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Groupe Aeroplan Inc. Reports Strong Results for Second Quarter of 2010

2010 guidance confirmed with upward adjustment to Nectar Italia Gross Billings

Increases normal course issuer bid to approximately 20 million common shares

- Aeroplan and Nectar UK programs demonstrate solid growth
- Price resetting with Air Canada completed and billing dispute with Air Canada resolved with no material impact on Average Cost of Rewards Per Aeroplan Mile Redeemed going forward
- Carlson Marketing on track to achieve financial guidance and complete migration by year end
- Nectar Italia signs 5 million members and 3 new partners
- Global expansion continues with build out into India and Chile

Second Quarter Highlights

Three months ended June 30, 2010 vs. three months ended June 30, 2009

- Gross Billings of \$555.7 million (\$577.4 million on a constant currency basis) vs. \$358.9 million
- Total revenue of \$473.2 million (\$487.3 million on a constant currency basis) vs. \$333.5 million
- Operating income of \$26.2 million (\$23.8 million on a constant currency basis) vs. \$37.5 million
- Adjusted EBITDA(1) of \$89.9 million (\$90.1 million on a constant currency basis) vs. \$70.6 million
- Earnings per share of \$0.06 vs. \$0.13

MONTREAL, Aug. 11 /CNW Telbec/ - (TSX:AER) Groupe Aeroplan Inc. ("Groupe Aeroplan" or the "Corporation"), today reported its financial results for the second quarter ended June 30, 2010. All financial information is in Canadian dollars unless otherwise noted.

"The second quarter was a very strong one for Groupe Aeroplan and clearly illustrates our strategy in action," said Rupert Duchesne, Groupe Aeroplan's President and Chief Executive Officer. "We have been steadfastly working on the development of a long-term strategy to build shareholder value since our conversion to a corporation in mid-2008, while weathering successfully the worst recession since the 1970s; this clearly demonstrates the robustness of our business model. This work has centred on: reinforcing our major programs, Aeroplan and Nectar, and their associated cash-flows; reducing significantly our revenue concentration; mitigating Air Canada-related risk; exploiting embedded assets like greenfield, data-analytics, and frequent flyer program spin-off know-how to grow in key global markets; and gaining access through Carlson Marketing to the full loyalty-market spend. This has all been achieved as we have also built a strong balance sheet with prudent cash reserves, maintained a high dividend rate and secured an investment-grade rating.

Added Duchesne, "I am very excited about our prospects heading into 2011. The company is growing as global markets recover and is now positioned substantially ahead of its competitors in all major geographies. This is further evidenced by our recently announced expansion into India and South America and our imminent investment in Aeromexico's frequent flyer program."

Non-Comparable Items

Fiscal 2010 is a year of transition and integration for the Corporation following significant investments made over the past twelve months. As a result, there are several non-comparable items affecting SG&A in the quarter totalling \$12.4 million, including costs of \$7.4 million associated with the launch of Nectar Italia, \$3.0 million in connection with the migration of Carlson Marketing and \$2.0 million in strategic consulting fees at the corporate level. In addition, as part of the integration of Carlson Marketing, we identified a one-time \$17.4 million positive adjustment to Gross Billings and Adjusted EBITDA as amounts previously included in customer deposits were reclassified to deferred revenue at June 30, 2010.

Business Segment Results

Aeroplan Canada

Aeroplan Canada continues to demonstrate growth and good operating leverage as well as the stability and strength of its critical business fundamentals, such as Breakage. During the second quarter, Aeroplan Canada's Gross Billings from the sale of GALUs grew 3.1 per cent to \$254.0 million, reflecting (i) an increase in average consumer spend per financial card, (ii) increased airline partner activity; and (iii) increased retail activity as consumer confidence showed signs of increased strength. Aeroplan

Miles issued continued to outpace the growth in Aeroplan Miles redeemed. Gross margin percentage improved by 170 basis points. Driven by strong SG&A expense management, Aeroplan Canada's Adjusted EBITDA as a percentage of Gross Billings improved by 220 basis points.

