ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR

ENDED DECEMBER 31, 2017

March 2, 2018

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## EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2017, unless otherwise indicated.

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

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

### FORWARD-LOOKING STATEMENTS

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

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

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

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking 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, reliance on Redemption Partners, greater than expected redemptions for rewards, unfunded future redemption costs, supply and capacity costs, regulatory matters, failure to safeguard databases, cyber security and consumer privacy, retail market/economic conditions, industry competition, Air Canada liquidity issues or air travel industry disruption, airline industry changes and increased airline costs, changes to coalition loyalty programs, seasonal nature of the business, other factors and prior performance, reliance on key personnel, legal proceedings, foreign operations, labour relations, pension liability, technological disruptions, inability to use third-party software and outsourcing, failure to protect intellectual property rights, conflicts of interest, leverage and restrictive covenants in current and future indebtedness, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, interest rate and currency fluctuations, credit ratings, audit by tax authorities, as well as the other factors identified throughout this Annual Information Form. The forward-looking statements contained herein represent Aimia's expectations as of March 2, 2018, 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. See "Risks and Uncertainties Affecting the Business."

# CORPORATE STRUCTURE

## NAME, ADDRESS AND INCORPORATION

The Corporation was incorporated on May 5, 2008, under the CBCA. The Corporation is the successor to Aeroplan Income Fund following the completion of the reorganization of Aeroplan Income Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement under the CBCA on June 25, 2008, and a reorganization of its corporate structure on December 29 and 30, 2008.

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

The registered and head office of Aimia is located at Tour Aimia, 525 Viger Avenue West, Suite 1000, Montreal, Quebec, Canada, H2Z 0B2.

## INTERCORPORATE RELATIONSHIP

The table below shows Aimia's main Subsidiaries, where they are incorporated or registered, and the percentage of voting securities that Aimia beneficially owns or directly or indirectly exercises control or direction over. Aimia has other Subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues for the year ended December 31, 2017. These other Subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues for the year ended December 31, 2017.

| Subsidiary | Where Is it Incorporated or Registered | Percentage of Voting Securities that Aimia Holds at March 2, 2018 |
|---|---|---|
| Aimia Canada Inc. | Canada | 100% |
| Aimia Coalition Loyalty UK Limited(1) | UK | 100% |

(1) Aimia Coalition Loyalty UK Limited was sold to J. Sainsbury plc on February 1, 2018 as part of the sale of the Nectar loyalty program.

# GENERAL DEVELOPMENT OF THE BUSINESS

## HISTORY

On November 8, 2011, Aimia and Multiplus S.A. ("**Multiplus**"), entered into an agreement pursuant to which they agreed to join forces to create a new loyalty marketing services company in Brazil. The joint venture, named Prismah Fidelidade S.A ("**Prismah**"), was owned in equal share participations by each of Aimia and Multiplus. On December 31, 2014, Aimia and Multiplus agreed to wind up the Prismah joint venture, which was completed on March 7, 2015.

On May 13, 2014, the Corporation received approval from the TSX for the renewal of its Normal Course Issuer Bid (the "**NCIB**") to repurchase 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. On May 14, 2015, Aimia received approval from the TSX for the renewal of its NCIB to repurchase 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. On May 12, 2016, Aimia received approval from the TSX for the renewal of its NCIB to repurchase 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. On May 10, 2017, Aimia received approval from the TSX for the renewal of its NCIB to repurchase up to 12,996,232 of its issued and outstanding common shares during the period from May 23, 2017, to no later than May 22, 2018. As of December 31, 2017, the Corporation had repurchased an aggregate of 50,280,173 Common Shares under the NCIB.

During the second quarter of 2013, the Corporation took full control of the Nectar Italia coalition loyalty program by purchasing the remaining 25% of the issued shares of Nectar S.r.l. held by Banque Accord S.A. for cash and contingent consideration totaling $9.3 million. On December 16, 2015, the Corporation announced that it would close the Nectar Italia Program on March 1, 2016. On March 1, 2016, the Nectar Italia program was wound down.

On April 10, 2014, Aimia acquired a 25% stake in Travel Club, Spain's leading coalition loyalty program. In the first quarter of 2017, Aimia exited its investment in Travel Club.

On March 20, 2016, Aimia acquired full ownership of Air Miles Middle East through the purchase of HSBC Bank Middle East's 40 per cent stake in Aimia Middle East Free Zone LLC (formerly Rewards Management Middle East Free Zone LLC), the company that owns and operates Air Miles Middle East.

On June 30, 2016, Aimia exited the card-linked marketing business it had built in the United Kingdom under its commercial agreements with Cardlytics Inc. for a non-cash consideration in the form of convertible notes in Cardlytics Inc.

On July 29, 2016, Aimia sold its Enhancement Services business to Sigma Capital for cash consideration of $15.4 million, subject to certain working capital adjustments.

On December 9, 2016, Aimia redeemed, prior to maturity, its entire outstanding $200 million principal amount of 6.95% Series 3 Senior Secured Notes, maturing January 26, 2017.

On May 1, 2017, Aimia completed the sale of its U.S. Channel and Employee Loyalty ("**U.S. CEL**") business to CM Insights.

On May 11, 2017, Aimia received formal notice of non-renewal of the CPSA from Air Canada.

On August 25, 2017, Aimia announced that it had sold the Air Miles trademark for Canada to Diversified Royalty Corp for cash consideration of $53.75 million, with additional contingent consideration of up to $13.75 million, payable over the three-year period after the transaction, dependent on the performance of the Air Miles program in Canada.

On February 1, 2018, Aimia announced that it had sold the Nectar loyalty program and related assets (including the Nectar trademarks, Aimia's Intelligent Shopper Solutions U.K. and Intelligent

Research businesses and a 50% equity stake in its i2c joint venture with Sainsbury's) to J Sainsbury plc. ("**Sainsbury's**") for gross consideration of approximately $105 million (£60 million). Along with the sale of the Nectar business, Aimia also transferred to Sainsbury's approximately $183 million (£105 million) of cash providing coverage against the Nectar redemption liability. In connection with the transaction, Aimia reduced its overall debt level with a $100 million repayment made at closing and the overall size of the facility was reduced to $208 million. In addition, Aimia agreed to certain amendments to the Credit Facility.

## THE BUSINESS

### OVERVIEW

Aimia Inc. is a data-driven marketing and loyalty analytics company. We provide clients with the customer insights they need to make smarter business decisions and build relevant, rewarding and long-term one-to-one relationships, evolving the value exchange to the mutual benefit of both our clients and consumers.

We own and operate Aeroplan, Canada's premier loyalty coalition, with 75 world class partners representing more than 150 brands in the financial, retail, and travel sectors, and more than 120 online retail partners. Our 5 million active members redeemed for 2.7 million rewards in 2017.

Our Insights & Loyalty Solutions business serves individual companies, providing end-to-end loyalty strategy, program development, implementation and management services. Our work is underpinned by leading products and technology platforms such as the Aimia Loyalty Platform – Enterprise and Aimia Loyalty Platform – SaaS, and enhanced by our analytics and insights business, including Intelligent Shopper Solutions.

We also own and operate Air Miles Middle East, and hold investments in Club Premier, a coalition owned together with Grupo Aeromexico, and Nasdaq-listed Cardlytics, a purchase intelligence company.

### STRUCTURE OF THE BUSINESS

Until September 30, 2017, Aimia was organized into four divisions, including three operating segments: Americas Coalitions, International Coalitions and Global Loyalty Solutions, along with a Corporate and Other division.

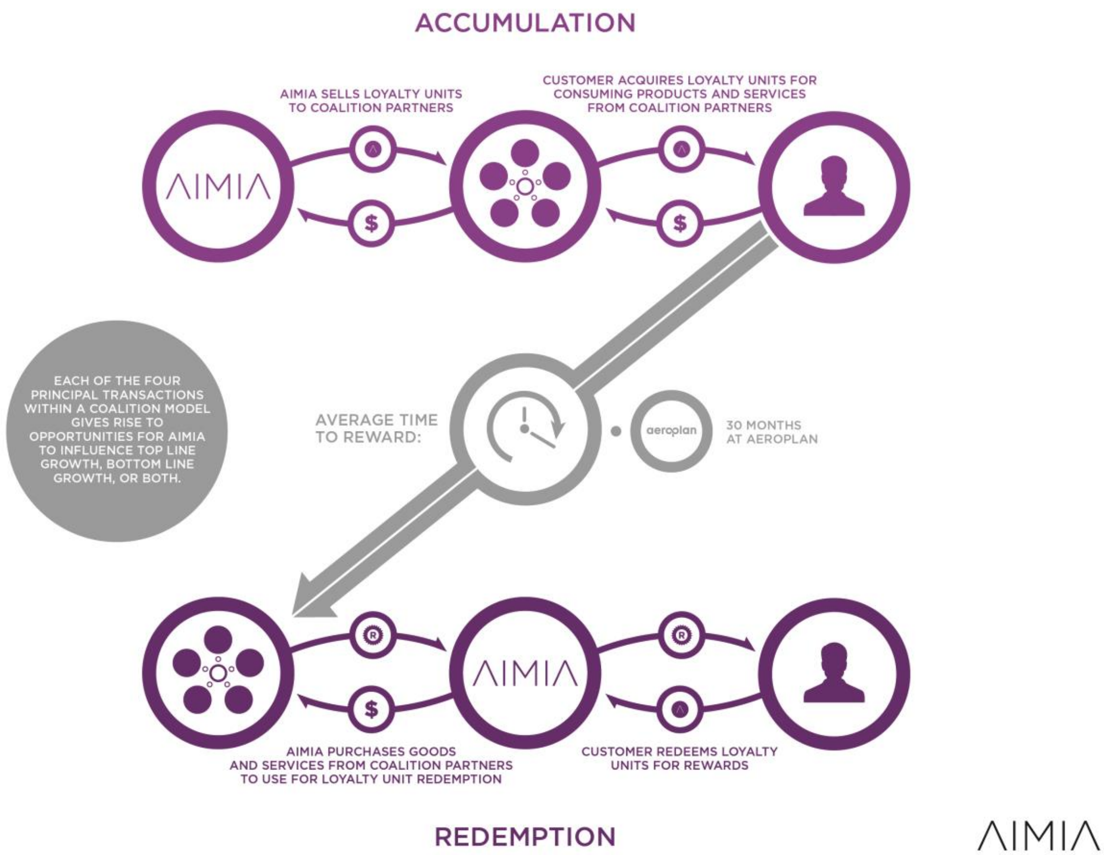
Effective October 1, 2017, Aimia moved a new structure with two operating and reportable segments: the Coalitions division and the Insight & Loyalty Solutions division. Details on Aimia's structure are provided on page 10 of Aimia's Audited Consolidated Financial Statements for the years ended December 31, 2017 and 2016 (the "**FY 2017 Consolidated Financial Statements**").

### COALITIONS

#### Coalition Loyalty Business Model

Central to Aimia's business is the development and operation of coalition loyalty programs. Coalitions bring together companies that issue a common loyalty currency that members can accumulate and redeem. Members benefit in two ways from their participation in a coalition loyalty program: by doing business with Commercial Partners, they earn loyalty units that can then be redeemed for rewards such as airline tickets and merchandise, more quickly than through an individual company's loyalty program; and by sharing their personal data with the coalition, they receive more personalized and more relevant communications and offers from the coalition and its Commercial Partners.

Coalition Commercial Partners, including financial services providers, airlines, and retailers, benefit in a number of ways from their participation in the coalition: the data created by a coalition is richer than any one partner would have access to individually and is hard to replicate, which allows the Commercial Partners to better personalize their interactions with their customers, in turn helping them to increase the frequency, volume and breadth of business they do together. This helps build a long-term relationship between partners and their customers.




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

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

Members accumulate Loyalty Units through their interactions with a network of Accumulation Partners, representing brands in credit and charge cards, grocery, airline, retail and other industries.

