as “Gross Billings from Loyalty Services and Other”.

OPERATING INCOME

Revenue

Coalition Loyalty

A key characteristic of Aimia's multi-partner or shared currency loyalty programs business is that the gross proceeds received from the sale of Loyalty Units to partners, known as "Gross Billings from the sale of Loyalty Units”, are deferred and recognized as revenue upon the redemption of Loyalty Units by the members. Based upon past experience, management anticipates that a number of Loyalty Units sold will never be redeemed by members. This is known as “Breakage”. For those Loyalty Units that Aimia does not expect will be redeemed by members, Aimia recognizes revenue based on the number of Loyalty Units redeemed in a period in relation to the total number expected to be redeemed.

Loyalty Services and Other

Aimia derives loyalty services fees related to direct marketing, sales promotion and the design, development and administration of loyalty programs on behalf of its clients, as well as from software offered as a service. These loyalty service fees are included in Gross Billings and recognized as revenue when the amount, stage of completion and costs for the service can be measured reliably and it is probable that the economic benefits associated with the service will be realized.

Loyalty services and other revenue also include:

- analytics and insights service fees from services and tools licensed to clients to collect, analyze and derive actionable insight from their customer data which is used to improve marketing return-on-investment;
- charges to coalition loyalty members for various services;
- loyalty industry related business know-how, trademarks and expertise, royalties earned with respect to the Air Miles and Nectar trademarks; and

- the management of Air Canada's tier membership program for its most frequent flyers.

These fees are also included in Gross Billings and are recognized as revenue when the services are rendered or on an accrual basis, in accordance with the substance of the agreements in the case of royalties.

Cost of Rewards, Direct Costs and Operating Expenses

Cost of rewards consists of the cost to purchase airline seats or other products or services from Redemption Partners in order to deliver rewards chosen by members upon redemption of their Loyalty Units. At that time, the costs of the chosen rewards are incurred and recognized. The total cost of rewards varies with the number of Loyalty Units redeemed and the cost of the individual rewards purchased in connection with such redeemed Loyalty Units.

The Average Cost of Rewards per Loyalty Unit redeemed is an important measurement metric since a small fluctuation may have a significant impact on overall costs due to the high volume of Loyalty Units redeemed.

Direct costs consist of those costs directly attributable to the delivery of loyalty services and analytics and insights services. Direct costs include labour, technology, reward fulfillment and commissions.

Operating expenses incurred include contact centre operations, consisting primarily of salaries and wages, as well as advertising and promotion, information technology and systems and other general administrative expenses.

ADJUSTED EBITDA

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net earnings in measuring performance, and is not comparable to similar measures used by other issuers. Management does not believe that Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to operating income is provided.

Adjusted EBITDA is used by management to evaluate performance and to measure compliance with debt covenants. Management believes Adjusted EBITDA assists investors in comparing Aimia's performance on a consistent basis without regard to depreciation and amortization and impairment charges, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

Adjusted EBITDA is operating income adjusted to exclude depreciation, amortization and impairment charges, as well as adjusted for certain factors particular to the business, such as changes in deferred revenue and Future Redemption Costs. Adjusted EBITDA also includes distributions and dividends received or receivable from equity-accounted investments.

Change in deferred revenue is calculated as the difference between Gross Billings and revenue recognized, including recognition of Breakage.

Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the Change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of

sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question.

For a reconciliation of Adjusted EBITDA to GAAP, please refer to the *SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW* included in the *Operating and Financial Results* section. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows.

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER COMMON SHARE

Adjusted Net Earnings and Adjusted Net Earnings per common share are not measurements based on GAAP, are not considered alternatives to net earnings or net earnings per common share in measuring profitability, and are not comparable to similar measures used by other issuers.

Adjusted Net Earnings provides a measurement of profitability calculated on a basis consistent with Adjusted EBITDA. Net earnings attributable to equity holders of the Corporation are adjusted to exclude Amortization of Accumulation Partners' contracts, customer relationships and technology, share of net earnings (loss) of equity-accounted investments and impairment charges. Adjusted Net Earnings includes the change in deferred revenue and Change in Future Redemption Costs, net of the income tax effect and non controlling interest effect (where applicable) on these items at an entity level basis. Adjusted Net Earnings also includes distributions and dividends received or receivable from equity-accounted investments.

Adjusted Net Earnings per common share provides a measurement of profitability per common share on a basis consistent with Adjusted Net Earnings and is calculated as Adjusted Net Earnings less dividends declared on preferred shares divided by the weighted average number of basic and diluted common shares outstanding for the period.

For a reconciliation of Adjusted Net Earnings to net earnings attributable to equity holders of the Corporation (GAAP), please refer to the *Reconciliation of Adjusted Net Earnings* section.

FREE CASH FLOW AND FREE CASH FLOW BEFORE DIVIDENDS PAID

Free Cash Flow and Free Cash Flow before Dividends Paid are non-GAAP measures and are not comparable to similar measures used by other issuers. They are used in order to provide a consistent and comparable measurement of cash generated from operations and used as indicators of financial strength and performance.

Free Cash Flow is defined as cash flows from operating activities, as reported in accordance with GAAP, less adjustments for:

a) total capital expenditures as reported in accordance with GAAP; and
b) dividends paid.

Free Cash Flow before Dividends Paid is defined as cash flows from operating activities as reported in accordance with GAAP, less capital expenditures as reported in accordance with GAAP.

Free Cash Flow before Dividends Paid per common share is calculated as follows: Free Cash Flow before Dividends Paid less dividends paid on preferred shares and to non-controlling interests over the weighted average number of basic and diluted common shares outstanding for the period.

For a reconciliation of Free Cash Flow and Free Cash Flow before Dividends Paid to cash flows from operations (GAAP), please refer to the *SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW* included in the *Operating and Financial Results* section.

CONSTANT CURRENCY

Because exchange rates are an important factor in understanding period to period comparisons, the presentation of various financial metrics on a constant currency basis or after giving effect to foreign exchange translation, in addition to the reported metrics, help improve the ability to understand operating results and evaluate performance in comparison to prior periods. Constant Currency information compares results between periods as if exchange rates had remained constant over the periods. Constant Currency is derived by calculating current period results using foreign currency exchange rates from the same period in the prior year. Results calculated on a Constant Currency basis should be considered in addition to, not as a substitute for, results reported in accordance with GAAP and may not be comparable to similarly titled measures used by other companies. Constant Currency is a basis of consideration mostly for Aimia's foreign operations (those with a functional currency which is not the Canadian dollar). Our International Coalitions and GLS segments operate under varying foreign currencies, the U.S. Channel and Employee Loyalty business in our Americas Coalitions segment operates in U.S. dollars and global product development activities in Corporate operate primarily in pounds sterling.

OPERATING AND FINANCIAL RESULTS

Certain of the following financial information of Aimia has been derived from, and should be read in conjunction with, the interim consolidated financial statements for the three months ended March 31, 2016 and 2015, and the related notes.

Historically, the Aeroplan Program, which is reported within the Americas Coalitions segment, has been marked by seasonality relating to high redemption activity in the first half of the year and high accumulation activity in the second half of the year. The Nectar Program, which is reported within the International Coalitions segment, is characterized by high redemption activity in the last quarter of the year as a result of the holiday season. While the reward fulfillment component of loyalty solutions is also affected by similar seasonality in the last quarter of the year, also related to the holiday season, the impact at the consolidated level is not significant due to the lower size of the business compared to that of the Aeroplan Program and the Nectar Program.

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SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW

	Three Months Ended March 31,		Variance %
(in millions of Canadian dollars, except share and per share information)	2016	2015	Q1
Gross Billings from the sale of Loyalty Units	**425.2**	445.2	(4.5)
Gross Billings from Loyalty Services and Other	**147.8**	150.0	(1.5)
Total Gross Billings	**573.0**	595.2	(3.7)
Total revenue	**570.1**	660.1	(13.6)
Cost of rewards and direct costs	**(369.5)**	(430.7)	(14.2)
Gross margin before depreciation and amortization [a]	**200.6**	229.4	(12.6)
Gross margin as a % of total revenue	***35.2%***	*34.8%*	*0.4 pp*
Depreciation and amortization	**(12.9)**	(12.3)	4.9
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(32.8)**	(33.3)	(1.5)
Gross margin	**154.9**	183.8	(15.7)
Operating expenses	**(163.8)**	(157.6)	3.9
Operating income (loss)	**(8.9)**	26.2	**
Depreciation and amortization	**12.9**	12.3	4.9
Amortization of Accumulation Partners' contracts, customer relationships and technology	**32.8**	33.3	(1.5)
Operating income excluding depreciation, amortization and impairment charges [c]	**36.8**	71.8	(48.7)
Adjustments:			
Change in deferred revenue			
Gross Billings	**573.0**	595.2	
Total revenue	**(570.1)**	(660.1)	
Change in Future Redemption Costs [b]	**3.7**	45.2	
Distributions from equity-accounted investments	**5.3**	—	
Subtotal of Adjustments	**11.9**	(19.7)	
Adjusted EBITDA [c]	**48.7**	52.1	(6.5)
Adjusted EBITDA as a % of total Gross Billings	***8.5%***	*8.8%*	*(0.3) pp*
Net earnings (loss) attributable to equity holders of the Corporation	**(14.8)**	21.5	
Weighted average number of shares	**152,737,987**	170,753,997	
Earnings (loss) per common share [d]	**(0.12)**	0.10	
Adjusted Net Earnings[c][f]	**23.9**	30.7	(22.1)
Adjusted Net Earnings per common share [c][d]	**0.13**	0.15	
Cash from operating activities	**0.6**	25.7 [e]	
Capital expenditures	**(19.5)**	(20.5)	
Free Cash Flow before Dividends Paid [c]	**(18.9)**	5.2 [e]	**
Free Cash Flow before Dividends Paid per common share [c][d]	**(0.15)**	0.00 [e]	
Dividends paid to equity holders of the Corporation	**(33.2)**	(35.7)	
Free Cash Flow [c]	**(52.1)**	(30.5) [e]	(70.8)
Total assets	**4,964.0**	5,331.8	
Total long-term liabilities	**2,301.1**	2,421.7	

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(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) The per unit cost derived from this calculation is retroactively applied to all prior periods with the effect of revaluing the Future Redemption Cost liability on the basis of the latest available average unit cost.