On August 4, 2010, as provided for in the existing commercial participation services agreement between the parties, Aeroplan Canada and Air Canada reached agreement relating to fixed capacity redemption rates to be paid by Aeroplan in connection with airline seat redemptions for the period beginning January 1, 2011 through to December 31, 2013. In addition, the billing dispute with Air Canada was resolved to the mutual satisfaction of the parties and did not result in any payments or accruals for retroactive amounts. There will be no material impact on the Average Cost of Rewards per Aeroplan Mile Redeemed going forward as a result of these developments.

Groupe Aeroplan Europe

Groupe Aeroplan Europe also had a strong quarter despite the ongoing economic challenges in the UK. Gross Billings from the sale of GALUs grew by 42.8 per cent to \$130.6 million on a constant currency basis. This increase was fuelled by strong performance in the grocery sector, the full year impact of the Homebase relationship and a \$20.4 million contribution from our new program, Nectar Italia. LMG Insight & Communication (I&C) continues to grow and was responsible for the majority of the increase in other Gross Billings. Also during the quarter, I&C signed a second major retailer outside of the UK and it has a solid pipeline of opportunities going into the second half of the year.

During the quarter, Groupe Aeroplan Europe's gross margin percentage decreased by 280 basis points and Adjusted EBITDA declined. This is mainly attributable to two factors. Firstly, the success of I&C, which has signed contracts with two major retailers outside of the UK, including one with CVS in the United States. I&C incurred approximately \$1.5 million of direct costs in the second quarter in connection with the set-up and implementation of these two new contracts. Gross Billings under these contracts will only commence in the second half of the year. Secondly, Adjusted EBITDA was negatively affected by the initial operating losses and \$7.4 million in launch costs at Nectar Italia.

Excluding the effect of launch expenses in Italy, Groupe Aeroplan Europe grew Adjusted EBITDA from \$4.2 million (2.3m pounds sterling) in 2009 to \$8.5 million (5.3m pounds sterling) in 2010. This was achieved after taking into account the incremental SG&A related to Nectar Italia. It should also be noted that in the second quarter of 2009, SG&A was negatively impacted by \$2.0 million related to the launch of Homebase.

Newly launched Nectar Italia is outperforming expectations. It achieved the 12 month targeted 5 million member milestone in only four months, and recently signed up three new partners, namely UniCredit, Italy's largest financial institution, IBS, a leading online book retailer, and Quixa, a direct insurance provider. Based on Nectar Italia's performance to date, we are increasing our forecast for 2010 Gross Billings to 40 to 50 million Euros from our original forecast of 30 to 40 million Euros.

Carlson Marketing

Carlson Marketing experienced year-over-year growth with Gross Billings of \$169.0 million, \$17.4 million of which relates to the reclassification of customer deposits to deferred revenue. Top line growth reflects strength in Carlson Marketing's operations in Canada and Asia Pacific. Reported Adjusted EBITDA was \$21.9 million. Excluding the adjustment of \$17.4 million and migration costs of \$3.0 million for the second quarter and \$5.6 million year-to-date, Adjusted EBITDA for Carlson Marketing would have been \$7.5 million and \$18.3 million, respectively, resulting in an Adjusted EBITDA margin as a percentage of Gross Billings of 5 per cent for the quarter and 5.9 per cent year-to-date. Based on performance in the first half of the year, we are confirming Carlson Marketing's Gross Billings and Adjusted EBITDA guidance for the 2010 fiscal year.

Carlson Marketing's migration is on schedule to be completed by year end and the costs are tracking to the revised estimate outlined in May.

Cash Flow and Financial Position

At June 30, 2010, Groupe Aeroplan had \$541.1 million of cash and cash equivalents, \$6.8 million of restricted cash and \$11.5 million of short-term investments, for a total of \$559.4 million.

Groupe Aeroplan's Free Cash Flow was \$11.7 million for the second quarter of 2010.

Capital Expenditures

For the three and six months ended June 30, 2010, capital expenditures amounted to \$8.9 million and \$18.1 million, respectively. Anticipated capital expenditures, which are primarily associated with software development initiatives for fiscal 2010, are expected to approximate \$40.0 million for the full year 2010.