The gross proceeds received by Aimia at the time of sale of Loyalty Units to its partners, known as

Gross Billings from the sale of Loyalty Units, are deferred and recognized as revenue upon the redemption of Loyalty Units in line with generally accepted accounting principles. Upon the redemption of Loyalty Units, Aimia purchases airline seats and other products or services in order to deliver the reward chosen by the member. At such time, Aimia incurs and recognizes an expense equal to the cost of the reward, and the deferred revenue related to the Loyalty Units being redeemed is recognized as earned revenue from the sale of Loyalty Units.

The other significant expenses incurred by Aimia in relation to the operation of coalition loyalty programs include contact centre expenses, information technology costs and selling, marketing of the programs and administrative expenses.

Based upon past experience, Management anticipates that some Loyalty Units issued will never be redeemed by members. This is known as Breakage. By its nature, Breakage is subject to estimates and judgment. The amount of revenue recognized related to Breakage is based on the number of Loyalty Units redeemed in a period in relation to the total number expected to be redeemed, which factors in the Corporation's estimate for Breakage. Breakage is estimated by Management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' future redemption practices. Management, assisted by an independent expert, developed an econometric model that takes into account historical activity, and expected member behaviour, projected on a going-concern basis. This tool is used by Aimia to estimate and monitor the appropriate Breakage estimates of several programs it operates on a regular basis. Management's consolidated weighted average Breakage estimate at December 31, 2017, is 13% (2016: 13%), calculated based on the total Loyalty Units outstanding under the Corporation's loyalty programs (including the Aeroplan, Nectar and Air Miles Middle East programs). This Breakage estimate is based on the results of the application of the model in 2017.

## Aeroplan

### Overview

The Aeroplan Program is one of Canada's longest standing loyalty programs. Aeroplan benefits from its unique strategic relationship with Air Canada in addition to its contractual arrangements with leading Commercial Partners including TD, CIBC, AMEX, Star Alliance member airlines, Home Hardware, Avis, Toyota and numerous hotel chains.

Aeroplan offers its close to 5 million active members the ability to accumulate Aeroplan Miles throughout its Accumulation Partner network through purchases of products and services. Aeroplan sells loyalty marketing services, including Aeroplan Miles, to its extensive network of Accumulation Partners, representing brands in credit and charge card, airline, and other industries. Credit and charge card partners generate the majority of Aeroplan's Gross Billings. Once members have accumulated a sufficient number of Aeroplan Miles, they can redeem their Aeroplan Miles for air travel and other attractive rewards offered by Aeroplan's Redemption Partners. Upon the redemption of Aeroplan Miles by its members, Aeroplan incurs the cost to acquire the member's desired reward.

### Aeroplan Initiatives

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

i) Adding Accumulation Partners

Aeroplan actively pursues opportunities to increase its Accumulation Partner base with the objective of further expanding its sources of revenue. Partners are selected from categories which represent substantial spending by Aeroplan's member base. Aeroplan will continue to seek to sign on and leverage highly recognizable national brand names. Aeroplan also intends to seek product categories where members can double their opportunity to accumulate Aeroplan Miles. For example, if an Aeroplan member purchases goods at Home Hardware using a TD Aeroplan Visa Card, such member receives Aeroplan Miles from both Home Hardware and TD.

In 2017, Aeroplan renewed partnership agreements with existing partners such as Best Western, Langham Hotels & Resorts, Home Hardware, Shop.ca, Primus and Carrot Rewards.

ii) Diversifying and Improving the Reward Portfolio

As part of its continuing strategy to expand and diversify reward opportunities for its members, Aeroplan has added many new rewards to its non-air reward portfolio that at year-end offered approximately 800 such rewards to members for redemption. Aeroplan also offers a collection of eco-friendly rewards and the option to offset the carbon emissions of their rewards flights. For more than 10 years, Aimia has been helping Aeroplan members give back to causes that are close to their hearts. Since founding the Aeroplan member donation program in 2006, members have donated close to 700 million Aeroplan Miles in support of Canadian-based initiatives that are working to improve lives and assist communities locally, across Canada and around the world. Aeroplan's online booking engine includes hotel rewards from Best Western, Starwood hotels including Westin, Sheraton, Le Meridien, W Hotels, St. Regis, Aloft, Element, Four Points by Sheraton and The Luxury Collection, as well as Fairmont Hotels & Resorts throughout North American and select properties in Mexico and the Caribbean. Gift cards for a number of these partners are also available, as well as options to redeem Miles toward car rentals with Avis and Budget, as well as cruise and vacation packages with Air Canada Vacations, and Expedia CruiseShipCenters. Member response has been consistently positive to the increasing choice and value that non-air rewards provide.

Air travel remains the most popular reward among members, representing 75% of all rewards claimed by Aeroplan members in 2017.

iii) Accumulation Partners

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

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

- financial services, including credit and charge cards;
- travel; and

- retail and other.

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

**a) Credit and Charge Cards**

TD is one of the market leaders in premium credit card issuance in Canada based on purchase volumes and outstanding balances. Pursuant to the TD Agreement, TD administers various Visa and other products through which Aeroplan members can accumulate Aeroplan Miles from their credit card and other spending. In exchange, Aimia Canada receives Gross Billings for the Aeroplan Miles credited to participating TD Visa cardholders' accounts based on the value of the purchases charged to such cards and other products purchased. Members accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card or other product for purchases charged to such card or amounts spent on other products. The TD Agreement has a term expiring on March 31, 2024, with automatic renewals for specified periods unless otherwise terminated by either party. In 2014, Aimia entered into a new multi-year agreement with TD launching two co-branded Aeroplan/TD US consumer credit cards in the U.S. market. The new consumer credit cards bear the Aeroplan trade-marks and earn Aeroplan Miles.

Pursuant to the CIBC Agreement, CIBC administers various Visa and other banking products through which Aeroplan members can accumulate Aeroplan Miles from their credit card. In exchange, Aimia Canada receives Gross Billings for the Aeroplan Miles credited to participating CIBC Visa cardholders' accounts and participating CIBC customers who have a CIBC Aeroplan banking product based on the value of the purchases charged to such cards and other products purchased. Members accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card or other product for purchases charged to such card or amounts spent on other products. The CIBC Agreement has a term expiring on March 31, 2024, with automatic renewals for specified periods unless otherwise terminated by either party.

Pursuant to the AMEX Agreements, AMEX administers various American Express products through which Aeroplan members accumulate Aeroplan Miles from their card spending. In exchange, Aimia Canada receives Gross Billings for the Aeroplan Miles credited to participating AMEX cardholders' accounts based on the value of the purchases charged to such cards. Cardholders accumulate Aeroplan Miles based upon an earnings ratio specific to the particular type of card for purchases charged to such card. The AMEX Agreements have a term expiring December 31, 2018.

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

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

**b) Airlines**

The airline category is composed of 36 partners, most notably Air Canada, Air Canada Express, Air Canada Rouge, and other Star Alliance member airlines.

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

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

*Other Airlines*. Aeroplan members can also accumulate Aeroplan Miles for travel on flights operated by the following independent Canadian regional airlines: Canadian North, Air Creebec, First Air and up until June 30, 2018 Bearskin Airlines. In addition, Aeroplan members can accumulate Aeroplan Miles for travel on flights operated by Germanwings and Eurowings, Germany-based low cost airlines offering flights in Europe, GOL, a Brazil-based carrier offering flights in Brazil, South America and the U.S, and on flights on selected routes in Asia operated by Hong Kong-based carriers Cathay Pacific and Cathay Dragon.

### c) Retail and Other

*Car Rental.* Avis Budget Group is the exclusive car rental partner of Aeroplan. Avis Budget Group brings Budget Car Rental and Payless Car Rental to the Aeroplan program offering and will provide more choice, value and availability for Aeroplan members when they rent cars.

*Hotels and Travel.* More than 15 internationally recognized hotel companies, representing nearly 150 brands participate in the Aeroplan program, including: Marriott International and Starwood Hotels & Resorts Worldwide, AccorHotels Group (which includes Fairmont Hotels and Resorts), Best Western Hotels and Resorts, Intercontinental Hotels Group, and Hilton Hotels & Resorts. Aeroplan's broad-reaching hotel partner network provides its members with the opportunity to accumulate Aeroplan Miles at a variety of partner locations and also the benefit of being recognized as an Aeroplan Program member when they travel domestically and internationally. Aeroplan's travel partner portfolio also includes several complementary travel suppliers providing members with a wide variety of opportunities to earn miles while travelling. This includes Air Canada Vacations and select airport parking lots.

*Retail and Services*. Aeroplan members can accumulate one Aeroplan Mile for every $2 spent at more than 1,000 Home Hardware, Home Building Centre, Home Hardware Building Centre or Home Furniture stores across Canada and on over 100,000 products.

The Aeroplan eStore is an online shopping portal that allows members to earn Aeroplan Miles as they shop online from over 150 top-branded retailers in 13 different product categories. This greatly expands the Aeroplan Miles accumulation opportunities to members by giving them the ability to earn a minimum of one Aeroplan Mile for every $1 they spend at Amazon.ca, Apple, Hudson's Bay, Indigo, and other eStores.

Aeroplan's partnership with Toyota allows members to earn Miles across the full automotive customer journey on all Toyota and Scion vehicles in Canada, and its partnership with the Brick Warehouse LP enables Aeroplan members to earn Miles on online purchases at www.thebrick.com.

Other partners in this category include Toyota, Costco.ca, Carrot Rewards, Primus, Texture by Next Issue, SHOP.ca, Advantex and The UPS Store.

In February 2018, Home Hardware renewed its strategic partnership with Aeroplan. In the 11 years it has been a partner, Home Hardware has seen an increase in total spend by Aeroplan members, as well as increased basket size and frequency.

iv) Aeroplan Program Update

A high-value multi-airline travel rewards offering for domestic, trans-border and international travel and a further extension of the core Aeroplan member experience beyond flights will be important elements in meeting Aeroplan member needs, while investments in 2018 are expected to make the overall program more distinctive, convenient and personalized. Aimia continues to engage with various parties as a means to secure new long-term commercial and strategic relationships for the post-2020 period.

**Protecting the Privacy of Aeroplan's Members**

The Aeroplan Program currently has close to 5 million active members who have completed at least one transaction (either accumulating or redeeming an Aeroplan Mile) during the last 12 months.

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

**Data Analytics**

Aeroplan leverages its members' data from across a number of different sources to deliver value to members, our partners and our program. These data sources include: member transactional data (both accumulation and redemption), Aeroplan contact centre data, Aeroplan website data, Aeroplan mobile application data, member communications data (contact and response), partner-specific SKU-level data, social media data, and marketing research data obtained through the Aeroplan advisors panel, or from off-panel surveys.

Aeroplan's analytics teams use statistical analysis and propensity modeling to deliver targeted and relevant messaging and communication to Aeroplan members. Over the past number of years, Aeroplan communications have become more relevant and meaningful as a result of Aeroplan's use of data to provide members with 1:1 personalized communications.

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

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

**Strategic Relationship with Air Canada**

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

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

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

(i) CPSA

Pursuant to the CPSA, Aeroplan offers its Fixed Mileage Flight Rewards through a fixed seat capacity allocation on AC Flights, consisting of a total of 8% of the seat capacity on flights operated by Air Canada and its affiliates, Air Canada Rouge and Air Canada Express, and certain other air carriers under the "AC" code at a fixed rate per mile flown. The rates charged for such seat capacity are fixed and increase modestly on a yearly basis through the end of 2016. Thereafter, any upwards or downwards adjustments to such rates are based on an identified set of parameters. As provided for in the CPSA, Aeroplan and Air Canada entered into an agreement effective February 2, 2017, relating to fixed capacity redemption rates to be paid by Aeroplan in connection with airline seat redemptions for the period beginning January 1, 2017 through to December 31, 2019. The outcome falls within the pre-established contractual parameters and is in line with Aeroplan's business expectations.