(c) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(d) Earnings (loss) per common share, Adjusted Net Earnings per common share and Free Cash Flow before Dividends Paid per common share are calculated after deducting dividends on preferred shares.

(e) Includes an amount of $20.4 million received in the first quarter of 2015 from Revenue Quebec related to the income tax refund of loss carry back applied in Canada.

(f) For a reconciliation of Adjusted Net Earnings to GAAP, please refer to the *Reconciliation of Adjusted Net Earnings* section.

** Information not meaningful.

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QUARTER ENDED MARCH 31, 2016 COMPARED TO QUARTER ENDED MARCH 31, 2015

CONSOLIDATED OPERATING RESULTS

	Three Months Ended March 31,		Variance		Variance C.C. [d][e]	
(in millions of Canadian dollars unless otherwise noted)	2016	2015	$	%	$	%
Gross Billings from the sale of Loyalty Units	**425.2**	445.2	(20.0)	(4.5)	(27.7)	(6.2)
Gross Billings from Loyalty Services and Other	**147.8**	150.0	(2.2)	(1.5)	(9.2)	(6.1)
Total Gross Billings	**573.0** *(b)*	595.2 *(b)*	(22.2)	(3.7)	(36.9)	(6.2)
Revenue from Loyalty Units	**421.6**	508.2	(86.6)	(17.0)	(93.9)	(18.5)
Revenue from Loyalty Services and Other	**148.5**	151.9	(3.4)	(2.2)	(10.4)	(6.8)
Total revenue	**570.1**	660.1	(90.0)	(13.6)	(104.3)	(15.8)
Cost of rewards and direct costs	**369.5**	430.7	(61.2)	(14.2)	(68.7)	(16.0)
Gross margin before depreciation and amortization	**200.6**	229.4	(28.8)	(12.6)	(35.6)	(15.5)
Gross margin as a % of total revenue	***35.2%***	*34.8%*	**	*0.4 pp*	**	*0.1 pp*
Depreciation and amortization [a]	**45.7**	45.6	0.1	0.2	(0.5)	(1.1)
Gross margin	**154.9**	183.8	(28.9)	(15.7)	(35.1)	(19.1)
Operating expenses before share-based compensation	**161.7**	155.3	6.4	4.1	0.7	0.5
Share-based compensation	**2.1**	2.3	(0.2)	(8.7)	(0.2)	(8.7)
Total operating expenses	**163.8**	157.6	6.2	3.9	0.5	0.3
Operating income (loss)	**(8.9)**	26.2	(35.1)	**	(35.6)	**
Adjusted EBITDA [d]	**48.7**	52.1	(3.4)	(6.5)	(4.1)	(7.9)
Adjusted EBITDA as a % of total Gross Billings	***8.5%***	*8.8%*	**	*(0.3) pp*	**	*(0.2) pp*
Included in Adjusted EBITDA:						
Change in Future Redemption Costs	**3.7**	45.2	(41.5)	(91.8)	**	**
Distributions from equity-accounted investments	**5.3**	—	5.3	**	**	**
Adjusted Net Earnings [d]	**23.9**	30.7	(6.8)	(22.1)	**	**
Free Cash Flow before Dividends Paid [d]	**(18.9)**	5.2 *(c)*	(24.1)	**	**	**
Free Cash Flow [d]	**(52.1)**	(30.5) *(c)*	(21.6)	(70.8)	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 46.

A discussion of Aimia's consolidated operating results follows. For a detailed discussion of the segmented operating results, refer to the section entitled *Segmented Operating Results*.

Gross Billings generated for the three months ended March 31, 2016 amounted to $573.0 million, a decrease of $22.2 million or 3.7%. On a constant currency basis, Gross Billings decreased by $36.9 million or 6.2% mainly due to a $27.7 million decrease in Gross Billings from the sale of Loyalty Units, of which $27.1 million is attributable to International Coalitions, primarily related to a decrease in the Nectar Program and closure of the Nectar Italia Program. Additionally, the variance is the result of lower Gross Billings from Loyalty Services and Other, representing a decrease of $9.2 million, driven by lost contracts and lower reward fulfillment activity in Americas Coalitions, offset in part by improvements from International Coalitions due to the signing of a new ISS client in the Shopper Insights & Communications business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Aimia's ability to generate Gross Billings is a function of the underlying behaviour of the Accumulation Partners' respective customer base and their spending patterns, loyalty services and analytics and insights clients, which are in turn affected by the general economic conditions present in the countries in which the loyalty programs are operated and the services are rendered.

Total Revenue generated for the three months ended March 31, 2016 amounted to $570.1 million, a decrease of $90.0 million or 13.6%. On a constant currency basis, total revenue decreased by $104.3 million or 15.8% and is mostly explained by a decrease of $93.9 million in revenue from Loyalty Units, of which $88.6 million is attributable to International Coalitions primarily due to lower redemptions in the Nectar Italia and Nectar programs, with the remaining $5.3 million decrease in Americas Coalitions, mostly due to lower redemptions in the Aeroplan Program. In addition, a decrease of $10.4 million in revenue from Loyalty Services and Other is mainly due to lost contracts and lower rewards fulfillment activity in Americas Coalitions, partially offset by the signing of a new ISS client in the Shopper Insights & Communications business in International Coalitions.

Given the large volume of Loyalty Units issued and redeemed, slight fluctuations in the selling price of a Loyalty Unit will have a significant impact on results. On a consolidated basis, the impact of a 1% change to the average selling price of a Loyalty Unit would have resulted in a fluctuation in revenue and earnings before income taxes of $4.2 million for the three months ended March 31, 2016.

Cost of Rewards and Direct Costs amounted to $369.5 million for the three months ended March 31, 2016, a decrease of $61.2 million or 14.2%. On a constant currency basis, cost of rewards and direct costs decreased by $68.7 million or 16.0% and is mainly explained by lower cost of rewards in International Coalitions due to lower redemption activity from Nectar Italia and Nectar, as well as a decrease in Americas Coalitions due to lower redemption activity and a lower redemption cost per mile in the Aeroplan Program. A decrease from loyalty services direct costs in Americas Coalitions as a result of lost contracts and lower reward fulfillment activity largely contributed to the remainder of the decrease.

Given the large volume of Loyalty Units issued and redeemed, slight fluctuations in the Average Cost of Rewards per Loyalty Unit will have a significant impact on results. On a consolidated basis, the impact of a 1% change to the Average Cost of Rewards per Loyalty Unit would have resulted in a fluctuation in cost of sales and earnings before income taxes of $3.1 million for the three months ended March 31, 2016.

Gross Margin before Depreciation and Amortization represented 35.2% of total revenue for the three months ended March 31, 2016, an increase of 0.4 percentage-point or an increase of 0.1 percentage-point on a constant currency basis compared to 2015, a direct result of the factors described above.

Operating Expenses amounted to $163.8 million for the three months ended March 31, 2016, an increase of $6.2 million or 3.9%. On a constant currency basis, operating expenses increased by $0.5 million or 0.3%, mostly due to higher operating expenses in Americas Coalitions and GLS, offset in part by lower operating expenses in International Coalitions and Corporate.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $45.7 million for the three months ended March 31, 2016, an increase of $0.1 million or 0.2%. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, decreased by $0.5 million or 1.1%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Income (Loss) amounted to $(8.9) million for the three months ended March 31, 2016, a deterioration of $35.1 million or $35.6 million on a constant currency basis, a direct result of the factors described above.

Net Financial Expenses for the three months ended March 31, 2016 consists primarily of interest expense on long-term debt of $9.7 million and other net financial expenses of $4.3 million; offset in part by interest revenue of $2.2 million earned on cash and cash equivalents, short-term investments on deposit and long-term investments in bonds.

Net Earnings (Loss) for the three months ended March 31, 2016 and 2015 include the effect of $1.8 million and $3.5 million of current income tax expenses, respectively, as well as $3.8 million and $2.5 million of deferred income tax recoveries, respectively. Net earnings (loss) for the three months ended March 31, 2016 and 2015 also include the share of net earnings of equity-accounted investments of $5.6 million and $3.1 million, respectively.

Current income taxes are primarily attributable to our Canadian operations. Consistent with the prior year, deferred income taxes related to foreign operations have not all been recognized. Consequently, the deferred income tax recovery recorded during the current period, which is primarily related to the Canadian operations, was not increased by deferred income tax recoveries in our foreign operations, resulting in a distorted effective tax rate which is not meaningful or comparative.

Adjusted EBITDA amounted to $48.7 million for the three months ended March 31, 2016, a decrease of $3.4 million or 6.5%. On a constant currency basis, Adjusted EBITDA decreased by $4.1 million or 7.9%, mainly attributable to lower Gross Billings of $36.9 million, partially offset by a $28.0 million decrease in cost of rewards and direct costs net of the change in future redemption costs and the receipt of a $4.5 million distribution from PLM in the current period.

Adjusted Net Earnings amounted to $23.9 million or 4.2% (as a % of Gross Billings) for the three months ended March 31, 2016. Adjusted Net Earnings for the three months ended March 31, 2015 amounted to $30.7 million or 5.2% (as a % of Gross Billings). The effective tax rate has been impacted as described under the *Net Earnings (Loss)* section.