Income Taxes

Income taxes include \$7.7 million in current income taxes, representing an effective tax rate of 29.4 per cent. We expect the average current income tax rate for the year to approximate 30 per cent.

Normal Course Issuer Bid

The Corporation announced today that it has received approval from the Toronto Stock Exchange to increase the number of shares it can repurchase under the Normal Course Issuer Bid ("NCIB") from 5,000,000 to 19,983,631, or approximately 10% of the public float of 199,836,311 common shares as at May 11, 2010, during the period from May 14, 2010 to no later than May 13, 2011.

During the second quarter of 2010, pursuant to the NCIB previously announced on May 11, 2010, the Corporation purchased 2,500,000 common shares for total cash consideration of \$23.7 million. Subsequent to the second quarter, in July and August 2010, the Corporation purchased an additional 2,255,900 shares for total cash consideration of \$22.1 million.

Dividends Declared

Common Shares

The Board of Directors has declared a quarterly dividend of \$0.125 per common share, payable on September 30, 2010 to shareholders of record at the close of business on September 16, 2010.

Preferred Shares

The Board has also declared a quarterly dividend in the amount of \$0.40625 per Cumulative Rate Reset Preferred Share, Series 1, payable on September 30, 2010 to the holders of record at the close of business on September 16, 2010.

Dividends paid by Groupe Aeroplan to Canadian residents on both its common and preferred shares are "eligible dividends" for Canadian income tax purposes.

Chile

Groupe Aeroplan has also been busy in South America, where we have been licensing our IT expertise for the last three years. We have now agreed to license the successful Nectar brand to Cencosud for the relaunch of its proprietary loyalty program. Cencosud is one of the leading retailers in Latin America with presence in Argentina, Brazil, Chile, Colombia and Peru, and turnover of US\$11.6 billion.

Groupe Aeroplan does not have any financial stake in the program but we will receive a royalty stream in return for the provision of the Nectar brand, IT systems and other intellectual property. This is a great opportunity for us to cost effectively gain access to Chile and perhaps other regions of South America, exposing ourselves to significant opportunity while mitigating risks.

India

Carlson Marketing announced its expansion into India with the opening of an office in Mumbai on the strength of its relationship with Kingfisher Airlines. India represents a strategic opportunity for both Carlson Marketing and Groupe Aeroplan. Carlson Marketing has worked with Kingfisher over the last year to develop and differentiate the King Club program, a key part of the airline's value proposition. Carlson Marketing was chosen for this project based on its deep international loyalty and airline expertise. The new Mumbai office offers a full suite of services in support of loyalty and relationship building programs.

Outlook

For the year ending 2010, Groupe Aeroplan expects to report consolidated Gross Billings within the range of \$2.0 billion and \$2.1 billion and realize growth in consolidated Adjusted EBITDA compared to 2009 reported Adjusted EBITDA. Free Cash Flow levels for 2010 are expected to be reduced compared to 2009 as a result of investments required to support future growth and the effect of non-recurring favourable items which occurred in 2009.

The current income tax rate is anticipated to approximate 30% in Canada, and there is an expectation that no significant cash income taxes will be incurred in the rest of the Corporation's foreign operations.

For 2010, Groupe Aeroplan anticipates Gross Billings growth ranging between 2 and 4 per cent for Aeroplan Canada and Groupe Aeroplan Europe (excluding Nectar Italia). Based on the year-to-date performance of these loyalty programs and taking into account current market drivers in their respective environments, we now expect to achieve results at the high end of this range.

Groupe Aeroplan expects to realize growth in Adjusted EBITDA in its legacy businesses, after adjusting for operating costs, which

are not expected to recur in the future, related to the launch of the Nectar Italia program and the effect of brand investment promotional campaigns scheduled for 2010, in the Aeroplan and Nectar UK programs.

The Average Cost of Rewards per Aeroplan Mile Redeemed is now not expected to exceed 0.95 cents on an annual basis through to the end of 2011, with gross margin remaining relatively stable.