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

Pursuant to the CPSA, Aeroplan is required to purchase annually a minimum number of reward travel seats on Air Canada and its affiliates, representing 85% of the average number of seats utilized in the three preceding calendar years. Based on the three years ended December 31, 2017, Aeroplan is required to purchase reward travel seats amounting to approximately $581.3 million each year.

While Air Canada can change the number of Aeroplan Miles under the Aeroplan Program awarded to members per flight without Aeroplan's consent, Air Canada is required to purchase, on an annual basis, a pre-established number of Aeroplan Miles at a specified rate. The annual commitment is based on 85% of the average total Aeroplan Miles actually issued in respect of Air Canada flights or Air Canada airline affiliate products and services in the three preceding calendar years. The estimated minimum requirement for 2018 is $217 million.

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

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

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

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

Subject to the foregoing, the CPSA expires on June 29, 2020, subject to four automatic renewals of five years each, unless either party provides written notice to the other of its intention not to renew at least 12 months prior to the expiry of the initial term or the then current renewal term. On May 11, 2017, Aimia received formal notice of non-renewal of the CPSA from Air Canada. Unless the parties come to an alternative agreement or Air Canada withdraws such notice, the CPSA will expire in 2020.

ii) Database Agreement

Pursuant to the Database Agreement, Aeroplan manages Air Canada's passenger information database. The Database Agreement allows Aeroplan to access and use the Air Canada database information for statistical purposes, as well as for revenue generating and general marketing purposes by using such information to conduct market research for other Aeroplan partners who are not in direct competition with Air Canada. Moreover, Air Canada is entitled to access and use the Aeroplan database information for certain limited purposes, including pre-approved targeted marketing activities. The access and usage by each of Aeroplan and Air Canada is subject to adherence to any applicable confidentiality restrictions and pre-established fees based on information access or use, which fees are invoiced on a quarterly basis and are subject to revision annually. During 2016, no fees were billed or paid under the Database Agreement.

In light of Air Canada's non-renewal of the CPSA, the Database Agreement expires on June 29, 2020.

iii) Trademark Licence Agreement dated May 13, 2005

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

iv) Trademark License Agreement dated November 23, 2006

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

**Club Premier**

Aimia owns 48.9% of PLM Premier, S.A.P.I. de C.V. ("PLM"), which owns Club Premier. Club Premier is the leading coalition program in Mexico with around 5.5 million members and over 100 partners, and the operator of the frequent flyer program of Aeromexico, Mexico's flagship airline. As a member of the global airline alliance SkyTeam, Club Premier members have the opportunity to earn and redeem points on airlines such as Delta Airlines and Air France-KLM. Members also earn points for using the American Express and Santander co-branded cards on a variety of services from other loyalty partners. Other partners of the Club Premier program include Soriana, Mexico's second largest grocer, and Cabify, Mexico's second largest car sharing service. For the year ended December 31, 2017, Club Premier reported Gross Billings of $290.2 million.

**Think Big**

Aimia owns 20% of Think Big Digital Sdn Bhd, the owner and operator of BIG, AirAsia and Tune Group's loyalty program, which has 17.2 million members.

## INSIGHTS & LOYALTY SOLUTIONS

### Loyalty Solutions

Aimia's Insights & Loyalty Solutions ("**ILS**") business provides a full suite of loyalty management capabilities to its clients globally. ILS provides comprehensive, end-to-end loyalty services to help clients identify, engage, retain, and grow customers. Through its technology platforms and services, ILS delivers loyalty strategy and analytics, program design, implementation and management, campaign management, rewards and partnerships, including fulfilment services, both to companies with existing loyalty programs and to companies seeking to create new loyalty programs.

ILS has developed a client success service model to provide a comprehensive customer engagement solution. This model is delivered through a series of strategic services and a customer engagement platform to help brands activate and engage their best customers across the loyalty lifecycle. The ILS suite of products and services underpins its customer success-focused business model and helps maximize client performance and customer growth. In its 2017 annual market report, Forrester, a third-party research provider, ranked ILS's current offering and overall strategy as #2 in the market. ILS was also ranked #1 for market presence and #2 for strategy.

The ILS suite of platforms and services is driven by its flagship product offering, the Aimia Loyalty Platform ("**ALP**"). Depending on client requirements, ALP is delivered through one of two technology solutions, ALP-SaaS or ALP-Enterprise, and is supplemented by a suite of additional technology platforms and program services:

- **ALP-SaaS** – proprietary, turn-key, software-as-a-service solution. The ALP-SaaS platform is highly configurable, has open architecture, and offers quick deployment.

- **ALP-Enterprise –** dedicated, highly flexible, scalable, and customizable enterprise platform that is built around the client. The ALP-Enterprise platform is cloud based and is deployed into a single client instance capable of running multiple programs and is hosted by ILS.

### Intelligent Shopper Solutions

Aimia delivers a full suite of tailored retail analytics to a global client base through its ISS business. We combine our vast knowledge of data, leading edge global products, experienced analysts, consultancy and retail experience to provide clients with actionable insight. Our retail analytics capabilities enable our clients to increase relevance and value to their customers via more personalized and responsive retailing disciplines. These tools allow Aimia's retail clients to acquire an intimate understanding of their customers' behaviour and generate incremental revenue by monetizing their customer data via consumer packaged goods ("**CPG**") companies.

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

Aimia analyzes customer shopping behaviour in terms of how much, what and when they purchase and through statistical techniques, segment these behaviours into defined customer groups. Our approach is to build a common customer language that enables our retail partners to understand all components of their business. We create multiple customer segmentations that act as lenses into a customer's complete shopping and consumption behaviour. These multiple views come together to form the basis of our retail partners' customer strategy.

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

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

- Store layout
- Category space
- Product mix

These clusters allow the retailer to tailor their range and communications to be more customer specific, providing customers a more personalized experience. Current clients include names such as Bj's, Wegmans and SpartanNash in the U.S., Aeon in Japan, Migros in Switzerland, ICA in Sweden and Sonae in Portugal.

**Air Miles Middle East**

Launched in 2001, the program now counts more than 1.6 million registered members, of which 410,000 are active members from across the UAE, Qatar and Bahrain. Members can collect Air Miles from over 120 market-leading companies including HSBC, Spinneys, Sharaf DG, Lamcy Plaza, Arabian Centre, Adidas and Damas, plus many more. Air Miles Middle East also runs My Rewards Points Program for HSBC in Egypt, Lebanon and Oman.

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

On March 20, 2016, Aimia acquired full ownership of Air Miles Middle East through the purchase of HSBC Bank Middle East's 40% stake in Aimia Middle East Free Zone LLC, the company that owns and operates Air Miles Middle East.

## COMPETITION

Aimia is one of the leading global loyalty players active in the coalition space. There are only a handful of players on a global scale and these include American Express, with its Plenti and Payback coalitions, and Alliance Data Systems, through its LoyaltyOne subsidiary and its Air Miles program in Canada.

Aeroplan partners and coexists with the proprietary loyalty programs developed by Aeroplan's existing and potential Commercial Partners. Aeroplan's principal competitors in Canada include the loyalty programs offered by banks, such as Royal Bank of Canada's Avion program and the BMO World Elite card, the Air Miles program, frequent flyer programs operated by competing airlines, such as WestJet and Porter, and loyalty programs operated by consumer products, services retailers and gasoline retailers.

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

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

Aimia's ILS division competes with a broad spectrum of companies engaged in one or more aspects of the customer loyalty value chain. Those offering the broadest array of services related to consumer loyalty are (i) Alliance Data Systems, a provider of loyalty marketing technology, solutions and services, through its subsidiaries Epsilon, LoyaltyOne and Conversant; (ii) Brierley+Partners, a company owned by Nomura Research Institute (NRI) in Asia that creates customer loyalty programs primarily focused on the retail sector; (iii) Kobie Marketing, Inc., a privately held company providing loyalty, strategy, technology, and program management; (iv) Bond Brand Loyalty, a privately-held company (formerly Maritz Canada and Maritz Loyalty Marketing) providing strategy and analytics, market research, technology, creative communications and rewards fulfillment services; (v) Affinion, a publicly traded company offering customer engagement, loyalty and insurance solutions; (vi) Olson 1to1, owned by ICF International, providing strategy, integrated marketing and creative services and technology; (vii) Comarch, a Warsaw, Poland-based IT services company engaging in the provision of IT business solutions with a focus on building out strategy and program management services; (viii) CrowdTwist, a privately-held company providing loyalty platforms, services and data and analytics; (ix) Merkle, a technology-enabled marketing agency, through its subsidiaries Merkle Loyalty Solutions (formerly 500friends) and HelloWorld; (x) Collinson Group, a privately-held customer relationship management company providing loyalty, lifestyle benefits and insurance and emergency customer assistance; (xi) Inte Q; a privately-held full-service customer engagement provider; and (xii) SessionM, a privately-held provider of customer data management and customer engagement and loyalty solutions.

Aimia's ISS business competes with suppliers of data insight and communication services, particularly in respect to the sale, supply or provision of enhanced data (including SKU-level data) analytics services, involving the combination of data from loyalty programs and transactional data, such as dunnhumby, symphony EYC, Information Resources, Inc. (IRi), Nielsen, Kantar, smp, Oracle, SAP, McKinsey & Company and Oliver Wyman.

**LOGOS AND TRADEMARKS**

Management believes that its trademarks are important to its competitive position. The following trademarks are the subject of either registration, or application for registration, in various jurisdictions: AEROEXPRESS®, AÉROGOLD®, AÉROHYPOTHÈQUE®, AEROMOVE®, AEROMORTGAGE®, AERONOTE®, AÉRONOTE®, AEROPLAN®, AÉROPLAN®, AEROPLAN PLUS®, AÉROPLAN PLUS®, AERO PLATINUM®, AÉRO PLATINE®, AEROSERVICE®, AÉRO OR®, AIMIA®, DÉFI DES ÉTOILES®, FIXED MILEAGE FLIGHT REWARDS®, MARKET FARE FLIGHT REWARDS®, READY REWARDS® and STAR CHALLENGE®. Air Canada has granted Aeroplan a license to use the Air Canada trade name and the Air Canada trademarks, including Air Canada and Air Canada Roundel, solely in connection with Air Canada's participation in the Aeroplan Program. Please see the section "The Business – Coalitions – Aeroplan – Strategic Relationship with Air Canada".

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

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

## REGULATORY

### Privacy

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

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

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

The current legislation which governs data protection in the UK (the Data Protection Act) will be superseded in May 2018 by the General Data Protection Regulation ("**GDPR**"). GDPR aims to unify data protection legislation across the European Union. GDPR increases compliance requirements for both data controllers and data processors, puts individuals more in control of their data and introduces higher financial penalties for non-compliance. Over the course of the last two years, Aimia has been focused on taking the appropriate steps to ensure it is compliant by May 2018.

Operations in Australia must comply with the Australian Privacy Act of 1988 when collecting any personally identifiable information from program participants. The Australian Privacy Act of 1988 is governed by thirteen Australian Privacy Principles ("**APPs**"). The APPs regulate how Australian and Norfolk Island Government agencies and some private sector organizations manage personal information. They cover how and when personal information can be collected, how it should be used and disclosed, and storage and security. They also allow individuals to access that information and have it corrected if it is wrong.

Aimia's operations in Asia are likewise subject to local privacy legislation. Singapore's Personal Data Protection Act of 2012 governs the collection, use and disclosure of individuals' personal data by organisations and contains provisions regarding the Do Not Call Registry. Malaysia's Personal Data Protection Act of 2010 is based on seven principles. In Hong Kong, Aimia must comply with the six Data Protection Principles which represent the core of Hong Kong's Personal Data (Privacy) Ordinance (Cap. 486) covering the life cycle of a piece of personal data.

**Payments in Canada**

On November 4, 2014, Visa and MasterCard submitted separate and individual voluntary undertakings to reduce their credit card fees to an average effective rate of 1.50% for the next five years. On September 14, 2016, after a first-year report from each of Visa and MasterCard on the results of their undertakings, the Government of Canada said that it would "conduct a further assessment of the fees charged by credit card networks and review the effects of the fee reductions." Any further changes to the current payments system, including further changes to the system for setting interchange rates of credit cards, could affect revenue for credit card companies, require further negotiations and possible amendment of financial terms pursuant to the Credit Card Agreements and, as a result, could have an adverse effect on our Gross Billings.