Free Cash Flow for the three months ended March 31, 2016, amounted to $(52.1) million compared to $(30.5) million for the three months ended March 31, 2015. The unfavourable variance of $21.6 million is mainly the result of:

- a decrease in cash from operating activities of $25.1 million, explained primarily by the receipt of $20.4 million from Revenue Quebec in the first quarter of 2015. The remaining unfavourable variance of $4.7 million is primarily related to a net unfavourable variance in the change in operating assets of $40.4 million that included severance payments made in relation to restructuring activities announced in the prior year totaling $6.9 million, a decrease in Gross Billings of $22.2 million and higher operating expenses before share-based compensation expense of $6.4 million; offset in part by, lower cost of rewards and direct costs of $61.2 million and higher distributions from equity accounted investments of $3.7 million;
- lower capital expenditures of $1.0 million; and
- a decrease in dividends paid on common shares and preferred shares of $2.5 million, explained by lower dividends paid on common shares due to a lower number of common shares outstanding as a result of share repurchases under the NCIB program, which was partially offset by the increase in the quarterly dividend rate per common share; and lower dividends paid on preferred shares as a result of the conversion of a portion of the Series 1 Preferred Shares into Series 2 Preferred Shares, and the rate reset on the

remainder of the Series 1 Preferred Shares, in each case resulting in a lower quarterly dividend rate per preferred share.

Adjusted EBITDA, Adjusted Net Earnings, and *Free Cash Flow* are non-GAAP measures. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on these measures.

SEGMENTED OPERATING RESULTS

This section provides a discussion of each of the segment's operating results.

AMERICAS COALITIONS

	Three Months Ended March 31,		Variance		Variance C.C. [(b)(c)]	
(in millions of Canadian dollars unless otherwise noted)	2016	2015	$	%	$	%
Gross Billings from the sale of Loyalty Units	**284.2**	284.8	(0.6)	(0.2)	(0.6)	(0.2)
Gross Billings from Loyalty Services and Other	**67.1**	77.1	(10.0)	(13.0)	(13.3)	(17.3)
Total Gross Billings	**351.3**	361.9	(10.6)	(2.9)	(13.9)	(3.8)
Revenue from Loyalty Units	**299.5**	304.8	(5.3)	(1.7)	(5.3)	(1.7)
Revenue from Loyalty Services and Other	**68.2**	78.9	(10.7)	(13.6)	(14.0)	(17.7)
Total revenue	**367.7**	383.7	(16.0)	(4.2)	(19.3)	(5.0)
Cost of rewards and direct costs	**238.7**	258.3	(19.6)	(7.6)	(20.4)	(7.9)
Gross margin before depreciation and amortization	**129.0**	125.4	3.6	2.9	1.1	0.9
Gross margin as a % of total revenue	***35.1 %***	*32.7 %*	**	*2.4 pp*	**	*2.0 pp*
Depreciation and amortization [(a)]	**36.6**	37.7	(1.1)	(2.9)	(1.3)	(3.4)
Gross margin	**92.4**	87.7	4.7	5.4	2.4	2.7
Total operating expenses	**84.0**	79.6	4.4	5.5	1.8	2.3
Operating income	**8.4**	8.1	0.3	3.7	0.6	7.4
Adjusted EBITDA [(b)]	**49.3**	53.4	(4.1)	(7.7)	(4.0)	(7.5)
Adjusted EBITDA as a % of total Gross Billings	***14.0 %***	*14.8 %*	**	*(0.8) pp*	**	*(0.6) pp*
Included in Adjusted EBITDA:						
Change in Future Redemption Costs	**20.7**	29.4	(8.7)	(29.6)	(8.7)	(29.6)
Operating metrics (*year-over-year variance*):						
Accumulation activity - Aeroplan	**(0.1)%**	(10.0)%	**	**	**	**
Redemption activity - Aeroplan	**(3.6)%**	(1.3)%	**	**	**	**
Total rewards issued - Aeroplan	**(3.8)%**	2.3 %	**	**	**	**
Total air rewards issued - Aeroplan	**(5.5)%**	2.1 %	**	**	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 46.

Gross Billings generated for the three months ended March 31, 2016 amounted to $351.3 million, a decrease of $10.6 million or 2.9%. On a constant currency basis, Gross Billings decreased by $13.9 million or 3.8%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The different Gross Billings categories were affected in the following manner:

Gross Billings from the Sale of Loyalty Units generated for the three months ended March 31, 2016 amounted to $284.2 million, broadly stable relative to the prior year. An improvement of $3.1 million in the retail and other travel sectors, mainly due to a new client on-boarding, was more than offset by a decrease of $3.2 million in the airline sector, partly explained by a shift in consumer demand towards a lower fare product offered by the program's main airline partner. The financial sector was relatively stable as improved performance from the program's main financial partner, due mainly to higher purchase volumes, was offset by the impact of interchange on yield in the financial sector, and reduced purchase volumes from other financial partners.

Accumulation Activity - Aeroplan Miles issued during the three month period ended March 31, 2016 were relatively flat to the prior year.

Gross Billings from Loyalty Services and Other amounted to $67.1 million for the three months ended March 31, 2016, a decrease of $10.0 million or 13.0%. On a constant currency basis, Gross Billings from Loyalty Services and Other decreased by $13.3 million or 17.3%, mainly explained by a decrease in Gross Billings from lost contracts and lower rewards fulfillment activity.

Redemption Activity - Total Miles redeemed under the Aeroplan Program for the three months ended March 31, 2016 decreased by 3.6%. The total number of rewards issued decreased by 3.8% and the total number of air rewards issued decreased by 5.5% compared to the same period in the prior year.

Total Revenue amounted to $367.7 million for the three months ended March 31, 2016, a decrease of $16.0 million or 4.2%. On a constant currency basis, total revenue decreased by $19.3 million or 5.0%, explained primarily by:

- a decrease of $14.0 million in revenue from Loyalty Services and Other mostly related to lost contracts and lower rewards fulfillment activity; as well as,
- a decrease of $5.3 million in revenue from Loyalty Units due to a decrease in redemption volumes, partially offset by an increase in the cumulative average selling price of an Aeroplan Mile.

Cost of Rewards and Direct Costs amounted to $238.7 million for the three months ended March 31, 2016, a decrease of $19.6 million or 7.6%. On a constant currency basis, cost of rewards and direct costs decreased by $20.4 million or 7.9%, mainly attributable to the following factors:

- a lower volume of redemptions in the Aeroplan Program for the period, representing $8.3 million; as well as,
- a lower redemption cost per Aeroplan Mile redeemed, representing $4.7 million, mostly due to a shift to a lower cost product mix, partially offset by the unfavourable impact of changes in foreign currency; and,
- a decrease in loyalty services direct costs of $7.4 million due mostly to lost contracts and lower rewards fulfillment activity.

Gross Margin before Depreciation and Amortization represented 35.1% of total revenue for the three month period ended March 31, 2016, an increase of 2.4 percentage-points or 2.0 percentage-points on a constant currency basis compared to the same period in 2015, a direct result of the factors described above.

Operating Expenses amounted to $84.0 million for the three months ended March 31, 2016, an increase of $4.4 million or 5.5%. On a constant currency basis, operating expenses increased by $1.8 million or 2.3%, mostly

explained by information technology expenses associated with the implementation of an outsourcing arrangement, offset in part by operational efficiencies related to organizational changes implemented in the prior year.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $36.6 million for the three months ended March 31, 2016, a decrease of $1.1 million or 2.9%. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, decreased by $1.3 million or 3.4%.

Operating Income amounted to $8.4 million for the three months ended March 31, 2016, an improvement of $0.3 million or 3.7%. On a constant currency basis, operating income improved by $0.6 million or 7.4%, a direct result of the factors described above.

Adjusted EBITDA amounted to $49.3 million for the three months ended March 31, 2016, a decrease of $4.1 million or 7.7%. On a constant currency basis, Adjusted EBITDA decreased by $4.0 million or 7.5%, primarily due to higher operating expenses across the division, as well as a decrease in contribution from loyalty services, partially offset by improved contribution from the Aeroplan Program, mainly due to a decrease in redemption cost per Aeroplan Mile.

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTERNATIONAL COALITIONS

	Three Months Ended March 31,		Variance		Variance C.C. [(b)(c)]	
(in millions of Canadian dollars unless otherwise noted)	2016	2015	$	%	$	%
Gross Billings from the sale of Loyalty Units	**141.0**	160.4	(19.4)	(12.1)	(27.1)	(16.9)
Gross Billings from Loyalty Services and Other	**25.8**	19.9	5.9	29.6	4.3	21.6
Total Gross Billings	**166.8**	180.3	(13.5)	(7.5)	(22.8)	(12.6)
Revenue from Loyalty Units	**122.1**	203.4	(81.3)	(40.0)	(88.6)	(43.6)
Revenue from Loyalty Services and Other	**25.6**	19.8	5.8	29.3	4.2	21.2
Intercompany revenue	**0.1**	0.2	(0.1)	(50.0)	(0.1)	(50.0)
Total revenue	**147.8**	223.4	(75.6)	(33.8)	(84.5)	(37.8)
Cost of rewards and direct costs	**98.0**	141.8	(43.8)	(30.9)	(49.7)	(35.0)
Gross margin before depreciation and amortization	**49.8**	81.6	(31.8)	(39.0)	(34.8)	(42.6)
Gross margin as a % of total revenue	***33.7 %***	*36.5 %*	**	*(2.8) pp*	**	*(2.8) pp*
Depreciation and amortization [(a)]	**4.2**	3.8	0.4	10.5	0.2	5.3
Gross margin	**45.6**	77.8	(32.2)	(41.4)	(35.0)	(45.0)
Total operating expenses	**35.6**	35.8	(0.2)	(0.6)	(1.7)	(4.7)
Operating income	**10.0**	42.0	(32.0)	(76.2)	(33.3)	(79.3)
Adjusted EBITDA [(b)]	**17.0**	18.5	(1.5)	(8.1)	(2.6)	(14.1)
Adjusted EBITDA as a % of total Gross Billings	***10.2 %***	*10.3 %*	**	*(0.1) pp*	**	*(0.2) pp*
Included in Adjusted EBITDA:						
Change in Future Redemption Costs	**(17.0)**	15.8	(32.8)	**	**	**
Distributions from equity-accounted investments	**0.8**	—	0.8	**	**	**
Operating metrics (*year-over-year variance*):						
Accumulation activity - Nectar	**(11.5)%**	0.2 %	**	**	**	**
Accumulation activity - Air Miles Middle East	**(1.8)%**	4.5 %	**	**	**	**
Accumulation activity - Nectar Italia	**(98.2)%**	(40.0)%	**	**	**	**
Redemption activity - Nectar	**(15.2)%**	7.6 %	**	**	**	**
Redemption activity - Air Miles Middle East	**1.5 %**	11.3 %	**	**	**	**
Redemption activity - Nectar Italia	**(98.9)%**	262.8 %	**	**	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 46.