Gross Billings from Carlson Marketing are expected to approximate US\$600.0 million in 2010, with Adjusted EBITDA in the 6% to 8% range, before one-time migration costs, which are estimated at US\$26.0 million, and the \$17.4 million reclassification adjustment. The migration from Carlson Marketing's former parent company's infrastructure to a stand-alone platform is progressing according to schedule and is expected to be completed by the end of 2010.

The funding requirements for the launch of the Nectar Italia program, which will affect consolidated Adjusted EBITDA, are expected to be in the range of (euro)15 million over 2010. Nectar Italia is expected to generate annual Gross Billings in the range of (euro)60 million to (euro)80 million within three years. For 2010, Nectar Italia is now expected to generate annual Gross Billings in the range of (euro)40 million to (euro)50 million (up from the previous estimate of (euro)30 million to (euro)40 million).

The above guidance excludes the effect of any currency fluctuations on Groupe Aeroplan's operating results.

The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and should be read in conjunction with the "Caution Concerning Forward-Looking Information" section.

Use of Non-GAAP Financial Information

In order to provide a better understanding of the results, the following terms are used:

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA adjusted for certain factors particular to the business, such as changes in deferred revenue and Future Redemption Costs ("Adjusted EBITDA"), is used by management to evaluate performance, and to measure compliance with debt covenants. Management believes Adjusted EBITDA assists investors in comparing the Corporation's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods and non-operating factors such as historical cost.

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net income in measuring performance, and is not comparable to similar measures used by other issuers. For a reconciliation to GAAP, please refer to the Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows.

Adjusted Net Earnings

Net earnings in accordance with GAAP adjusted for Amortization of Accumulation Partners' contracts, customer relationships and technology, Change in deferred revenue, Change in Future Redemption Costs and the income tax effect thereon calculated at the effective income tax rate as reflected in the statement of operations, provides a measurement of profitability calculated on a basis consistent with Adjusted EBITDA.

Adjusted Net Earnings is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, and is not comparable to similar measures used by other issuers. For a reconciliation to GAAP, please refer to the Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule.

Standardized Free Cash Flow ("Free Cash Flow")

Free Cash Flow is a non-GAAP measure recommended by the CICA in order to provide a consistent and comparable measurement of free cash flow across entities of cash generated from operations and is used as an indicator of financial strength and performance.

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

- (a) total capital expenditures as reported in accordance with GAAP; and
- (b) dividends, when stipulated, unless deducted in arriving at cash flows from operating activities.

For a reconciliation to cash flows from operations please refer to the Summary of Consolidated Operating Results and Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow included in the attached schedule.

EBITDA and Free Cash Flow are non-GAAP measurements recommended by the CICA in accordance with the draft recommendations provided in their February 2008 publication, Improved Communications with Non-GAAP Financial Measures - General Principles and Guidance for Reporting EBITDA and Free Cash Flow.

Constant Currency

Because exchange rates are an important factor in understanding period to period comparisons, the presentation of various financial metrics on a constant-currency basis or after giving effect to foreign exchange translation, in addition to the reported metrics helps improve the ability to understand operating results and evaluate performance in comparison to prior periods. Constant-currency information compares results between periods as if exchange rates had remained constant over the periods. Constant currency is calculated by calculating prior-year results using current-year foreign currency exchange rates. Results calculated on a constant-currency basis should be considered in addition to, not as a substitute for, results reported in accordance with GAAP and may not be comparable to similarly titled measures used by other companies.

Q2 2010 Conference Call / Audio Webcast

Groupe Aeroplan will host a conference call to discuss its second quarter 2010 financial results at 8:00 a.m. ET on Thursday August 12, 2010. The call can be accessed by dialling 1- 888-231-8191 or 1-647-427-7450 for the Toronto area. The call will be simultaneously audio webcast at: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3147980>.

Supporting slides for the call will also be available the evening of August 11, 2010. An archive of the audio webcast and a copy of the slides will be available at: <http://www.groupeaeroplan.com/pages/invEvents.php> for ninety days following the original broadcast.

The unaudited interim consolidated financial statements, the MD&A and a financial highlights presentation will be accessible on the investor relations website at www.groupeaeroplan.com under Financial Results.

About Groupe Aeroplan Inc.