**Consumer Protection in Canada**

Since 2017, there have been several consumer protection legislative initiatives related to expiry or other aspects of loyalty. While such legislative initiatives have not, to-date, affected the Aeroplan program in a material way, future legislation or regulations could have a material impact on the Aeroplan business and, as a result, could have a material adverse effect on our results from operations.

## EMPLOYEES

Our business relies on highly skilled employees and our people are at the heart of Aimia's sustainable business over the long-term. Aimia had about 2000 employees as at December 31, 2017, with its largest employee base in Canada (where we own and operate the Aeroplan program).

## FACILITIES

In Canada, Aimia leases office space in Montreal, Quebec, where its global head offices are located; Toronto, Ontario; and Richmond, British Columbia. In the U.S., Aimia's main offices are in Minneapolis, Minnesota. In the Asia Pacific region, Aimia's main offices are in Singapore, Sydney, New South Wales, Australia; Kuala Lumpur, Malaysia; Hong Kong; and Jakarta, Indonesia. In Europe, Aimia leases office space in London, England. Air Miles Middle East leases office space in Dubai, United Arab Emirates; Doha, Qatar; and Manama, Bahrain. All of the above leases are at market rates.

## ENVIRONMENTAL

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

Aimia conducts its business in ways that are sensitive to the environment, including continuously improving the environmental impact of its activities while maintaining its competitiveness.

Aimia has been a carbon neutral company since 2008, voluntarily measuring and offsetting its greenhouse gas emissions through the purchase of high quality carbon credits. Energy associated with office operations, business travel and printed paper for marketing account for most of Aimia's direct environmental impacts.

The CDP (Carbon Disclosure Project) provided Aimia's environmental reporting with a score of C in 2017, based on CDP's updated scoring methodology. On an absolute basis, overall greenhouse gas emissions have decreased 23% at year-end 2017 when compared to year-end 2016. On a per employee basis, emissions amounted to 2.8 $tCO_2e$/FTE, a decrease of 3% when compared to 2016. After achieving a significant decrease of 46% between 2010 and 2015, our emissions per employee intensity performance has slightly decreased over the past three reporting years for an overall decrease of 49% since 2010. Operational effectiveness remains a key priority and our main strategy to further reduce our global environmental footprint.

## RISKS AND UNCERTAINTIES AFFECTING THE BUSINESS

For a discussion of the risks and uncertainties to which the results of operations and financial condition of Aimia are subject, please see the section entitled "*Risks and Uncertainties Affecting the Business*" included in Aimia's Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2017 and 2016 (the "**2017 MD&A**").

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Aimia consists of (i) an unlimited number of Common Shares issuable in series, (ii) an unlimited number of Preferred Shares issuable in series. Aimia further has $250 million of senior secured notes Series 4 maturing on May 17, 2019 (the "**Series 4 Notes**") issued and outstanding as of December 31, 2017.

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

### COMMON SHARES

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

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

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

**PREFERRED SHARES**

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

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

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

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

The above restrictions contained in the terms of the Preferred Shares render these shares not ideal for use as a takeover defense. Specifically, the fact that the Preferred Shares are non-voting except in certain limited circumstances where Aimia fails to pay a certain number of dividends make them unlike unconstrained "blank cheque" preferred shares.

**Series 1 Preferred Shares and Series 2 Preferred Shares**

Holders of the Series 1 Preferred Shares are entitled to receive fixed cumulative preferential cash dividend, as and when declared by the Board of Directors of Aimia, payable quarterly on the last business day of each of March, June, September and December at an annual rate of 6.50%, or $1.625 per Series 1 Preferred Share, for the initial five-year period ending on March 31, 2015. The dividend rate was reset on March 31, 2015, and will be reset every five years thereafter at a rate equal to the sum of the five-year Government of Canada bond yield plus 3.75%. On March 31, 2015 and on each March 31 every fifth year thereafter, Aimia may, at its option, redeem the Series 1 Preferred Shares in whole or in part by the payment of $25.00 in cash per Series 1 Preferred Share together with all declared and unpaid dividends to but excluding the date fixed for redemption. The Series 1 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 1 Preferred Shares. Holders of Series 1 Preferred Shares had the right, at their option, to convert all or any of their Series 1 Preferred Shares into Series 2 Preferred Shares, on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share, subject to certain conditions, on March 31, 2015, and will have such right on March 31 every fifth year thereafter.

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

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

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

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

The Series 1Preferred Shares and Series 2 Preferred Shares have been given a Canadian scale rating of P-4 (low) by S&P. Such P-4 (low) rating is the fifteenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-4 (low) rating indicates that although an obligation in this category is more vulnerable to non-payment than obligations rated P-3, the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions, however, will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. The Series 1Preferred Shares and Series 2 Preferred Shares have been given a rating of Pfd-5 (high) with a negative trend by DBRS. Pfd-5 (high) is the thirteenth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-5 (high) are highly speculative and the ability of the entity to maintain timely dividend and principal payments in the future is highly uncertain. The Pfd-5 (high) rating typically coincides with companies with bond ratings of "B" or lower and often have characteristics which, if not remedied, may lead to default. "High' and "low" designations after a rating indicate a company's relative strength within the rating category.

**Series 3 Preferred Shares and Series 4 Preferred Shares**

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

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

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

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

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

The Series 3 Preferred Shares have been given a Canadian scale rating of P-4 (low) by S&P. Such P-4 (low) rating is the fifteenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-4 (low) rating indicates that although an obligation in this category is more vulnerable to non-payment than obligations rated P-3, the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions, however, will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. The Series 3Preferred Shares have been given a rating of Pfd-5 (high) with a negative trend by DBRS. Pfd-5 (high) is the thirteenth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-5 (high) are highly speculative and the ability of the entity to maintain timely dividend and principal payments in the future is highly uncertain. The Pfd-5 (high) rating typically coincides with companies with bond ratings of "B" or lower and often have characteristics which, if not remedied, may lead to default. "High' and "low" designations after a rating indicate a company's relative strength within the rating category.

**SENIOR SECURED NOTES**

## Trust Indenture

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

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

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

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

## Notes

On December 9, 2016, Aimia redeemed, prior to their maturity on January 26, 2017, its entire outstanding $200 million principal amount of 6.95% Series 3 Senior Secured Notes.

On June 12, 2017, Aimia redeemed, prior to their maturity on January 22, 2018, its entire outstanding $200 million principal amount of 4.3% Series 5 Senior Secured Notes.

As of December 31, 2017, Aimia had an amount of $250 million in Series 4 Notes issued and outstanding. The Series 4 Notes will mature on May 17, 2019, and bear interest at the rate of 6.85% per annum. Interest on the Series 4 Notes is payable semi-annually in arrears on May 17 and November 17 of each year. The interest rate payable on the Series 4 Notes is subject to adjustment from time to time, if either of DBRS or S&P downgrade (or upgrade) their rating assigned to the Series 4 Notes. The Series 4 Notes have been assigned credit ratings of BB (low) with a negative trend by DBRS and BB by S&P. The Series 4 Notes are redeemable in whole or in part at any time, at the option of Aimia, at the greater of 100% of the principal amount and the Canada Yield Price (as defined in the Trust Indenture), together in each case with accrued and unpaid interest to the date fixed for redemption. The Corporation will be required to make an offer to repurchase the Series 4 Notes at a price equal to 101% of their aggregate principal amount together with accrued and unpaid interest to the date of purchase upon the occurrence of a Change of Control Triggering Event (as defined in the Trust Indenture).

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

**RATINGS**

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

Both DBRS and S&P rate issuers, with ratings ranging from "AAA", the highest issuer credit rating, to "D", for issuers that are in payment default. According to the DBRS rating system, long-term debt rated BB is defined to be speculative and non-investment grade, where the degree of protection afforded interest and principal is uncertain, particularly during periods of economic recession. Entities in the BB range typically have limited access to capital markets and additional liquidity support. In many cases, deficiencies in critical mass, diversification, and competitive strength are additional negative considerations. A DBRS rating may be modified by the addition of "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category. According to the S&P rating system, an obligor that is rated BB is considered by S&P to be less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. An S&P rating may be modified by the addition of a plus "(+)" or minus "(–)" to show relative standing within the particular major rating category.

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

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

**DEBT FINANCING**

As at December 31, 2017, Aimia's secured Credit Facility consisted of a revolving facility of $300 million with a maturity date of April 23, 2020. On January 31, 2018, the Credit Facility was amended (the "**Fourth Amendment**") to, among other things, reduce the availability under the Credit Facility to $208 million. In addition, the Fourth Amendment included quarterly pay-downs contingent on positive free cash flow performance, the elimination of the Deferred Revenue Reserve Fund requirement, the insertion of a minimum liquidity covenant, tighter leverage ratio covenants, tighter restrictions on dividend payments on Common Shares and Preferred Shares, and revised conditions around acquisitions and disposals.

The Credit Facility ranks *pari passu* with the Series 4 Notes. Interest rates under the credit facilities depend on Aimia's credit ratings, and are at Canadian prime rate plus 1.0% to 2.00% and Bankers' Acceptance and LIBOR rates plus 2.0% to 3.0%. As of December 31, 2017, Aimia had issued irrevocable letters of credit in the aggregate amount of $8.1 million. This amount reduces the available credit under the revolving facility. The debt service ratio covenant under the credit facilities is maximum 2.0 to 1.0.

### REDEMPTION RESERVE

Aeroplan maintains the Aeroplan Miles redemption reserve (the "**Reserve**") in connection with the Aeroplan Program. As at December 31, 2017, the Reserve amounted to $300.0 million and was included in cash and cash-equivalents, short-term and long-term investments.

For more details on the Reserve, see page 53 of the 2017 MD&A.

## DIVIDENDS AND DISTRIBUTIONS

Aimia is currently prohibited from paying dividends declared on May 10, 2017, and originally scheduled to have been paid on June 30, 2017, as well as declaring any further dividends on any of the outstanding Common Shares or Preferred Shares, based on Aimia's determination that the capital impairment test set forth in paragraph 42(b) of the CBCA would not be satisfied. Recognizing the need to preserve the Company's financial flexibility, liquidity and capital resources in the coming years, the Board has further determined that Aimia will not declare dividends on its Common Shares for the foreseeable future, irrespective of the capital impairment test. In addition, there are certain restrictions under the Credit Facility on Aimia's ability to pay dividends on its Common Shares or Preferred Shares for so long as certain amounts remain drawn thereunder. With respect to the Company's Preferred Shares, dividends continue to accrue in accordance with their terms even if they are not declared. There can be no assurance that the Company will, at some future point in time, be in a position to pay the dividends previously declared and declare and/or pay any future dividends.

For each of the three most recently completed financial years, Aimia declared quarterly dividends on its Common Shares, Series 1 Preferred Shares, Series 2 Preferred Shares and Series 3 Preferred Shares as follows:

| Date of Dividend Declaration | Amount of Dividend (per Common Share) | Amount of Dividend (per Series 1 Preferred Share) | Amount of Dividend (per Series 2 Preferred Share) | Amount of Dividend (per Series 3 Preferred Share) |
|---|---|---|---|---|
| February 26, 2015 | $0.18 | $0.40625 | -- | $0.390625 |
| May 14, 2015 | $0.19 | $0.28125 | $0.2635625 | $0.390625 |
| August 13, 2015 | $0.19 | $0.28125 | $0.278205 | $0.390625 |
| November 12, 2015 | $0.19 | $0.28125 | $0.259995 | $0.390625 |
| February 24, 2016 | $0.19 | $0.28125 | $0.264049 | $0.390625 |

| | | | | |
|---|---|---|---|---|
| May 12, 2016 | $0.20 | $0.28125 | $0.261811 | $0.390625 |
| August 11, 2016 | $0.20 | $0.28125 | $0.270281 | $0.390625 |
| November 8, 2016 | $0.20 | $0.28125 | $0.267831 | $0.390625 |
| February 16, 2017 | $0.20 | $0.28125 | $0.262541 | $0.390625 |
| May 10, 2017* | $0.20 | $0.28125 | $0.263651 | $0.390625 |

* Aimia is currently prohibited from paying dividends declared on May 10, 2017, and originally scheduled to have been paid on June 30, 2017, based on Aimia's determination that the capital impairment test set forth in paragraph 42(b) of the CBCA would not be satisfied and pursuant to the Credit Facility restrictions on paying dividends for so long as certain amounts remain drawn.