Gross Billings generated for the three months ended March 31, 2016 amounted to $166.8 million, a decrease of $13.5 million or 7.5%. On a constant currency basis, Gross Billings decreased by $22.8 million or 12.6%.

The different Gross Billings categories were affected in the following manner:

Gross Billings from the Sale of Loyalty Units generated for the three months ended March 31, 2016 amounted to $141.0 million, a decrease of $19.4 million or 12.1%. On a constant currency basis, Gross Billings from the sale of Loyalty Units decreased by $27.1 million or 16.9% and is mostly explained by a decrease of $15.5 million in the Nectar Program driven by the impact of regulatory restrictions in the energy sector and lower base accumulation net of increased bonus activity in the grocery sector, as well as a decrease of $10.1 million in Gross Billings from the sale of Loyalty Units in the Nectar Italia Program resulting from the loss of the program's anchor partner on March 1, 2015 and subsequent closure of the program on March 1, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Accumulation Activity - Nectar Points issued during the three months ended March 31, 2016 decreased by 11.5% as a result of the factors described above.

Air Miles Middle East Loyalty Units issued during the three months ended March 31, 2016 decreased by 1.8% compared to the same period in the prior year.

Nectar Italia Points issued during the three months ended March 31, 2016 decreased significantly due to the loss of the program's anchor partner in the first quarter of 2015 and subsequent closure of the program on March 1, 2016.

Gross Billings from Loyalty Services and Other amounted to $25.8 million for the three months ended March 31, 2016, an increase of $5.9 million or 29.6%. On a constant currency basis, Gross Billings from Loyalty Services and Other increased by $4.3 million or 21.6% and is primarily explained by the signing of a new ISS client in the Shopper Insights & Communications business.

Redemption Activity - Redemption activity in the Nectar Program decreased by 15.2% mainly driven by a change of accumulation terms in the previous year which led to higher redemptions in the first quarter in anticipation of the change.

Total points redeemed in the Nectar Italia Program for the three months ended March 31, 2016 decreased significantly compared to the same period in the prior year due to the expiry of points in the first quarter of 2015.

Redemption activity in the Air Miles Middle East program increased by 1.5% due to an increase in miles in circulation.

Total Revenue amounted to $147.8 million for the three months ended March 31, 2016, a decrease of $75.6 million or 33.8%. On a constant currency basis, total revenue decreased by $84.5 million or 37.8% and is explained mostly by the following:

- a decrease of $70.3 million in revenue from Loyalty Units in the Nectar Italia Program driven by lower redemptions;
- a decrease of $17.5 million in revenue from Loyalty Units in the Nectar Program due to lower redemptions; offset in part by,
- an increase of $4.2 million in revenue from Loyalty Services and Other, primarily explained by the signing of a new ISS client in the Shopper Insights & Communications business.

Cost of Rewards and Direct Costs amounted to $98.0 million for the three months ended March 31, 2016, a decrease of $43.8 million or 30.9%. On a constant currency basis, cost of rewards and direct costs decreased by $49.7 million or 35.0% and is mainly attributable to the following factors:

- a decrease in the Nectar Italia Program driven by lower redemption activity, representing $35.8 million; and
- a decrease in the Nectar Program driven by lower redemption activity, representing $13.6 million.

Gross Margin before Depreciation and Amortization represented 33.7% of total revenue for the three month period ended March 31, 2016, a decrease of 2.8 percentage-points on a reported and constant currency basis, a direct result of the factors described above.

Operating Expenses amounted to $35.6 million for the three months ended March 31, 2016, a decrease of $0.2 million or 0.6%. On a constant currency basis, operating expenses decreased by $1.7 million or 4.7%, mostly explained by the impact of the closure of the Nectar Italia Program, as well as operational efficiencies related to

organizational changes announced in the prior year, offset in part by an increase in marketing spend in the Nectar Program in the current period which was phased later in the prior year.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $4.2 million for the three months ended March 31, 2016, an increase of $0.4 million or 10.5%. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, increased by $0.2 million or 5.3%.

Operating Income amounted to $10.0 million for the three months ended March 31, 2016, a deterioration of $32.0 million. On a constant currency basis, operating income decreased by $33.3 million, a direct result of the factors described above.

Adjusted EBITDA amounted to $17.0 million for the three months ended March 31, 2016, a deterioration of $1.5 million or 8.1%. On a constant currency basis, Adjusted EBITDA decreased by $2.6 million or 14.1%, mostly explained by lower Gross Billings from Loyalty Units and higher marketing expenses in the Nectar Program, as well as the closure of the Nectar Italia Program, partially offset by improved performance in the Shopper Insights & Communications business and operational efficiencies across the division related to organizational changes announced in the prior year.

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GLOBAL LOYALTY SOLUTIONS

	Three Months Ended March 31,		Variance		Variance C.C. [(b)(c)]	
(in millions of Canadian dollars unless otherwise noted)	2016	2015	$	%	$	%
Gross Billings from the sale of Loyalty Units	**—**	—	—	—	—	—
Gross Billings from Loyalty Services and Other	**55.1**	53.6	1.5	2.8	(0.6)	(1.1)
Total Gross Billings	**55.1**	53.6	1.5	2.8	(0.6)	(1.1)
Revenue from Loyalty Units	**—**	—	—	—	—	—
Revenue from Loyalty Services and Other	**54.7**	53.2	1.5	2.8	(0.6)	(1.1)
Intercompany revenue	**0.1**	0.4	(0.3)	(75.0)	(0.3)	(75.0)
Total revenue	**54.8**	53.6	1.2	2.2	(0.9)	(1.7)
Cost of rewards and direct costs	**32.8**	30.9	1.9	6.1	1.1	3.6
Gross margin before depreciation and amortization	**22.0**	22.7	(0.7)	(3.1)	(2.0)	(8.8)
Gross margin as a % of total revenue	***40.1 %***	*42.4%*	**	*(2.3) pp*	**	*(3.1) pp*
Depreciation and amortization [(a)]	**1.6**	1.6	—	—	(0.1)	(6.3)
Gross margin	**20.4**	21.1	(0.7)	(3.3)	(1.9)	(9.0)
Total operating expenses	**25.1**	21.1	4.0	19.0	2.6	12.3
Operating income (loss)	**(4.7)**	—	(4.7)	**	(4.5)	**
Adjusted EBITDA [(b)]	**(2.8)**	1.6	(4.4)	**	(4.3)	**
Adjusted EBITDA as a % of total Gross Billings	***(5.1)%***	*3.0%*	**	*(8.1) pp*	**	*(8.1) pp*

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 46.

Gross Billings amounted to $55.1 million for the three months ended March 31, 2016, an increase of $1.5 million or 2.8%. On a constant currency basis, Gross Billings decreased by $0.6 million or 1.1% and is primarily explained by a decrease in rewards fulfillment activity and consulting projects, partially offset by an increase in Gross Billings from loyalty platforms.

Total Revenue amounted to $54.8 million for the three months ended March 31, 2016, an increase of $1.2 million or 2.2%. On a constant currency basis, total revenue decreased by $0.9 million or 1.7% and is primarily explained by a decrease in rewards fulfillment activity and consulting projects, partially offset by an increase in revenue from loyalty platforms.

Cost of Rewards and Direct Costs amounted to $32.8 million for the three months ended March 31, 2016, an increase of $1.9 million or 6.1%. On a constant currency basis, cost of rewards and direct costs increased by $1.1 million or 3.6% and is primarily explained by an increase in direct costs related to loyalty platforms, partially offset by a decrease in rewards fulfillment activity.

Gross Margin before Depreciation and Amortization represented 40.1% of total revenue for the three month period ended March 31, 2016, a decrease of 2.3 percentage-points or 3.1 percentage-points on a constant currency basis, a direct result of the factors described above.

Operating Expenses amounted to $25.1 million for the three months ended March 31, 2016, an increase of $4.0 million or 19.0%. On a constant currency basis, operating expenses increased by $2.6 million or 12.3% mostly due to increased spend to support new clients and in relation to the implementation of outsourcing arrangements in technology.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $1.6 million for the three months ended March 31, 2016, in line with the prior year. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, decreased by $0.1 million or 6.3%.

Operating Income (Loss) amounted to $(4.7) million for the three months ended March 31, 2016, a deterioration of $4.7 million or $4.5 million on a constant currency basis, a direct result of the factors described above.

Adjusted EBITDA amounted to $(2.8) million for the three months ended March 31, 2016, a deterioration of $4.4 million. On a constant currency basis, Adjusted EBITDA decreased by $4.3 million, a direct result of the factors described above.

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

CORPORATE

	Three Months Ended March 31,		Variance		Variance C.C. [(c)(d)]	
(in millions of Canadian dollars)	2016	2015	$	%	$	%
Depreciation and amortization [(a)]	**3.3**	2.5	0.8	32.0	0.7	28.0
Gross margin	**(3.3)**	(2.5)	(0.8)	(32.0)	(0.7)	(28.0)
Operating expenses before share-based compensation	**17.2**	19.1	(1.9)	(9.9)	(2.1)	(11.0)
Share-based compensation	**2.1**	2.3	(0.2)	(8.7)	(0.2)	(8.7)
Total operating expenses [(b)]	**19.3**	21.4	(2.1)	(9.8)	(2.3)	(10.7)
Operating loss	**(22.6)**	(23.9)	1.3	5.4	1.6	6.7
Adjusted EBITDA [(c)]	**(14.8)**	(21.4)	6.6	30.8	6.8	31.8
Included in Adjusted EBITDA:						
Distributions from equity-accounted investments	**4.5**	—	4.5	**	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 46.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $3.3 million for the three months ended March 31, 2016, an increase of $0.8 million or 32.0%. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, increased by $0.7 million or 28.0%, mainly due to increased global product development activities.