Groupe Aeroplan Inc., a global leader in loyalty management, owns Aeroplan, Canada's premier coalition loyalty program, Carlson Marketing, an international loyalty marketing services, engagement and events provider headquartered in the U.S., as well as Nectar, the United Kingdom's leading coalition loyalty program. In the Gulf Region, Groupe Aeroplan holds a 60 per cent interest in the Air Miles Middle East programs in the United Arab Emirates, Qatar and Bahrain. Groupe Aeroplan also operates LMG Insight & Communication, a customer-driven insight and data analytics business offering international services to retailers and their suppliers, and it has a majority 75 per cent ownership position in Nectar Italia, the first independent loyalty coalition program uniting leading retailers in Italy.

For more information about Groupe Aeroplan, please visit www.groupeaeroplan.com.

Caution Concerning Forward-Looking Statements

Forward-looking statements are included in this news release. 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. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst 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, risks related to the business and the industry, Air Canada liquidity issues, dependency on top accumulation partners and clients, conflicts of interest, Air Canada or travel industry disruptions, airlines industry changes and increased airline costs, retail market/economic downturn, greater than expected redemptions for rewards, industry competition, integration of Carlson Marketing, supply and capacity costs, unfunded future redemption costs, failure to safeguard databases and consumer privacy, consumer privacy legislation, changes to loyalty programs, seasonal nature of the business, other factors and prior performance, regulatory matters, legal proceedings, reliance on key personnel, labour relations, pension liability, technological disruptions and inability to use third party software, failure to protect intellectual property rights, interest rate and currency fluctuations, leverage and restrictive covenants in current and future indebtedness, dilution of shareholders, uncertainty of dividend payments, level of indebtedness-refinancing risk, managing growth, credit ratings, as well as the other

factors identified throughout Groupe Aeroplan's public disclosure record on file with the Canadian securities regulatory authorities.

The forward-looking statements contained herein represent Groupe Aeroplan's expectations as of August 11, 2010, and are subject to change after such date. However, Groupe Aeroplan 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.

1 A non-GAAP measurement.

Summary of Consolidated Operating Results and Reconciliation of EBITDA,
Adjusted EBITDA, Adjusted Net Earnings and Free Cash Flow

(in thousands, except miles, share and per share information)	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	\$	\$	\$	\$
Gross Billings	555,734(e)	358,947	1,073,681(e)	705,275
Gross Billings from the sale of GALUs	364,722	337,832	702,991	664,080
Revenue	451,869	312,400	935,861	648,144
Other revenue	21,328	21,115	44,115	41,195
Total revenue	473,197	333,515	979,976	689,339
Cost of rewards and direct costs	(274,256)	(204,360)	(579,996)	(433,016)
Gross margin	198,941	129,155	399,980	256,323
Selling, general and administrative expenses	(141,746)	(65,994)	(288,181)	(129,841)
Depreciation and amortization	(7,166)	(5,127)	(14,793)	(10,064)
Operating income before amortization of Accumulation Partners' contracts, customer relationships and technology	50,029	58,034	97,006	116,418
Depreciation and amortization	7,166	5,127	14,793	10,064
EBITDA(a)	57,195	63,161	111,799	126,482
Adjustments:				
Change in deferred revenue				
Gross Billings	555,734	358,947	1,073,681	705,275
Revenue	(473,197)	(333,515)	(979,976)	(689,339)
Change in Future Redemption Costs(b)	(49,849)	(18,029)	(60,401)	(7,101)
(Change in Net GALUs outstanding x Average Cost of Rewards per GALUs for the period)				
Subtotal of Adjustments	32,688	7,403	33,304	8,835
Adjusted EBITDA(a)	89,883(e)	70,564	145,103(e)	135,317
Net earnings in accordance with GAAP	13,991	26,746	28,863	49,974
Weighted average number of shares	198,905,059	199,462,480	199,181,460	199,423,366
Earnings per share(c)	0.06	0.13	0.12	0.25
Net earnings in accordance with GAAP	13,991	26,746	28,863	49,974
Amortization of Accumulation Partners' contracts, customer relationships and technology	23,812	20,485	46,780	40,200
Subtotal of Adjustments (from above)	32,688	7,403	33,304	8,835
Effective tax rate(d)	29.37%	32.15%	24.37%	25.38%