## MARKET FOR SECURITIES

Since October 7, 2011, the Common Shares and the Series 1 Preferred Shares have been listed for trading on the TSX under the symbol "AIM" and "AIM.PR.A", respectively. Prior to October 7, 2011, the Common Shares and the Series 1 Preferred Shares were listed for trading on the TSX under the symbol "AER" and "AER.PR.A", respectively. The Series 2 Preferred Shares are listed for trading on the TSX, under the symbol "AIM.PR.B". The Series 3 Preferred Shares are listed for trading on the TSX under the symbol "AIM.PR.C".

### TRADING PRICE AND VOLUME

The following table shows the monthly range of high and low closing prices per Common Share, the total monthly volumes, and the average daily volumes of Common Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including December 2017, as quoted on Bloomberg.

| 2017 Month | Price per Common Share Monthly High | Price per Common Share Monthly Low | Common Shares Total Monthly Volume | Common Shares Average Daily Volume |
|---|---|---|---|---|
| January 2017 | $9.08 | $8.44 | 12,420,347 | 591,445 |
| February 2017 | $9.45 | $8.90 | 11,693,140 | 615,428 |
| March 2017 | $9.23 | $8.54 | 11,280,175 | 490,442 |
| April 2017 | $9.14 | $8.83 | 6,039,972 | 317,893 |
| May 2017 | $9.14 | $2.16 | 133,900,806 | 6,086,400 |
| June 2017 | $2.33 | $1.48 | 107,892,208 | 4,904,191 |
| July 2017 | $1.74 | $1.45 | 36,272,288 | 1,813,614 |
| August 2017 | $2.28 | $1.50 | 84,998,913 | 3,863,587 |
| September 2017 | $2.64 | $2.23 | 50,162,171 | 2,508,109 |
| October 2017 | $2.58 | $2.38 | 19,035,752 | 906,464 |
| November 2017 | $3.56 | $2.60 | 50,497,487 | 2,295,340 |

| 2017 Month | Price per Common Share Monthly High | Price per Common Share Monthly Low | Common Shares Total Monthly Volume | Common Shares Average Daily Volume |
|---|---|---|---|---|
| December 2017 | $3.74 | $3.45 | 35,473,851 | 1,867,045 |

The following table shows the monthly range of high and low closing prices per Series 1 Preferred Share, the total monthly volumes, and the average daily volumes of Series 1 Preferred Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including, December 2017, as quoted on Bloomberg.

| 2017 Month | Price per Series 1 Preferred Share Monthly High | Price per Series 1 Preferred Share Monthly Low | Series 1 Preferred Share Total Monthly Volume | Series 1 Preferred Share Average Daily Volume |
|---|---|---|---|---|
| January 2017 | $14.71 | $13.00 | 79,012 | 3,762 |
| February 2017 | $14.91 | $14.24 | 50,048 | 2,780 |
| March 2017 | $15.40 | $14.81 | 80,989 | 3,681 |
| April 2017 | $15.38 | $14.42 | 33,200 | 1,747 |
| May 2017 | $14.32 | $9.65 | 1,374,298 | 65,443 |
| June 2017 | $11.42 | $7.78 | 482,774• | 21,944 |
| July 2017 | $9.05 | $8.10 | 75,590 | 4,724 |
| August 2017 | $10.30 | $7.70 | 195,099 | 9,755 |
| September 2017 | $11.40 | $10.40 | 605,332 | 31,860 |
| October 2017 | $11.45 | $11.21 | 133,709 | 6,685 |
| November 2017 | $12.20 | $11.28 | 347,345 | 15,788 |
| December 2017 | $12.70 | $11.88 | 274,824 | 15,268 |

The following table shows the monthly range of high and low closing prices per Series 2 Preferred Share, the total monthly volumes, and the average daily volumes of Series 2 Preferred Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including, December 2017, as quoted on Bloomberg.

| 2017 Month | Price per Series 2 Preferred Share Monthly High | Price per Series 2 Preferred Share Monthly Low | Series 2 Preferred Share Total Monthly Volume | Series 2 Preferred Share Average Daily Volume |
|---|---|---|---|---|
| January 2017 | $13.74 | $11.39 | 104,127 | 5,206 |
| February 2017 | $13.54 | $13.05 | 28,458 | 1,779 |
| March 2017 | $14.40 | $13.59 | 20,935 | 1,308 |
| April 2017 | $14.21 | $13.23 | 39,524 | 2,325 |
| May 2017 | $13.13 | $8.99 | 902,716 | 42,986 |
| June 2017 | $9.10 | $8.10 | 380,236 | 18,106 |
| July 2017 | $9.10 | $8.10 | 51,483 | 3,218 |
| August 2017 | $10.25 | $7.65 | 218,203 | 12,835 |
| September 2017 | $11.80 | $10.36 | 538,948 | 28,366 |
| October 2017 | $11.97 | $11.31 | 93,789 | 7,816 |
| November 2017 | $12.22 | $11.74 | 175,735 | 10,983 |
| December 2017 | $12.60 | $11.60 | 242,120 | 15,133 |

The following table shows the monthly range of high and low closing prices per Series 3 Preferred Share, the total monthly volumes, and the average daily volumes of Series 3 Preferred Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the months of January to, and including, December 2017, as quoted on Bloomberg.

| 2017 Month | Price per Series 3 Preferred Share Monthly High | Price per Series 3 Preferred Share Monthly Low | Series 3 Preferred Share Total Monthly Volume | Series 3 Preferred Share Average Daily Volume |
|---|---|---|---|---|
| January 2017 | $17.60 | $15.40 | 135,177 | 6,437 |
| February 2017 | $17.75 | $17.10 | 99,761 | 5,251 |
| March 2017 | $18.56 | $17.70 | 218,406 | 9,496 |
| April 2017 | $17.88 | $17.32 | 115,485 | 6,078 |
| May 2017 | $17.32 | $10.70 | 1,912,168 | 86,917 |
| June 2017 | $12.18 | $7.80 | 1,538,040 | 69,911 |

| 2017 Month | Price per Series 3 Preferred Share Monthly High | Price per Series 3 Preferred Share Monthly Low | Series 3 Preferred Share Total Monthly Volume | Series 3 Preferred Share Average Daily Volume |
|---|---|---|---|---|
| July 2017 | $9.30 | $8.85 | 188,381 | 9,419 |
| August 2017 | $10.60 | $8.65 | 275,477 | 12,522 |
| September 2017 | $12.00 | $10.78 | 603,111 | 30,156 |
| October 2017 | $12.06 | $11.75 | 378,802 | 18,038 |
| November 2017 | $13.30 | $11.95 | 236,224 | 10,737 |
| December 2017 | $13.43 | $12.90 | 298,855 | 15,729 |

## PRIOR SALES

During the financial year ended December 31, 2017, no securities of Aimia that are not listed or quoted on a marketplace were issued.

## DIRECTORS AND OFFICERS

### DIRECTORS

The articles and by-laws of Aimia provide for the Board of Directors to consist of a minimum of three (3) and a maximum of twelve (12) directors, a minimum of twenty-five (25) percent of whom must be residents of Canada. Each member of the Board of Directors will hold office until the next annual Shareholders meeting or until his or her successor is elected or appointed, unless his or her office is vacated earlier. As at March 2, 2018, the Board of Directors is composed of nine (9) members as set out in the following table.

| Name, Municipality and Province of Residence | Position with Aimia | Principal Occupation | Director Since |
|---|---|---|---|
| **Robert E. Brown** Westmount, Quebec, Canada | Chairman of the Board | Corporate Director | June 21, 2005 |
| **Roman Doroniuk**(1)(3) Toronto, Ontario, Canada | Director | Consultant | June 21, 2005 |

| Name, Municipality and Province of Residence | Position with Aimia | Principal Occupation | Director Since |
|---|---|---|---|
| **Michael M. Fortier**(2)(3) Town of Mount-Royal, Quebec, Canada | Director | Vice-Chairman, RBC Capital Markets | January 19, 2009 |
| **Thomas D. Gardner**(1)(3) Bedford, NY, USA | Director | Corporate Director | December 1, 2016 |
| **Emma Griffin**(1)(2) Westmount, Quebec, Canada | Director | Corporate Director | January 25, 2016 |
| **David Johnston** London, England | Director/ Group Chief Executive | Group Chief Executive | May 11, 2017 |
| **Robert (Chris) Kreidler**(1)(2) Skaneateles, New York, USA | Director | Consultant | May 11, 2017 |
| **William McEwan**(2)(3) Meaford, Ontario, Canada | Director | Corporate Director | December 1, 2016 |
| **Douglas D. Port**(2)(3) Oakville, Ontario, Canada | Director | Corporate Director | July 17, 2007 |

(1) Member of the Audit Committee.
(2) Member of the Governance and Nominating Committee.
(3) Member of the Human Resources and Compensation Committee.

### OFFICERS

The following table sets out, as at March 2, 2018, for each of the current executive officers, the person's name, municipality of residence, position, principal occupation and date of start of office.

| Name, Municipality and Province of Residence | Position and Principal Occupation | Executive Officer Since |
|---|---|---|
| **Shailesh Baidwan** | President, Insights & Loyalty Solutions | June 9, 2014 |

| Name, Municipality and Province of Residence | Position and Principal Occupation | Executive Officer Since |
|---|---|---|
| Singapore | | |
| **Mark Grafton**<br>London, England | Chief Financial Officer | September 1, 2017 |
| **David Johnston**<br>London, England | Group Chief Executive Officer | January 11, 2010[1] |
| **Vincent R. Timpano**<br>Toronto, Ontario, Canada | President, Coalitions | November 3, 2008 |
| **Sandy Walker**<br>Nobleton, Ontario, Canada | Chief Talent Officer, Head of Corporate Affairs & Corporate Secretary | October 17, 2011 |

As at March 2, 2018, the directors and officers of Aimia as a group owned, directly or indirectly, or had control or direction over 125,153 Common Shares representing approximately 0.02% of the issued and outstanding Common Shares.

### BIOGRAPHIES

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

***Shailesh Baidwan*** is President, Insights & Loyalty Solutions and is responsible for developing and executing Aimia's growth strategy across the Insights & Loyalty Solutions business, Intelligent Shoppers Solution (ISS) International, Aimia Middle East, and Global Product. These divisions focus on helping clients with loyalty strategy, program design, implementation, and ongoing provision of platform-based solutions, campaigns, and analytics. Mr. Baidwan has more than 20 years of experience across marketing, sales, strategy, and general management in both financial services and consumer products, with a proven ability to work across borders. Before joining Aimia, he spent 10 years with American Express, where he worked across multiple markets. He previously spent six years at VISA in Singapore across various roles and before that he was at Nestle India in a range of roles. Mr. Baidwan holds a Bachelor of Arts in Economics from University of Delhi, and a Masters in Business Administration from Indian Institute of Management, Bangalore.