Operating Expenses amounted to $19.3 million for the three months ended March 31, 2016, a decrease of $2.1 million or 9.8%. On a constant currency basis, operating expenses decreased by $2.3 million or 10.7%, mainly attributable to lower compensation costs and cost savings initiatives.

Adjusted EBITDA amounted to $(14.8) million for the three months ended March 31, 2016, an improvement of $6.6 million or 30.8%. On a constant currency basis, Adjusted EBITDA improved by $6.8 million or 31.8%, explained by the distribution from PLM in the current period and lower operating expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

SEGMENTED INFORMATION

Effective January 1, 2016, the Corporation was reorganized into a divisional structure, which consists of the following operating segments: Americas Coalitions, International Coalitions and GLS. Previously, the Corporation was organized in a regional structure and its operating segments were Canada, EMEA and US & APAC. The changes focus the Corporation on its core businesses for growth and leadership in data-driven marketing and loyalty analytics, while also simplifying Aimia's operations. As a result, the comparative information has been restated to conform with the new segmentation.

Accounting policies relating to each segment are identical to those used for the purposes of the consolidated financial statements. Management of global shared services, global product development costs and share-based compensation is centralized and, consequently, these expenses are not allocated to the operating segments. For additional information on the determination of reportable and operating segments, refer to the interim consolidated financial statements for the three months ended March 31, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The table below summarizes the relevant financial information by operating segment:

	Three Months Ended March 31,											
(in millions of Canadian dollars)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Segments	**Americas Coalitions**		**International Coalitions**		**GLS**		**Corporate** *(b)*		**Eliminations**		**Consolidated**	
Gross Billings from the sale of Loyalty Units	**284.2**	284.8	**141.0**	160.4	**—**	—	**—**	—	**—**	—	**425.2**	445.2
Gross Billings from Loyalty Services and Other	**67.1**	77.1	**25.8**	19.9	**55.1**	53.6	**—**	—	**(0.2)**	(0.6)	**147.8**	150.0
Total Gross Billings	**351.3**	361.9	**166.8**	180.3	**55.1**	53.6	**—**	—	**(0.2)**	(0.6)	**573.0** *(c)*	595.2 *(c)*
Revenue from Loyalty Units	**299.5**	304.8	**122.1**	203.4	**—**	—	**—**	—	**—**	—	**421.6**	508.2
Revenue from Loyalty Services and Other	**68.2**	78.9	**25.6**	19.8	**54.7**	53.2	**—**	—	**—**	—	**148.5**	151.9
Intercompany revenue	**—**	—	**0.1**	0.2	**0.1**	0.4	**—**	—	**(0.2)**	(0.6)	**—**	—
Total revenue	**367.7**	383.7	**147.8**	223.4	**54.8**	53.6	**—**	—	**(0.2)**	(0.6)	**570.1**	660.1
Cost of rewards and direct costs	**238.7**	258.3	**98.0**	141.8	**32.8**	30.9	**—**	—	**—**	(0.3)	**369.5**	430.7
Gross margin before depreciation and amortization	**129.0**	125.4	**49.8**	81.6	**22.0**	22.7	**—**	—	**(0.2)**	(0.3)	**200.6**	229.4
Depreciation and amortization *(a)*	**36.6**	37.7	**4.2**	3.8	**1.6**	1.6	**3.3**	2.5	**—**	—	**45.7**	45.6
Gross margin	**92.4**	87.7	**45.6**	77.8	**20.4**	21.1	**(3.3)**	(2.5)	**(0.2)**	(0.3)	**154.9**	183.8
Operating expenses before share-based compensation	**84.0**	79.6	**35.6**	35.8	**25.1**	21.1	**17.2**	19.1	**(0.2)**	(0.3)	**161.7**	155.3
Share-based compensation	**—**	—	**—**	—	**—**	—	**2.1**	2.3	**—**	—	**2.1**	2.3
Total operating expenses	**84.0**	79.6	**35.6**	35.8	**25.1**	21.1	**19.3**	21.4	**(0.2)**	(0.3)	**163.8**	157.6
Operating income (loss)	**8.4**	8.1	**10.0**	42.0	**(4.7)**	—	**(22.6)**	(23.9)	**—**	—	**(8.9)**	26.2
Adjusted EBITDA *(f)*	**49.3**	53.4	**17.0**	18.5	**(2.8)**	1.6	**(14.8)**	(21.4)	**—**	—	**48.7**	52.1
Included in Adjusted EBITDA:												
Change in Future Redemption Costs	**20.7**	29.4	**(17.0)**	15.8	**—**	—	**—**	—	**—**	—	**3.7**	45.2
Distributions from equity-accounted investments	**—**	—	**0.8**	—	**—**	—	**4.5**	—	**—**	—	**5.3**	—
Additions to non-current assets *(d)*	**8.5**	12.0	**5.6**	4.4	**1.0**	0.8	**4.4**	3.3	**N/A**	N/A	**19.5**	20.5
Non-current assets *(d)*	**2,900.1**	3,033.3	**537.7**	526.2	**30.2**	32.8	**56.0**	50.4	**N/A**	N/A	**3,524.0** *(e)*	3,642.7 *(e)*

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes global shared services, global product development costs and share-based compensation.

(c) Includes third party Gross Billings of $317.8 million in Canada, $159.0 million in the UK and $41.1 million in the US for the three months ended March 31, 2016, compared to third party Gross Billings of $327.6 million in Canada, $161.0 million in the UK and $43.4 million in the US for the three months ended March 31, 2015. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(d) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(e) Includes non-current assets of $2,877.2 million in Canada, $554.4 million in the UK and $64.7 million in the US as of March 31, 2016, compared to non-current assets of $3,000.9 million in Canada, $503.7 million in the UK and $73.1 million in the US as of March 31, 2015.

(f) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY OF QUARTERLY RESULTS

This section includes sequential quarterly data for the eight quarters ended March 31, 2016.

	2016	2015				2014		
(in millions of Canadian dollars, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3 [d]	Q2 [d]
Gross Billings from the sale of Loyalty Units	**425.2**	506.7	422.5	458.3	445.2	497.0	472.4	491.1
Gross Billings from Loyalty Services and Other	**147.8**	181.5	157.8	147.0	150.0	191.1	160.8	157.0
Gross Billings	**573.0**	688.2	580.3	605.3	595.2	688.1	633.2	648.1
Revenue	**570.1**	734.3	529.3	536.9	660.1	761.1 [k]	543.4	555.4
Cost of rewards and direct costs	**(369.5)**	(483.4)	(341.4)	(346.4)	(430.7)	(493.9)	(353.2)	(354.5)
Gross margin before depreciation and amortization [a]	**200.6**	250.9	187.9	190.5	229.4	267.2 [k]	190.2	200.9
Operating expenses	**(163.8)**	(215.5) [e]	(171.5)	(120.9) [f]	(157.6)	(189.5)	(160.9)	(168.5)
Depreciation and amortization	**(12.9)**	(16.3)	(15.4)	(13.1)	(12.3)	(15.2)	(12.4)	(12.1)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(32.8)**	(37.3)	(33.5)	(33.2)	(33.3)	(34.1)	(32.9)	(33.0)
Operating income (loss)	**(8.9)**	(18.2) [e]	(32.5)	23.3 [f]	26.2	28.4 [k]	(16.0)	(12.7)
Net earnings (loss) attributable to equity holders of the Corporation	**(14.8)**	(26.0) [e]	(26.9)	31.5 [h][i]	21.5	20.5 [k]	(24.3)	(19.2)
Adjusted EBITDA [b]	**48.7**	63.2	46.1	107.5 [f]	52.1	60.0	63.9	58.7
Included in Adjusted EBITDA:								
Change in Future Redemption Costs	**3.7**	43.9	(25.9)	(40.5)	45.2	49.8	(59.0)	(73.8)
Distributions from equity-accounted investments	**5.3**	16.5	4.6	10.0	—	5.5	3.8	7.4
Net earnings (loss) attributable to equity holders of the Corporation	**(14.8)**	(26.0) [e]	(26.9)	31.5 [h][i]	21.5	20.5 [k]	(24.3)	(19.2)
Earnings (loss) per common share [c]	**(0.12)**	(0.19) [e]	(0.20)	0.17 [h][i]	0.10	0.09 [k]	(0.17)	(0.14)
Free Cash Flow before Dividends Paid [b]	**(18.9)**	78.9 [g]	59.0	59.2	5.2 [j]	17.1 [j]	56.3 [g]	153.1 [j]
Free Cash Flow [b]	**(52.1)**	45.1 [g]	24.6	22.1	(30.5) [j]	(19.1) [j]	19.9 [g]	116.6 [j]
Future Redemption Cost liability - Unbroken Loyalty Units	**2,293.0**	2,305.5	2,351.2	2,332.2	2,293.5	2,225.9	2,284.9	2,226.0
Potential redemption liability - Broken Loyalty Units	**890.8**	883.9	863.7	860.1	852.6	862.9	815.9	800.0

(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) After deducting dividends declared on preferred shares.

(d) The financial information does not include any effect related to the change in Breakage estimate made during the fourth quarter of 2014 in the Nectar Italia Program.

(e) Operating expenses, operating loss and net loss attributable to equity holders of the Corporation include impairment charges amounting to $13.5 million recorded during the three months ended December 31, 2015 related to the Canada Loyalty Solutions group of CGUs. Net loss attributable to equity holders of the Corporation also includes an income tax recovery of $3.6 million related to these impairment charges.

(f) Includes the favourable impact of $45.7 million resulting from the reduction of the Card Migration Provision during the three months ended June 30, 2015.

(g) Includes a deposit of $20.7 million made to Revenue Quebec during the third quarter of 2014 to act as security for the assessment.

Following the successful objection process with the CRA, Revenue Quebec issued a new reassessment and the deposit of $20.7 million was reimbursed to Aimia in the fourth quarter of 2015. Please refer to the *Income Taxes* section of the 2015 MD&A for more information.

(h) Includes the favourable impact of $33.6 million, net of an income tax expense of $12.1 million, resulting from the reduction of the Card Migration Provision during the three months ended June 30, 2015.

(i) Includes the impact of the gain on the sale of the investment in Air Canada Class B shares of $18.6 million, net of an income tax expense of $2.9 million.

(j) The Free Cash Flow for the three month period ended June 30, 2014 includes an amount of $83.4 million received from the CRA related to the income tax refund of loss carry back applied in Canada.

The Free Cash Flow for the three month period ended December 31, 2014 includes an amount of $7.5 million received from Revenue Quebec related to the income tax refund of loss carry back applied in Canada.

The Free Cash Flow for the three month period ended March 31, 2015 includes an amount of $20.4 million received from Revenue Quebec related to the income tax refund of loss carry back applied in Canada.

(k) Includes the impact of the change in the Breakage estimate in the Nectar Italia Program which resulted in an increase of $19.4 million to revenue from Loyalty Units, of which $13.4 million is attributable to the years prior to 2014, $4.1 million to the nine month period ended September 30, 2014 and $1.9 million to the three month period ended December 31, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCING STRATEGY, LIQUIDITY AND CAPITAL RESOURCES

Aimia generates sufficient cash flow internally to fund cash dividends, capital expenditures and to service its debt obligations. Management believes that Aimia's internally generated cash flows, combined with its ability to access undrawn credit facilities and external capital, provide sufficient resources to finance its cash requirements for the foreseeable future and to maintain available liquidity. Dividends are expected to continue to be funded from internally generated cash flows.

At March 31, 2016, Aimia had $382.3 million of cash and cash equivalents, $20.9 million of restricted cash, $9.9 million of short-term investments and $298.9 million of long-term investments in bonds, for a total of $712.0 million. Approximately $3.4 million of the total amount is invested in Bankers' Acceptances and term deposits maturing on various dates through to April 2016 and $308.8 million is mostly invested in corporate, federal and provincial government bonds maturing at various dates between December 2016 and July 2020. The Aeroplan Miles redemption reserve described under *Redemption Reserve* is included in short-term investments and long-term investments.

The following table provides a reconciliation between Adjusted EBITDA and Free Cash Flow for the periods indicated:

	Three Months Ended March 31,	
(in millions of Canadian dollars , except per share information)	2016	2015
Adjusted EBITDA [(a)]	**48.7**	52.1
Change in Future Redemption Costs [(b)]	**(3.7)**	(45.2)
Share-based compensation	**2.1**	2.3
Income taxes received (paid), net	**(3.2)**	18.5
Net cash interest paid	**(10.3)**	(9.4)
Change in operating assets and liabilities and other	**(33.0)**	7.4
Cash from operating activities	**0.6**	25.7
Capital expenditures	**(19.5)**	(20.5)
Free Cash Flow before Dividends Paid [(a)]	**(18.9)**	5.2
Free Cash Flow before Dividends Paid per common share [(a)(c)]	**(0.15)**	0.00
Dividends paid to equity holders of the Corporation	**(33.2)**	(35.7)
Free Cash Flow [(a)]	**(52.1)**	(30.5)

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(b) The per unit cost derived from this calculation is retroactively applied to all prior periods with the effect of revaluing the Future Redemption Cost liability on the basis of the latest available average unit cost.

(c) After deducting dividends paid on preferred shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table provides an overview of Aimia's cash flows for the periods indicated:

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2016	2015
Cash and cash equivalents, beginning of period	**482.2**	**567.6**
Cash from operating activities	0.6	25.7
Cash used in investing activities	(21.2)	(21.4)
Cash used in financing activities	(57.2)	(76.8)
Translation adjustment related to cash	(22.1)	19.3
Cash and cash equivalents, end of period	**382.3**	**514.4**

OPERATING ACTIVITIES

Cash from operating activities is generated primarily from the collection of Gross Billings and is reduced by the cash required to deliver rewards when Loyalty Units are redeemed, and by the cash required to provide loyalty solutions and analytics and insights services. Cash flow from operating activities is also reduced by operating expenses and interest and income taxes paid.

Cash flows from operating activities amounted to $0.6 million for the three months ended March 31, 2016, compared to $25.7 million for the three months ended March 31, 2015.

The unfavourable variance of $25.1 million for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 is explained primarily by the receipt of $20.4 million from Revenue Quebec in the first quarter of 2015. The remaining unfavourable variance of $4.7 million is primarily related to a net unfavourable variance in the change in operating assets of $40.4 million that included severance payments made in relation to restructuring activities announced in the prior year totaling $6.9 million, a decrease in Gross Billings of $22.2 million and higher operating expenses before share-based compensation expense of $6.4 million; offset in part by, lower cost of rewards and direct costs of $61.2 million and higher distributions from equity accounted investments of $3.7 million

Please refer to the *Free Cash Flow* section for more information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTING ACTIVITIES

Investing activities for the three months ended March 31, 2016 reflect proceeds from short-term investments of $44.5 million and long-term investments made of $46.2 million.

Capital expenditures for the three months ended March 31, 2016 amounted to $19.5 million. Anticipated capital expenditures for 2016 are expected to approximate between $75.0 million and $85.0 million.

FINANCING ACTIVITIES

Financing activities for the three months ended March 31, 2016 reflect the payment of $33.2 million related to common and preferred dividends and the repurchase of common shares amounting to $24.5 million.

During the three months ended March 31, 2016, financing activities also reflect the receipt by the Corporation of $0.5 million upon the exercise of stock options.

LIQUIDITY

Aimia anticipates that total capital requirements for the 2016 fiscal year will be between $212.3 million and $222.3 million, consisting of $137.3 million in respect of anticipated cash dividends to its common and preferred shareholders and between $75.0 million and $85.0 million in respect of capital expenditures. The capital requirements will be funded from operations, cash and securities, available cash on deposit from the *Redemption Reserve* to the extent required and where applicable (i.e. in periods of unusually high redemption activity) and undrawn credit facilities, if necessary.

REDEMPTION RESERVE

Aeroplan maintains the Aeroplan Miles redemption reserve (the “Reserve”), which, subject to compliance with the provisions of the Corporation's credit facilities, 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. To date, Aimia has not used the funds held in the Reserve. At March 31, 2016, the Reserve amounted to $300.0 million and was included in short-term investments 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 March 31, 2016, the Reserve was invested in corporate, federal and provincial bonds. 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.

At March 31, 2016, the Reserve, as well as other assets held to comply with a contractual covenant with a major Accumulation Partner, amounted to $441.1 million, representing 19.2% of the consolidated Future Redemption Cost liability.

The deferred revenue presented in the balance sheet 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 $2,293.0 million.

CREDIT FACILITIES AND LONG-TERM DEBT

At March 31, 2016, Aimia had Senior Secured Notes outstanding in the amount of $650.0 million maturing at various dates through May 17, 2019. In addition, Aimia had an authorized revolving credit facility of $300.0 million maturing on April 23, 2019, and irrevocable letters of credit in the aggregate amount of $13.9 million which reduce the available credit under this facility. The revolving facility is provided by a syndicate that consists of eight institutional lenders. It is Aimia's intention to renew or replace its credit facility as it comes due or earlier if credit market conditions permit.

The continued availability of the credit facility is subject to Aimia’s ability to maintain certain leverage, debt service and interest coverage covenants, as well as other affirmative and negative covenants, including certain limitations of distributions in the form of dividends or equity repayments in any given fiscal year, as set out in the credit agreement. At March 31, 2016, Aimia complied with all such covenants.

On April 11, 2016, Aimia concluded an amendment to its existing credit facility with its lending syndicate, extending the term of its revolving facility by one year to April 23, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTMENTS IN EQUITY INSTRUMENTS, ASSOCIATES AND JOINT ARRANGEMENTS

The table below summarizes Aimia's investments in equity instruments, associates and joint arrangements at March 31, 2016:

Name	Nature of business	Nature of investment	Reporting segment	Country of incorporation and place of business	% of ownership interest	Measurement method
PLM	Coalition Loyalty	Joint venture	Corporate	Mexico	48.9	Equity
i2c	Analytics and Insights	Joint venture	International Coalitions	United Kingdom	50.0	Equity
Think Big	Coalition Loyalty	Joint venture	Corporate	Malaysia	20.0	Equity
China Rewards	Coalition Loyalty	Associate	Corporate	China	< 20.0	Equity
Travel Club	Coalition Loyalty	Associate	International Coalitions	Spain	25.0	Equity
Cardlytics	Loyalty Solutions & Analytics and Insights	Equity instrument	Corporate	United States	< 20.0	Fair value
Fractal Analytics	Analytics and Insights	Equity instrument	Corporate	India	< 20.0	Fair value

EQUITY-ACCOUNTED INVESTMENTS

As at	March 31,	December 31,
(in millions of Canadian dollars)	2016	2015
Investment in PLM [(a)]	80.3	85.0
Other equity-accounted investments in joint ventures [(b)]	25.6	25.6
Equity-accounted investments in associates	6.7	7.2
Total	**112.6**	117.8

(a) During the three months ended March 31, 2016, Aimia received a distribution from PLM of $4.5 million (US$3.4 million) (March 31, 2015: nil).

(b) On January 9, 2015 and January 29, 2015, Aimia invested additional amounts totaling $1.0 million (US$0.8 million) in Prismah to fund certain costs associated with the wind-up of the joint arrangement, which was completed on March 7, 2015.

Share of net earnings (loss) of equity-accounted investments	Three Months Ended March 31,	
(in millions of Canadian dollars)	2016	2015
Investment in PLM	5.0	3.6
Other equity-accounted investments in joint ventures	0.7	0.4
Equity-accounted investments in associates	(0.1)	(0.9)
Total	**5.6**	3.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLM reported Gross Billings of $54.6 million for the three months ended March 31, 2016 compared to $47.2 million for the three months ended March 31, 2015.