***Robert E. Brown*** has been Chairman of the Corporation since January 1, 2008, and was President and Chief Executive Officer of CAE Inc., a provider of simulation and modeling technologies as well as integrated training services for both civil aviation and defence customers, from August 2004 to September 2009. Prior to joining CAE Inc., Mr. Brown was Chairman of Air Canada during its restructuring from May 2003 to October 2004. Mr. Brown joined Bombardier Inc. in 1987 and was responsible for the Bombardier Aerospace sector from 1990 to 1999. He became President and Chief Executive Officer of Bombardier Inc. (aerospace, transportation and recreational products) from 1999 to 2002. Mr. Brown also held various senior positions in federal ministries with economic vocations, including the position of Associate Deputy Minister in the Department of Regional Industrial Expansion. He holds a

[1] Prior to being appointed Group Chief Executive Officer on May 11, 2017, Mr. Johnston was Group Chief Operating Officer.

Bachelor of Science Degree from the Royal Military College and attended the Advanced Management Program at the Harvard Business School. Mr. Brown is a Director of BCE Inc. and Bell Canada. He has also received honorary doctorates from five Canadian universities. Mr. Brown is a Member of the Order of Canada and an Officer of L'Ordre National du Québec.

***Roman Doroniuk*** is a consultant providing financial and strategic advisory services to a variety of companies in the healthcare, industrial manufacturing and media industries. Mr. Doroniuk sits on the board of Martinrea International Inc. and acts as the Court appointed special receiver in the matter of the Livent Inc. bankruptcy. Mr. Doroniuk was Executive Vice President of Magna International Inc. and Chief Operating Officer of Magna Entertainment Corp. from January 2003 to October 2003, President of Lions Gate Entertainment from October 1998 to April 2000, and Chief Financial Officer of Alliance Communications Corporation from October 1995 to September 1998. He was a director of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.) from August to December 2017. Mr. Doroniuk holds a Bachelor of Business Management from Ryerson University and is a Chartered Professional Accountant.

***Michael M. Fortier*** joined RBC Capital Markets (RBCCM) as a Vice-Chairman in October 2010. Prior to joining RBCCM, Mr. Fortier was a partner of Ogilvy Renault LLP (now Norton Rose Fulbright Canada LLP) and a Senior Advisor to Morgan Stanley in Canada since January 2009. Between February 2006 and October 2008, Mr. Fortier held various positions in the Government of Canada, including as Minister of International Trade and Minister responsible for Greater Montréal. Prior to that, Mr. Fortier was active in the investment banking industry, first as a Managing Director with Credit Suisse First Boston (1999-2004) and then as a Managing Director with TD Securities (2004-2006). Mr. Fortier also practised law with Ogilvy Renault LLP from 1985 to 1999 in the areas of corporate finance and mergers and acquisitions. He was based in London (England) for several years during this period. He is a director of CAE. Mr. Fortier holds a Bachelor of Laws from Université Laval.

***Thomas D. Gardner*** is the former Executive Vice President of Reader's Digest Association, Inc. (now Trusted Media Brands, Inc.). He spent 15 years at the company in a variety of operating leadership roles, including President of Reader's Digest International, and President of North American Books & Home Entertainment. He also served as Senior Vice President of Global Marketing and Vice President of Marketing for Reader's Digest USA. Mr. Gardner previously served as a Director of Dex Media as well as of its predecessor company, SuperMedia. He is also currently on the Advisory Board of Hope's Door, a domestic violence agency located in New York, and previously served as a Trustee of Guideposts, Northern Westchester Hospital Center in New York, and Reader's Digest Foundation. Earlier in his career, Mr. Gardner held positions at McKinsey & Co., General Foods Corporation (now part of KraftHeinz) and Yankelovich, Skelly and White, Inc. Mr. Gardner received a B.A. in Political Science from Williams College and an M.B.A. from the Graduate School of Business at Stanford University.

***Mark Grafton*** is Chief Financial Officer, responsible for the financial strategy, management and reporting of the business, supporting the development, implementation and success of Aimia's corporate strategy. Most recently reporting to the CFO as Vice President & Group Head of Financial Planning & Analysis, Corporate & Commercial Finance, Mark was responsible for corporate planning and analysis, execution of the quarterly financial and business review processes, the approval of all major commercial agreements, and financial oversight of all major corporate strategic projects. Previously, he had general management responsibility for all non-U.K. coalitions businesses in Aimia's International Coalitions division, along with oversight and board positions of investments in U.K., Spain, Middle East and India. Mark's first role within Aimia was as CFO for the International Coalitions Division. Mark has built extensive experience in M&A, divestitures, major contract negotiations, and greenfield business development. Before joining Aimia, Mark rose through EY's ranks for 12 years, much of that spent in the firm's Transaction Services business. Mark is a graduate of Loughborough University (1st Class Degree in

Economics and Accounting), and is a Chartered Accountant and holder of the CF designation in the U.K.

***Emma Griffin*** holds more than 20 years of experience in capital markets and investment banking, with sector expertise in support services, construction and infrastructure, leisure, and technology. Most recently, she was the founder and managing director of Refined Selection, a private-equity-backed holding company created in 2014 for investing in the professional services and recruitment industries. Prior to this, in 2002, Ms. Griffin co-founded and built Oriel Securities, a U.K.-based stockbroking and mid-market investment banking firm, which was sold to Stifel Corporation in 2014. Her early career was spent at HSBC, where for several years she led the top-rated pan-European support services and technology research team. Ms. Griffin currently serves as a Director of IA Financial Group, a Director and Strategic Advisor to Golder Associates, and a director of Claridge Inc. Ms. Griffin trained in corporate finance at Schroders, and holds an MA in Classics from Oxford University.

***David Johnston*** is Group Chief Executive, responsible for driving Aimia's global business strategy, performance, and growth across its Coalitions and ILS divisions. Before assuming the role, Mr. Johnston held a series of progressively more senior appointments within the company, most recently as Group Chief Operating Officer, with responsibility for the performance of the company's three divisions and developing the global operating model. Mr. Johnston joined Aimia in January 2010 as President and Chief Executive Officer, EMEA, which included overseeing Nectar, the U.K.'s largest coalition program. Mr. Johnston joined Aimia from PepsiCo where he spent 13 years in marketing and general management. He has had extensive global experience in PepsiCo in Europe, Latin America and in PepsiCo's global headquarters in Purchase, N.Y. He holds an Honours Degree in Business from Nottingham Trent University in the U.K.

***Robert (Chris) Kreidler*** is a strategic and financial consultant and was a Special Advisor to the Aimia Board of Directors from December, 2016 to May 11, 2017. Mr. Kreidler is also a Senior Advisor to McKinsey & Company, a Member of the Council of Overseers for Rice University's Jones Graduate School of Business, Chairman of the Audit Committee and member of the boards of directors of P.F. Chang's China Bistro, Inc. and Wok Parent, LLC. From 2009 to 2015, Mr. Kreidler was Executive Vice President and Chief Financial Officer of Sysco Corporation, the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home. Prior to Sysco, Mr. Kreidler was Executive Vice President, Chief Financial Officer and Chief Customer Officer of C&S Wholesale Grocers, one of the largest wholesale grocery supply company in the United States. Before C&S, Mr. Kreidler enjoyed 11 years with Yum! Brands, one of the largest restaurant companies in the world and the parent company of Pizza Hut, Taco Bell and KFC, where he held a number of international positions, culminating in his role as Senior Vice President Corporate Strategy and Treasurer. Earlier in his career Mr. Kreidler was a partner in the small investment banking firm led by T. Boone Pickens. Mr. Kreidler earned a B.A. from Rice University, and an M.B.A from the Jones Graduate School of Business at Rice University.

***William McEwan*** is an accomplished CEO. He is a member of the Board of Directors of international food retailer Ahold Delhaize and serves as Chair of the Remuneration Committee and member of the Sustainability & Innovation Committee. Mr. McEwan is also a member of the Board of Agrifoods International Cooperative Ltd. Between 2000 and until he made the personal decision to step down in June 2012, Mr. McEwan held the roles of President and Chief Executive Officer, and Director of Sobeys Inc., a leading Canadian grocery retailer and food distributor. Mr. McEwan also served on the Board of Directors of Sobeys' parent company, Empire Company Limited. At Sobeys, Mr. McEwan was responsible for the leadership and oversight of all aspects of growing the company from a $9 billion to a $17 billion organization by leading the development and execution of the company's long-term strategic plan and executing Sobeys' food-focused growth initiatives. Between 1989 and 2000, Mr. McEwan held a variety of progressively senior marketing and merchandising roles in the consumer packaged goods industry with Coca-Cola Limited and Coca-Cola Bottling as well as in grocery retail with the Great Atlantic & Pacific Tea Company (A&P) in both Canada and the U.S. Mr. McEwan served as President of A&P's Canadian operations before his appointment as President and CEO of the company's U.S. Atlantic Region. Mr. McEwan began his career at Ferraro's Ltd.'s, Super Valu Stores at age 15, spending 13 years with the company in both B.C. and Alberta in a variety of store, operations, merchandising, procurement and general management roles. Mr. McEwan has played an active leadership role in a number of industry and charitable organizations. He served on the Board of Directors of the global Consumer Goods Forum, the Canadian Council of Grocery Distributors, the Coca-Cola Research Council, the Food Marketing Institute, the Grocery Foundation, the McEwan Family Foundation and Kids Help Phone.

***Douglas D. Port*** is a retired senior airline executive with more than 30 years' experience in the airline industry, including 11 years as an executive with Air Canada, where he headed major portfolios such as Airports, International, Marketing and Sales, Sales and Product Distribution, Corporate Affairs and Government Relations, Corporate Communications and Customer Service. He also served as Chairman of the Air Transport Association of Canada, Chairman of Galileo Canada and Chairman and CEO of Air Canada Vacations. From 2005 through 2010, he was an executive consultant at an international transportation consultancy. He is Vice-Chairman of the Air Canada Foundation.

***Vincent R. Timpano*** is President, Coalitions. In this role, Mr. Timpano has full accountability for leading, innovating, and growing Aimia's flagship coalition loyalty program Aeroplan, as well as Aimia's non-platform rewards business. Most recently, Mr. Timpano was President, Americas Coalitions, where he established strategic direction and led Aimia's core businesses within the region. He joined Aimia as President and CEO of Aeroplan and was later appointed as President and CEO of Aimia's Canada operations. Before joining Aimia, Mr. Timpano was President, Coca-Cola Ltd. in Canada, and prior to that position, he was the President and CEO for The Minute Maid Company Canada Inc. Mr. Timpano is Past Chair of the United Way of Toronto and York Region after serving as Chair of the Board and Chair of the Governance committee for the past four years and as a member of the Board for the past ten years. Mr. Timpano is a member of the Board of Governors at Seneca College and a director of Business for the Arts. He holds a Masters of Business Administration degree from the Richard Ivey School of Business, University of Western Ontario. He also holds the ICD.D certification from the Institute of Corporate Directors.

***Sandy Walker*** is Aimia's Chief Talent Officer and Head of Corporate Affairs and is responsible for human resources, talent and culture strategy globally. She is also responsible for global communications, corporate reputation and oversight of legal services and is Corporate Secretary to the Board of Directors of Aimia Inc. Previous to this role, Ms. Walker held senior positions at BCE/Bell Canada and Alliance Atlantis Communications Inc. She joined BCE/Bell Canada in 2005, ultimately taking the post of Vice President, Human Resources – Business Markets where she successfully oversaw multiple transformational business endeavours and led the reset of Bell's Leadership Development and Talent Management programs. Prior to joining Bell, Ms. Walker was Senior Vice President, Human Resources & Administration at Alliance Atlantis Communications Inc. where, as a member of the Executive Committee, she had full responsibility for all matters related to global human resources governance. Earlier in her career, Ms. Walker held progressively senior roles in the life and health reinsurance business, leading to the role of Head, Human Resource Services, North America for Swiss Re Life & Health. Ms. Walker is a graduate of the University of Toronto and holds the ICD.D certification from the Institute of Corporate Directors.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

### Corporate Cease Trade Orders or Bankruptcies

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

(i) Roman Doroniuk was appointed as a director of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.) and its subsidiaries on August 7, 2017, during its joint restructuring proceedings under Chapter 11 of the United States Bankruptcy Code in the United States and the *Companies' Creditors Arrangement Act* in Canada, which commenced on October 31, 2016. On December 21, 2017, following the approval and effectiveness of a plan of liquidation filed by the company and its affiliated debtors, Mr. Doroniuk resigned as a director of Old PSG Wind-down Ltd. and its subsidiaries in accordance with the terms of the plan.