MEASUREMENT UNCERTAINTY

Aimia may be required to provide rewards to members for unexpired Loyalty Units accounted for as Breakage on the Loyalty Units issued to date for which the revenue has been recognized or deferred and for which no liability has been recorded. The potential redemption cost for such Loyalty Units is estimated to be $890.8 million at March 31, 2016.

The potential redemption costs, noted above, have been calculated on the basis of the current average redemption cost, reflecting actual prices with Redemption Partners, including Air Canada, and the experienced mix of the various types of rewards that members have selected, based on past experience.

Management has calculated that the cumulative effect of a 1% change in Breakage in each individual program would have a consolidated impact on revenue and earnings before income taxes of $187.0 million for the period in which the change occurred, with $182.2 million relating to prior years and $4.8 million relating to the current three month period.

PROVISIONS, CONTINGENT LIABILITIES AND GUARANTEES

PROVISIONS

Asset Purchase Agreement

(in millions of Canadian dollars)	Card Migration Provision
Balance at December 31, 2014	**50.0**
Provision recorded during the year	—
Provision received (used) during the year	1.7
Provision reversed during the year	(45.7)
Balance at December 31, 2015	**6.0**
Provision recorded during the period	**—**
Provision received (used) during the period	**(0.6)**
Provision reversed during the period	**—**
Balance at March 31, 2016	**5.4**
Represented by:	
Current portion	**0.5**
Long-term portion	**4.9**

In relation to the asset purchase and migration agreements with TD and CIBC and the net migration of Aeroplan-branded credit card accounts between CIBC and TD, a provision totaling $50.0 million was recorded in general and administrative expenses during the fourth quarter of 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

During the second quarter of 2015, based on actual card migration data for the eighteen month period ending June 30, 2015 and management's estimate of migration patterns going forward, the Card Migration Provision was reduced by an amount of $45.7 million. The adjustment was recorded as a reduction to general and administrative expenses. Additionally, an amount of $1.7 million was received during the second quarter of 2015, representing the payment relating to the 2014 calendar year in accordance with the terms of the migration agreement. There was no change to the total provision during the third and fourth quarters of 2015.

During the first quarter of 2016, an amount of $0.6 million was paid by Aimia, representing the payment relating to the 2015 calendar year in accordance with the terms of the migration agreement.

At this time, the provision represents management's best estimate. Please refer to the *FINANCIAL CARD AGREEMENTS* section for more information.

CONTINGENT LIABILITIES AND GUARANTEES

Aimia has agreed to indemnify its directors and officers, and the directors and officers of its subsidiaries, to the extent permitted under corporate law, against costs and damages incurred as a result of lawsuits or any other judicial, administrative or investigative proceeding in which said directors or officers are sued as a result of their services. The directors and officers are covered by directors' and officers' liability insurance.

In limited circumstances, Aimia may provide guarantees and/or indemnifications to third parties to support the performance obligations of its subsidiaries under commercial contracts. At March 31, 2016, Aimia's maximum exposure under such guarantees was estimated to amount to $97.8 million. No amount has been recorded in the financial statements with respect to the indemnification and guarantee agreements.

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.

Management has filed a strong defence to this class action lawsuit and believes that it is more likely than not that its position will be sustained, consequently, no liability has been recognized in the financial statements. If the ultimate resolution of this class action lawsuit differs from this assessment and assumptions, a material adjustment to the financial position and results of operations could result.

From time to time, Aimia becomes involved in various claims and litigation as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, management believes the resolution of current pending claims and litigation will not have a material impact on Aimia's financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CARD AGREEMENTS

On September 16, 2013, Aimia entered into ten-year financial credit card agreements with each of TD Bank Group ("TD") and Canadian Imperial Bank of Commerce ("CIBC"), effective from January 1, 2014. Under these agreements TD became 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. These agreements were subject to certain regulatory approvals and other closing conditions, all of which were fulfilled on December 27, 2013. 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 and recorded in general and administrative expenses during the fourth quarter of 2013. 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. During the fourth quarter of 2013, a provision was recorded, representing management’s best estimate at the time of the anticipated net migration of Aeroplan-branded credit card accounts between CIBC and TD over five years. In order to determine the provision, management uses an expected value model. Please refer to the *Provisions* section for more information. In accordance with the migration agreement, payments relating to the net migration of the Aeroplan-branded credit card accounts are to be made on an annual basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

TRANSACTIONS WITH AIR CANADA

Aeroplan has entered into various agreements with Air Canada governing the commercial relationship between Aeroplan and Air Canada, which are described in Aimia's Annual Information Form dated March 23, 2016.

Air Canada is one of Aimia's largest Accumulation Partners, representing 11% of Gross Billings for the three months ended March 31, 2016, compared to 11% of Gross Billings for the three months ended March 31, 2015. Under the CPSA, Air Canada's annual commitment, which is based on 85% of the average total Aeroplan Miles issued in respect of Air Canada flights or Air Canada airline affiliate products and services in the three preceding calendar years, is estimated to be $208.4 million for 2016. Air Canada, including other Star Alliance partners, is Aimia's largest Redemption Partner. For the three months ended March 31, 2016, 50% of total reported cost of rewards and direct costs was paid to Air Canada, in connection with rewards purchased from Air Canada and other airlines (Star Alliance Partners) compared to 45% for the three months ended March 31, 2015.

CPSA

On March 14, 2014, as provided for in the existing CPSA, Aeroplan and Air Canada executed an 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.

AIR CANADA WARRANTS AND CLASS B SHARES

In connection with the July 29, 2009 Air Canada club loan, which was repaid on August 3, 2010, Air Canada issued warrants to the lenders to purchase Air Canada Class A or Class B variable voting shares. Aeroplan 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, 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.

At December 31, 2014 and March 31, 2015, the fair value of Air Canada Class B shares amounted to $29.7 million and $31.0 million, respectively.

During the second quarter of 2015, Aimia disposed of all of its Air Canada Class B shares for net proceeds of $30.5 million. As a result of the disposal, the gain (net of tax) in accumulated other comprehensive income, representing an amount of $18.6 million, was reclassified to net earnings during the second quarter of 2015. Of this amount, $21.5 million was recorded in financial income and $2.9 million in deferred income tax expense.

Prior to their disposal, the investment in Air Canada Class B shares was accounted for as an available-for-sale investment, measured at fair value with changes recognized in other comprehensive income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY OF CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at March 31, 2016, estimated future minimum payments under Aimia's contractual obligations and commitments are as follows:

(in millions of Canadian dollars)	Total	2016	2017	2018	2019	2020	Thereafter
Contractual Obligations							
Long-term debt	650.0	—	200.0	200.0	250.0	—	—
Interest on long-term debt [(a)]	83.2	26.0	30.6	19.3	7.3	—	—
Total long-term debt and interest	733.2	26.0	230.6	219.3	257.3	—	—
Operating leases	140.6	14.5	18.2	16.1	13.9	12.4	65.5
Technology infrastructure and other [(b)]	230.9	24.2	39.9	36.6	34.6	28.2	67.4
Marketing support and other	224.2	26.0	47.6	44.6	34.0	30.5	41.5
Purchase obligation under the CPSA	2,135.8	332.6	515.2	515.2	515.2	257.6	—
Contractual Obligations	**3,464.7**	**423.3**	**851.5**	**831.8**	**855.0**	**328.7**	**174.4**
Commitments							
Letters of Credit and Surety Bonds	22.5	11.2	10.8	0.5	—	—	—
Commitments	**22.5**	**11.2**	**10.8**	**0.5**	**—**	**—**	**—**
Total Contractual Obligations and Commitments	**3,487.2**	**434.5**	**862.3**	**832.3**	**855.0**	**328.7**	**174.4**

(a) Includes interest on the Revolving Facility, and Senior Secured Notes Series 3, 4 and 5 described under *Credit Facilities and Long-Term Debt*.

(b) Includes the minimum commitments relating to the global IT outsourcing arrangement.

Under the terms of certain contractual obligations with a major Accumulation Partner, Aimia is required to maintain certain minimum working capital amounts in accordance with pre-established formulae. At March 31, 2016, Aimia complied with all such covenants.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAPITAL STOCK

At March 31, 2016, Aimia had 152,294,611 common shares, 3,953,365 Series 1 Preferred Shares, 2,946,635 Series 2 Preferred Shares and 6,000,000 Series 3 Preferred Shares issued and outstanding for an aggregate amount of $1,665.0 million. In addition, there were 11,437,517 stock options issued and outstanding under the Aimia Long-Term Incentive Plan.

NORMAL COURSE ISSUER BID

On May 13, 2014, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 15,530,762 of its issued and outstanding common shares during the period from May 16, 2014 to no later than May 15, 2015.

From May 16, 2014 to December 31, 2014, Aimia repurchased 2,069,790 common shares for a total consideration of $29.8 million. Of this total, 1,964,790 common shares were paid and cancelled during the period representing $28.3 million, with the remainder being paid and cancelled during the first quarter of 2015. Share capital was reduced by $18.3 million and the remaining $11.5 million was accounted for as a reduction of contributed surplus.

From January 1, 2015 to May 15, 2015, Aimia repurchased and cancelled 8,788,952 common shares for a total cash consideration of $117.8 million. Share capital was reduced by $77.8 million and the remaining $40.0 million was accounted for as a reduction of contributed surplus.

On May 14, 2015, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 16,346,860 of its issued and outstanding common shares during the period from May 20, 2015 to no later than May 19, 2016.

From May 20, 2015 to December 31, 2015, Aimia repurchased 8,819,500 common shares for a total consideration of $105.5 million. Of this total, 8,538,100 common shares were paid and cancelled during the period representing $102.8 million, with the remainder being paid and cancelled during the first quarter of 2016. Share capital was reduced by $78.1 million and the remaining $27.4 million was accounted for as a reduction of contributed surplus.

From January 1, 2016 to March 31, 2016, Aimia repurchased 2,393,600 common shares (all of which were paid and cancelled during the period) for a total consideration of $21.8 million. Share capital was reduced by $21.2 million and the remaining $0.6 million was accounted for as a reduction of contributed surplus.

PREFERRED SHARES, SERIES 1 AND PREFERRED SHARES, SERIES 2

On February 27, 2015, Aimia announced that it would not be exercising its right to redeem all or part of the Series 1 Preferred Shares on March 31, 2015. As a result and subject to certain conditions, the holders of the Series 1 Preferred Shares had the right to convert all or part of their Series 1 Preferred Shares, on a one-for-one basis, into Series 2 Preferred Shares on March 31, 2015.

On March 31, 2015, the holders of 2,946,635 Series 1 Preferred Shares exercised their option to convert their Series 1 Preferred Shares into an equivalent number of Series 2 Preferred Shares. Holders of the Series 2 Preferred Shares are entitled to receive quarterly floating rate, cumulative, preferential cash dividends, calculated on the basis of the

actual number of days elapsed in such quarterly period divided by 365, as and when declared by the Board of Directors of Aimia, subject to the provisions of the Canada Business Corporations Act (the “CBCA”). The dividend rate for the floating rate period from and including March 31, 2016 to, but excluding June 30, 2016, will be 4.212%, being 3.75% over the 90-day Government of Canada Treasury Bill yield, as determined in accordance with the terms of the Series 2 Preferred Shares.

With respect to the remaining 3,953,365 Series 1 Preferred Shares outstanding after March 31, 2015, holders of the Series 1 Preferred Shares are entitled to receive quarterly fixed, cumulative, preferential cash dividends, as and when declared by the Board of Directors of Aimia, subject to the provisions of the CBCA. The dividend rate for the five-year period from and including March 31, 2015 to, but excluding March 31, 2020, will be 4.5%, being 3.75% over the five-year Government of Canada bond yield, as determined in accordance with the terms of the Series 1 Preferred Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DIVIDENDS

Quarterly dividends declared to common shareholders of Aimia during the three months ended March 31, 2016 and 2015 were as follows:

	2016		2015 [(a)]	
(in millions of Canadian dollars, except per-share amounts)	Amount	Per common share	Amount	Per common share
March	29.0	0.19	30.6	0.18

(a) On May 14, 2015, the Board of Directors of Aimia approved an increase to the common share dividend from $0.18 to $0.19 per share per quarter.

Quarterly dividends declared to preferred shareholders of Aimia during the three months ended March 31, 2016 and 2015 were as follows:

	2016		2015	
(in millions of Canadian dollars, except per-share amounts)	Amount	Per preferred share	Amount	Per preferred share
Series 1				
March	1.1	0.28125	2.8	0.40625
Series 2				
March	0.8	0.264049	N/A	N/A
Series 3				
March	2.3	0.390625	2.3	0.390625

The dividend policy is subject to the discretion of the Board of Directors of Aimia and may vary depending on, among other things, Aimia's earnings, financial requirements, debt covenants, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time. The Series 1 Preferred Shares outstanding at March 31, 2016 bear a 4.5% annual cumulative dividend or $0.28125 per preferred share per quarter. The Series 2 Preferred Shares outstanding at March 31, 2016 bear a cumulative quarterly floating dividend yielding 4.212% annually or $0.261811 per preferred share per quarter, as determined for the floating rate period from and including March 31, 2016 to, but excluding June 30, 2016. The Series 3 Preferred Shares outstanding at March 31, 2016 bear a 6.25% annual cumulative dividend or $0.390625 per preferred share per quarter.

On May 12, 2016, the Board of Directors of Aimia approved an increase to the annual common share dividend from $0.76 to $0.80 per share and declared quarterly dividends of $0.20 per common share, $0.28125 per Series 1 preferred share, $0.261811 per Series 2 preferred share and $0.390625 per Series 3 preferred share, in each case payable on June 30, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EARNINGS (LOSS) PER COMMON SHARE

Aimia's earnings (loss) per share attributable to the equity holders of the Corporation amounted to $(0.12) and $0.10 for the three months ended March 31, 2016 and March 31, 2015, respectively. Earnings (loss) per share is calculated after deducting dividends declared on preferred shares.

SUBSEQUENT EVENTS

On April 11, 2016, Aimia concluded an amendment to its existing credit facility with its lending syndicate, extending the term of its revolving facility by one year to April 23, 2020.

On May 12, 2016, Aimia received approval from the Toronto Stock Exchange for the renewal of its NCIB to purchase up to 11,153,635 of its issued and outstanding common shares during the period from May 20, 2016 to no later than May 19, 2017.

CHANGES IN ACCOUNTING POLICIES

The Corporation has adopted the following revised standards as detailed below:

IFRS 5 Amendment, Change in Methods of Disposal

IFRS 5 - *Non-Current Assets Held for Sale and Discontinued Operations* was amended to clarify that a change in disposal method should not be considered to be a new plan of disposal but a continuation of the original plan. There is therefore no interruption of the application of the requirements in this standard. The amendment also clarifies that changing the disposal method does not change the date of classification. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

IAS 19 Amendment, Discount Rate: Regional Market Issue

IAS 19 - *Employee Benefits* was amended to clarify that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated rather than where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

IFRS 7 Amendment, Applicability of Offsetting Disclosures to Condensed Interim Financial Statements

IFRS 7 - *Financial Instrument: Disclosures* was amended to clarify that offsetting disclosures are not required in the condensed interim financial statements. The Corporation determined that the adoption of the amended standard had no impact on its interim financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

IAS 34 Amendment, Disclosure of Information 'Elsewhere in the Interim Financial Report'

IAS 34 - *Interim Financial Reporting* was amended to clarify the meaning of 'elsewhere in the interim financial report' and states that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The Corporation determined that the adoption of the amended standard had no impact on its interim financial statements.

IAS 1 Amendments, Disclosure Initiative

IAS 1- *Presentation of Financial Statements* was amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Corporation determined that the adoption of the amended standard had no impact on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

Please refer to *Note 2* of the December 31, 2015 audited consolidated financial statements of Aimia and the corresponding section of the 2015 MD&A to review Aimia's critical accounting estimates.

The preparation of financial statements in accordance with the International Financial Reporting Standards (“IFRS”) requires management to make estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates (refer to *Caution regarding forward-looking information*). Significant estimates made in the preparation of the consolidated financial statements include those used in accounting for breakage, income taxes, the determination of amortization period for long-lived assets, the impairment considerations on long-lived assets and goodwill, particularly future cash flows and cost of capital, the carrying value of financial instruments recorded at fair value, provisions and contingencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation has adopted disclosure controls and procedures, with management's assistance, that are under the responsibility of the Group Chief Executive ("GCE"), in the capacity of Chief Executive Officer, and Chief Financial Officer, in order to provide reasonable assurance that they are made aware of material information. The Corporation has also adopted internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the interim period ended on March 31, 2016, there were no changes in the Corporation's internal controls over financial reporting that have significantly affected, or are reasonably likely to significantly affect, Aimia's internal controls over financial reporting.

Because of inherent limitations, internal controls over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit, Finance and Risk Committee reviewed this MD&A, and the consolidated financial statements, and the Board of Directors of Aimia approved these documents prior to their release.

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.

For more information, and for a complete description of the risk factors that could materially affect the business, please refer to the corresponding sections in the 2015 MD&A and Aimia's Annual Information Form dated March 23, 2016.

The risks described therein 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.

The following paragraph provides an update and supersedes the risk factor entitled "Labour Relations" included as part of the 2015 MD&A and Aimia's Annual Information Form dated March 23, 2016:

Labour Relations

Aeroplan's contact centre employees are unionized. The collective agreement for these employees expires on November 14, 2018. 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 centre service or otherwise adversely affect the ability of

Aeroplan to conduct its operations, any of which could have an adverse effect on our business, operations and financial condition.

RECONCILIATION OF ADJUSTED NET EARNINGS

The table below presents a reconciliation from net earnings (loss) attributable to equity holders of the Corporation and Adjusted Net Earnings for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
(in millions of Canadian dollars, except per share information)	2016	2015
Net earnings (loss) attributable to equity holders of the Corporation	**(14.8)**	21.5
Amortization of Accumulation Partners' contracts, customer relationships and technology	**32.8**	33.3
Share of net earnings of equity-accounted investments	**(5.6)**	(3.1)
Adjusted EBITDA Adjustments	**11.9**	(19.7)
Tax on adjustments [(c)]	**(1.2)**	(1.9)
Non-controlling interests share on adjustments above	**0.8**	0.6
Adjusted Net Earnings [(a)]	**23.9**	30.7
Adjusted Net Earnings per common share [(a)(b)]	**0.13**	0.15

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(b) After deducting dividends declared on preferred shares.

(c) The effective tax rates on an entity level basis are applied to the related entity level adjustments noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOTATIONS TO FINANCIAL TABLES

This section includes the notations to the tables included under the *Quarter Ended March 31, 2016 Compared to Quarter Ended March 31, 2015* section.

QUARTER ENDED MARCH 31, 2016 COMPARED TO QUARTER ENDED MARCH 31, 2015

CONSOLIDATED OPERATING RESULTS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes third party Gross Billings of $317.8 million in Canada, $159.0 million in the UK and $41.1 million in the US for the three months ended March 31, 2016, compared to third party Gross Billings of $327.6 million in Canada, $161.0 million in the UK and $43.4 million in the US for the three months ended March 31, 2015. Third party Gross Billings are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

(c) Includes an amount of $20.4 million received in the first quarter of 2015 from Revenue Quebec related to the income tax refund of loss carry back applied in Canada.

(d) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(e) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

AMERICAS COALITIONS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

INTERNATIONAL COALITIONS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

GLOBAL LOYALTY SOLUTIONS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

CORPORATE

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) Includes global shared services, global product development costs and share-based compensation.

(c) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(d) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

ADDITIONAL INFORMATION

Additional information relating to Aimia and its operating businesses, including Aimia's Management Information Circular and Annual Information Form, respectively dated March 14 and March 23, 2016, is available on SEDAR at **www.sedar.com** or on Aimia's website at **www.aimia.com** under “Investors”.