(ii) Thomas D. Gardner was a director of SuperMedia Inc. (formerly Idearc Media Inc.) ("**SuperMedia**") from December, 2009 to April, 2013. Under the Amended and Restated Merger Agreement (the "**Merger Agreement**"), dated as of December 5, 2012, among SuperMedia, Dex One Corporation ("**Dex One**"), Newdex Inc. and Spruce Acquisition Sub. Inc., the transactions contemplated by the Merger Agreement could, under certain circumstances, be effected through voluntary pre-packaged plans of reorganization under Chapter 11 of Title 11 of the United States Code (the "**U.S. Bankruptcy Code**"). On March 18, 2013, SuperMedia and all of its domestic subsidiaries filed voluntary bankruptcy petitions in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**") for reorganization relief under the provisions of the U.S. Bankruptcy Code. Concurrently with the bankruptcy petition, SuperMedia filed and requested confirmation of a prepackaged plan of reorganization (the "**SuperMedia Prepackaged Plan**"). The SuperMedia Prepackaged Plan sought to effect the proposed merger and related transactions contemplated by the Merger Agreement. Also on March 18, 2013, Dex One and its subsidiaries filed separate voluntary bankruptcy petitions in the U.S. Bankruptcy Court, seeking approval of Dex One's separate prepackaged plan (together with the SuperMedia Prepackaged Plan, the "**Prepackaged Plans**"). On April 29, 2013, the U.S. Bankruptcy Court held a hearing and entered separate orders confirming the Prepackaged Plans. On April 30, 2013, SuperMedia and

Dex One (1) consummated the transactions contemplated by the Merger Agreement, including the merger of SuperMedia with and into Spruce, with SuperMedia surviving as a wholly owned subsidiary of Dex Media Inc. ("**Dex Media**"), (2) otherwise effected the transactions contemplated by the Prepackaged Plans and (3) emerged from Chapter 11 protection.

(iii) Thomas D. Gardner was a director of Dex Media from April 2013 to July 2016. On May 17, 2016, Dex Media filed a voluntary bankruptcy petition in the U.S. Bankruptcy Court for reorganization relief under the provisions of the U.S. Bankruptcy Code. Concurrently with the bankruptcy petition, Dex Media filed and requested confirmation of a prepackaged plan of reorganization (the "**Dex Media Prepackaged Plan**"). On July 15, 2016, Dex Media received confirmation of the Dex Media Prepackaged Plan from the U.S. Bankruptcy Court. On July 29, 2016, the Dex Media Prepackaged Plan came into effect and on August 1, 2016, Dex Media completed its financial restructuring and emerged from Chapter 11 protection.

(iv) Mark Grafton was a non-executive director of Advertising Loyalty UK Limited ("**Adpoints**") when it entered into voluntary liquidation in 2014. The liquidation of Adpoints was completed on January 12, 2017 and Mr. Grafton ceased to be a director upon completion of the liquidation and dissolution of the company.

### Penalties or Sanctions

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

### Personal Bankruptcies

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

### Conflicts of Interest

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

## AUDIT COMMITTEE INFORMATION

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

**CHARTER OF THE AUDIT COMMITTEE**

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

**COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee is composed of four members, as follows: Roman Doroniuk, Chair, Thomas D. Gardner, Emma Griffin and Robert (Chris) Kreidler. Each member of the Audit Committee is Independent of Aimia and financially literate as required under *Multilateral Instrument 52-110 – Audit Committees.*

**RELEVANT EDUCATION AND EXPERIENCE OF THE AUDIT COMMITTEE MEMBERS**

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

(i) Roman Doroniuk is a consultant providing financial and strategic advisory services to a variety of companies in the healthcare, industrial manufacturing and media industries. Mr. Doroniuk sits on the board of Martinrea International Inc. and acts as the Court appointed special receiver in the matter of the Livent Inc. bankruptcy. Mr. Doroniuk was Executive Vice President of Magna International Inc. and Chief Operating Officer of Magna Entertainment Corp. from January 2003 to October 2003, President of Lions Gate Entertainment from October 1998 to April 2000, and Chief Financial Officer of Alliance Communications Corporation from October 1995 to September 1998. He was a director of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.) from August to December 2017. Mr. Doroniuk holds a Bachelor of Business Management from Ryerson University and is a Chartered Professional Accountant.

(ii) Thomas D. Gardner is the former Executive Vice President of Reader's Digest Association, Inc. (now Trusted Media Brands, Inc.). He spent 15 years at the company in a variety of operating leadership roles, including President of Reader's Digest International, and President of North American Books & Home Entertainment. He also served as Senior Vice President of Global Marketing and Vice President of Marketing for Reader's Digest USA. Mr. Gardner previously served as a Director of Dex Media as well as of its predecessor company, SuperMedia. He is also currently on the Advisory Board of Hope's Door, a domestic violence agency located in New York, and previously served as a Trustee of Guideposts, Northern Westchester Hospital Center in New York, and Reader's Digest Foundation. Earlier in his career, Mr. Gardner held positions at McKinsey & Co., General Foods Corporation (now part of KraftHeinz) and Yankelovich, Skelly and White, Inc. Mr. Gardner received a B.A. in Political Science from Williams College and an M.B.A. from the Graduate School of Business at Stanford University.

(iii) Emma Griffin holds more than 20 years of experience in capital markets and investment banking, with sector expertise in support services, construction and infrastructure, leisure, and technology. Most recently, she was the founder and managing director of Refined

Selection, a private-equity-backed holding company created in 2014 for investing in the professional services and recruitment industries. Prior to this, in 2002, Ms. Griffin co-founded and built Oriel Securities, a U.K.-based stockbroking and mid-market investment banking firm, which was sold to Stifel Corporation in 2014. Her early career was spent at HSBC, where for several years she led the top-rated pan-European support services and technology research team. Ms. Griffin currently serves as a Director of IA Financial Group, a Director and Strategic Advisor to Golder Associates, and a director of Claridge Inc. Ms. Griffin trained in corporate finance at Schroders, and holds an MA in Classics from Oxford University.

(iv) Robert (Chris) Kreidler is a strategic and financial consultant and was a Special Advisor to the Aimia Board of Directors from December, 2016 to May 11, 2017. Mr. Kreidler is also a Senior Advisor to McKinsey & Company, a Member of the Council of Overseers for Rice University's Jones Graduate School of Business, Chairman of the Audit Committee and member of the boards of directors of P.F. Chang's China Bistro, Inc. and Wok Parent, LLC. From 2009 to 2015, Mr. Kreidler was Executive Vice President and Chief Financial Officer of Sysco Corporation, the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments and other customers who prepare meals away from home. Prior to Sysco, Mr. Kreidler was Executive Vice President, Chief Financial Officer and Chief Customer Officer of C&S Wholesale Grocers, one of the largest wholesale grocery supply company in the United States. Before C&S, Mr. Kreidler enjoyed 11 years with Yum! Brands, one of the largest restaurant companies in the world and the parent company of Pizza Hut, Taco Bell and KFC, where he held a number of international positions, culminating in his role as Senior Vice President Corporate Strategy and Treasurer. Earlier in his career Mr. Kreidler was a partner in the small investment banking firm led by T. Boone Pickens. Mr. Kreidler earned a B.A. from Rice University, and an M.B.A from the Jones Graduate School of Business at Rice University.

## PRE-APPROVAL POLICIES AND PROCEDURES

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

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

## AUDIT FEES

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

Fees paid for the years ended December 31, 2017, and December 31, 2016, to PricewaterhouseCoopers LLP and its subsidiaries are $4,536,262 and $4,565,970, respectively, as detailed below:

| | Year ended December 31, 2017 | Year ended December 31, 2016 |
|---|---|---|
| Audit fees | $2,350,814 | $3,111,614 |
| Audit-related fees | $1,710,733 | $842,926 |
| Tax fees | $474,715 | $577,408 |
| All other fees | $0 | $34,022 |
| | $4,536,262 | $4,565,970 |

The nature of each category of fees is described below.

Audit fees. Audit fees include all fees incurred in respect of audit services, being professional services rendered for the annual audit and quarterly review of Aimia's financial statements and for services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. Audit-related fees include audit or attest services related to pension plan audits, non-statutory audit-related obligations, review of offering documents for the issuance of securities and the delivery of customary consent and comfort letters in connection therewith, due diligence and other related services.

Tax fees. Tax fees include fees incurred in connection with general tax and compliance advice, and for assistance in the preparation of Scientific Research & Experimental Development tax credit claims.

All other fees. All other fees refer to all fees not included in audit fees, audit-related fees and tax fees.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

For information relating to the proceedings and regulatory actions in which Aimia is involved, please see the section entitled "*Contingent Liabilities and Guarantees*" included in the 2017 MD&A at pages 59 and 60.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Aimia, none of the directors, executive officers or other insider, as applicable, of (i) Aimia or (ii) any associate or affiliate of the persons referred to in (i), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect Aimia or any of its Subsidiaries.

## TRANSFER AGENT AND REGISTRAR

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

## MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business, Aimia and/or its Subsidiaries, as the case may be, entered into the following material contracts: (i) before the most recently completed financial year, and these contracts are still in effect at the current time; or (ii) during the financial year ended December 31, 2017:

- the Trust Indenture; and
- the amended and restated credit facility dated May 6, 2011, as amended on April 13, 2012, May 9, 2014, May 5, 2015, April 12, 2016, and January 31, 2018, among Aimia, as borrower, Royal Bank of Canada, as administrative agent, RBC Capital Markets, TD Securities and Canadian Imperial Bank of Commerce, as co-lead arrangers and bookrunners, TD Securities, as syndication agent, Bank of Montreal and Canadian Imperial Bank of Commerce, as co-documentation agents, and the financial institution party thereto (the "**Credit Facility**").

## INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP are the auditors of Aimia and have advised that they are independent with respect to Aimia within the meaning of the Code of Ethics of Chartered Professional Accountants.

## ADDITIONAL INFORMATION

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

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

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Aimia for the year ended December 31, 2017.

Aimia will, upon request to the Chief Talent Officer, Head of Corporate Affairs and Corporate Secretary of Aimia, Tour Aimia, 525 Viger Avenue West, Suite 1000, Montreal, Québec, H2Z 0B2, provide to any person or company, the documents specified below:

(a) when Aimia is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

   (i) one copy of Aimia's latest annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;

   (ii) one copy of the comparative consolidated financial statements of Aimia for the most recently completed financial year for which financial statements have been filed, together with the auditors' report thereon, and one copy of any interim consolidated financial statements of Aimia for any period after its most recently completed financial year;

(iii) one copy of the information circular of Aimia in respect of its most recent annual meeting of Shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or

(b) at any other time, Aimia shall provide to any person or company one copy of any of the documents referred to in items (i), (ii) and (iii) of paragraph (a) above, provided that Aimia may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of Aimia's securities.

## SCHEDULE A

## GLOSSARY OF TERMS

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

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

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

"**Aeroplan**" or "**Aimia Canada**" means Aimia Canada Inc., a direct wholly-owned Subsidiary of Aimia;

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

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

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

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

"**AMEX Agreements**" means the four-year agreements, each dated November 13, 2013, between Aeroplan and AMEX;

"**Annual Information Form**" means this annual information form of Aimia dated March 2, 2018, together with all schedules hereto;

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

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

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

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

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

"**CIBC Agreement**" means the ten-year financial card agreement dated September 16, 2013 and effective as of January 1, 2014 between CIBC and Aeroplan;

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

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

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

"**DBRS**" means DBRS Limited;

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

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

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

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

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

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

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

"**ISS**" means Intelligent Shopper Solutions services;

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

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

"**Miles**" means the miles issued under the Aeroplan Program;

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

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

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

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

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

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

"**Series 1 Preferred Shares**" means the cumulative rate reset preferred shares, Series 1, issued on January

20, 2010.

“**Series 2 Preferred Shares**” means the cumulative floating rate preferred shares, Series 2.

“**Series 3 Preferred Shares**” means the cumulative rate reset preferred shares, Series 3, issued on January 15, 2014.

“**Series 4 Preferred Shares**” means the cumulative floating rate preferred shares, Series 4.

“**Shareholders**” means the holders of Common Shares;

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

“**TD**” means The Toronto-Dominion Bank;

“**TD Agreement**” means the ten-year financial card agreement dated September 16, 2013, and effective as of January 1, 2014, between Aeroplan and TD;

“**TSX**” means the Toronto Stock Exchange.

## SCHEDULE B

## AUDIT, FINANCE AND RISK COMMITTEE CHARTER

### 1. Structure and Qualifications

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

### 2. Procedure

(a) A quorum of the Committee shall be a majority of the members, and a majority of the members present shall be required to pass a resolution or make a recommendation of the Committee. The Chair and the members of the Committee shall be appointed annually by the Board.

(b) The Committee shall meet at least quarterly at the call of the Chair of the Committee.

(c) An "in-camera" session of the members of the Committee shall be held as part of each meeting of the Committee.

(d) Meetings may be held in person or by telephone or by any other means which enables all participants to communicate with each other simultaneously.

(e) The Committee may fix its own procedure at meetings and for the calling of meetings except as may be otherwise provided by the Board.

(f) Notice of meetings shall be given by letter, facsimile, email or telephone not less than 24 hours before the time fixed for the meeting other than in extraordinary circumstances. Notice of meetings shall state the date, the place and the hour at which such meetings will be held. Members may waive notice of any meeting.

(g) The minutes of the Committee meetings shall accurately record the significant discussions of, and decisions made by, the Committee, including all recommendations to be made by the Committee to the Board, and shall be distributed to Committee members, with copies to the Chairman of the Board and Group Chief Executive of the Corporation.

(h) The Committee, through its Chair, shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board may require or as the Committee in its discretion may consider advisable.

## 3. Objectives

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

(i) To assist the Board in the discharge of its responsibility to monitor the component parts of the Corporation's financial reporting and audit process.

(ii) To maintain and enhance the quality, credibility and objectivity of the Corporation's financial reporting and to satisfy itself and oversee management's responsibility as to the adequacy of the supporting systems of internal financial and accounting controls.

(iii) To assist the Board in its oversight of the independence, qualifications and appointment of the external auditor.

(iv) To monitor the performance of the internal financial and accounting controls and of the internal and external auditors.

(v) To provide independent communication between the Board and the internal auditor and the external auditor.

(vi) To facilitate in-depth and candid discussions between the Committee and management and the external auditor regarding significant issues involving judgment and impacting quality of controls and reporting.

(vii) To monitor and discuss management's identification and handling of significant risks.

## 4. Duties

To achieve its objectives, the Committee shall:

(a) Monitor and review the quality and integrity of the Corporation's accounting and financial reporting process through discussions with management, the external auditor and the internal auditor. This will include a review of the annual and quarterly financial statements and accompanying notes and Management's Discussion and Analyses ("**MD&As**") to be filed with regulatory authorities and provided to shareholders of the Corporation, and financial statements and other financial disclosure included in earnings press releases and other similar documents. These reviews will include:

(i) discussions with management and the external auditor and a consideration of the report by the external auditor to the Committee of matters related to the conduct of an audit;

(ii) discussions with the external auditor respecting the auditor's judgment regarding both the acceptability and quality of the financial statements including the critical accounting policies and practices used by management in their preparation, alternative treatments and disclosures of financial information within generally accepted accounting principles that have been considered by management and their ramifications, the selection of changes in significant accounting policies, the method used to account for significant unusual transactions, the effect of significant accounting policies in controversial or emerging areas, the degree of aggressiveness or conservatism, as the case may be, of the accounting policies adopted by the Corporation, the process used by management in formulating particularly significant accounting estimates and the basis for the external auditor's conclusions regarding the reasonableness of those estimates;

(iii) a review of significant adjustments arising from an audit;

(iv) a review of disagreements with management over the application of accounting policies as well as any disclosure in the financial statements;

(v) a review of all material off-balance sheet transactions and other relationships with non-consolidated entities that may have a material current or future effect on the financial condition of the Corporation including their disclosure or lack thereof in the applicable quarterly or annual financial statements;

(vi) a review of the external auditor's suggestions for improvements to the Corporation's operations and internal controls;

(vii) a review of the nature and size of unadjusted errors of a non-trivial amount; and

(viii) the selection of, and changes in, accounting policies and consideration of the appropriateness of such selections and changes.

(b) Review with management, the internal auditor and the external auditor and, if considered appropriate, approve for recommendation to the Board the release of the Corporation's annual or quarterly financial statements, as applicable, accompanying notes, related MD&A and earnings press releases.

(c) Review with management, the external auditor and legal counsel, the Corporation's procedures to ensure compliance with applicable laws and regulations, and any significant litigation, claim or other contingency, including tax assessments, that would have a material effect upon the financial position or operating results of the Corporation and the disclosure or impact on the results of these matters in the quarterly and annual financial statements.

(d) Meet with the external auditor to review and approve their audit plan, with particular emphasis on risk factors which could lead to a material misstatement of the financial statements, the scope and timing of the audit, the assumptions and decisions that have been made in developing the plan and co-ordination of work between the external auditor and the internal audit department.

(e) Review and approve estimated audit and audit-related fees and expenses for the current year. Pre-approve any significant additional audit and audit-related fees over the estimated amount. Review and approve audit and audit-related fees and expenses for the prior year. The authority for the determination and payment of fees to the external auditor rests solely and exclusively with the Committee. The Corporation shall ensure that funding is available to the Committee for payment of compensation to the external auditor.

(f) Review and approve, or delegate to a member of the Committee the responsibility to review and approve and subsequently report to the Committee, the nature of all non-audit services, as permitted by securities legislation and regulations, to be provided by the external auditor prior to the commencement of such work. Implement from time to time a process in connection with non-audit services performed by the external auditor.

(g) Review a report from the external auditor, if deemed appropriate by the Committee, of all relationships between the external auditor and its related entities and the Corporation and its related entities, including all work performed and fees paid for such work of a non-audit nature, that in the external auditor's professional judgment may reasonably be perceived to bear on its objectivity and independence and confirming, or otherwise, that in the external auditor's professional judgment it is independent, and discuss this report with the external auditor in order to evaluate the objectivity and independence of the external auditor.

(h) Receive reports on any consultations between management and other public accountants respecting accounting principles to be applied in preparing the quarterly or annual financial statements, and on any incidents involving fraud or illegal acts of which management, the internal audit department or the external auditor become aware. In this regard, review the relevant control procedures with management to ensure that such matters are adequately guarded against.

(i) At least once each year, meet privately with management to assess the performance of the external auditor.

(j) Meet privately with the external auditor at each regularly scheduled Committee meeting, amongst other things, to understand any restrictions placed on them or other difficulties encountered in the course of the audit, including instructions on the scope of their work and access to requested information and the level of co-operation received from management during the performance of their work and their evaluation of the Corporation's financial, accounting and audit personnel and systems.

(k) Evaluate the performance of the external auditor, and if so determined, recommend that the Board either take steps to replace the external auditor or provide for the reappointment of the external auditor by the shareholders of the Corporation.

  (i) Regarding the services provided by the internal audit department, the Committee shall:

  (ii) review and approve annually the internal audit plan and planned scope for the internal audit program, its objectives, and the resources required to attain these objectives;

  (iii) meet privately with the head of the internal audit department at each regularly scheduled Committee meeting, amongst other things, to understand any restrictions placed on the internal audit department or other difficulties encountered in the course of its audits, including instructions on the scope of its work and access to requested information and the level of co-operation received from management during the performance of its work;

  (iv) periodically review and approve the mandate, reporting relationships and resources of the internal audit department;

  (v) review the objectivity, qualifications, adequacy and experience of the internal audit staff and approve the appointment, dismissal or replacement of the head of the internal audit department;

  (vi) periodically throughout each year review the reports of the internal audit department which describe the activities of the internal audit department for the preceding period; and

(vii) review the working relationship between the internal audit department and the external auditor, and between the internal audit department and management.

(l) Obtain from both the internal audit department and the external auditor the major audit findings and internal control recommendations reported during the period under review, the response of management to those recommendations, and review the follow-up performed by management and the internal audit department in order to monitor whether management has implemented an effective system of internal accounting control.

(m) Review significant emerging accounting and reporting issues, including recent professional and regulatory pronouncements, and assess their impact on the Corporation's financial statements.

(n) Review policies and procedures for the receipt, retention and treatment of complaints received by the Corporation from employees, shareholders of the Corporation and other stakeholders regarding accounting issues and financial reporting, internal controls and internal or external auditing matters. The Committee should be satisfied that sufficient controls are in place to ensure that all such complaints can be received anonymously and with an appropriate degree of confidentiality and that potential employee informants are aware of the process that is in place. The Committee should also be satisfied that processes are in place to ensure that all such complaints, regardless of significance, are presented to the Committee.

(o) Review policies for approval of senior management expenses.

(p) Review the process relative to the periodic certifications by the Chief Executive Officer and the Chief Financial Officer of the Corporation in respect of financial disclosures, the existence of any significant deficiencies in the design or operation of internal controls which could adversely affect the ability to record, process, summarize and report financial data and any significant changes in internal controls or changes to the environment in which the internal controls operate, including corrections of material deficiencies and weaknesses.

(q) Review and approve all related party transactions as such term is defined from time to time in Multilateral Instrument 61-101 − *Protection of Minority Security Holders in Special Transactions*, as may be amended from time to time.

(r) Whenever it may be appropriate to do so, retain and receive advice from experts, including independent legal counsel and independent public accountants, and conduct or authorize the conduct of investigations into any matters within the scope of the responsibility of the Committee as the Committee may consider appropriate. The Corporation shall ensure that funding is available to the Committee in respect of the aforementioned activities.

(s) Report regularly to the Board on the activities, findings and conclusions of the Committee.

(t) Review this Charter on an annual basis and recommend to the Board any changes to it that the Committee considers advisable.

(u) Complete a self-assessment annually to determine how effectively the Committee is meeting its responsibilities.

(v) Perform such other functions as may be delegated from time to time by the Board.

(w) Review the process for the rotation of the lead audit partner, the concurring partner and any other audit engagement team partner.

(i) Set policies for the hiring of partners and employees or former partners and employees of present and former external auditors.

## 5. <u>Other</u>

### (a) **Public Disclosure**

(i) The Committee shall review and approve the Public Disclosure Policy and any changes related thereto and ensure consistency with current developments and best practices; and

(ii) Where practicable, management will review with the Committee or the Chair of the Committee draft news releases to be disseminated to the public related to earnings warnings or financial results which are expected by management to be material in relation to the market price of any of the Corporation's securities.

### (b) **Risk Identification and Management**

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

### (c) **Corporate Authorizations Policies**

The Committee shall:

(i) Periodically review and approve policies relative to the financial control, conduct, regulation and administration of the Corporation and its subsidiaries;

(ii) Periodically review any administrative resolutions adopted from time to time pertaining to the establishment of procedures relative to commitment and transaction authorizations, the determination of the officers or other persons by whom any instrument in writing or document is to be executed and the manner of execution thereof; and

(iii) Review, monitor and approve any other financial expenditure policies that would affect the Corporation’s and its subsidiaries’ financial condition or reputation.

### (d) **Pension Plans.**

The Committee shall:

(i) review on an annual basis the accounting treatment for the Corporation’s pension plans;

(ii) review and recommend for Board approval pension plan funding changes;

(iii) review and approve the asset investment strategy for the Corporation's pension plans; and

(iv) review on an annual basis reports focusing on the performance, funded status, and other relevant issues relating to the Corporation's pension plans.

## 6. Responsibilities

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

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