Tax on adjustments at the effective rate	(9,601)	(2,380)	(8,117)	(2,242)
Adjusted net earnings(a)&(c)	60,890	52,254	100,830	96,767
Adjusted net earnings per share(c)	0.29	0.26	0.48	0.49
Net earnings	13,991	26,746	28,863	49,974
Earnings per share	0.06	0.13	0.12	0.25
Cash flow from operations	48,141	121,843	18,410	105,831
Capital Expenditures	(8,910)	(6,005)	(18,069)	(13,987)
Dividends	(27,567)	(24,997)	(54,716)	(49,994)
Free cash flow(a)	11,664	90,841	(54,375)	41,850
Total assets	5,124,126	4,983,382	5,124,126	4,983,382
Total long-term liabilities	1,445,334	1,437,791	1,445,334	1,437,791
Total dividends	27,567	24,997	54,716	49,994
Total dividends per preferred share	0.406	N/A	0.718	N/A
Total dividends per common share	0.125	0.125	0.25	0.25

(in thousands, except miles, share and per share information)

%Variation

Q2 YTD

Gross Billings	54.8	52.2
Gross Billings from the sale of GALUs	8.0	5.9
Revenue	44.6	44.4
Other revenue	1.0	7.1
Total revenue	41.9	42.2
Cost of rewards and direct costs	34.2	33.9
Gross margin	54.0	56.0
Selling, general and administrative expenses	114.8	121.9
Depreciation and amortization	39.8	47.0
Operating income before amortization of Accumulation Partners' contracts, customer relationships and technology	(13.8)	(16.7)
Depreciation and amortization	39.8	47.0
EBITDA(a)	(9.4)	(11.6)

Adjustments:
Change in deferred revenue
Gross Billings Revenue
Change in Future Redemption Costs(b)
(Change in Net GALUs outstanding x Average Cost of Rewards per GALUs for the period)

Subtotal of Adjustments

Adjusted EBITDA(a) 27.4 7.2

Net earnings in accordance with GAAP
Weighted average number of shares
Earnings per share(c)

Net earnings in

accordance with GAAP	(47.7)	(42.2)
Amortization of Accumulation Partners' contracts, customer relationships and technology		
Subtotal of Adjustments (from above)		
Effective tax rate(d)		
Tax on adjustments at the effective rate		

Adjusted net earnings(a)&(c)	16.5	4.2
Adjusted net earning per share(c)		

Net earnings
Earnings per share

Cash flow from operations	(60.5)	(82.6)
Capital Expenditures		
Dividends		

Free cash flow(a)	(87.2)	(229.9)
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Total assets
Total long-term liabilities
Total dividends
Total dividends per preferred share
Total dividends per common share

- (a) A non-GAAP measurement.
(b) The per unit cost derived from this calculation is retroactively applied to all prior periods with the effect of revaluing the Future Redemption Cost liability on the basis of the latest available average unit cost.
(c) After deducting dividends paid on preferred shares in 2010.
(d) Effective tax rate calculated as follows: income tax expense per statement of operations / earnings before income taxes for the period.
(e) Includes the positive effect of a \$17.4 million adjustment, as a result of a reclassification of deferred revenue amounts previously included in customer deposits.

SEGMENTED INFORMATION

At June 30, 2010, the Corporation has three operating segments: AeroplanCanada, Carlson Marketing and Groupe Aeroplan Europe. The tables below summarize the relevant financial information by segment:

(in thousands, except miles information)	Three months ended June 30,			
	2010	2009	2010	2009
Operating segments	Groupe Aeroplan Aeroplan Canada		Europe	
Number of Aeroplan Miles issued (in billions)	20.5	20.1	-	-
Number of Total Miles redeemed (in billions)	15.0	17.0	-	-
Number of Aeroplan Miles redeemed (in billions)	15.0	16.3	-	-
	\$	\$	\$	\$
Gross Billings	265,521	260,463	121,256(d)	98,484
Gross Billings from the sale of GALUs	253,960	246,401	110,762	91,431
Revenue	227,060	241,085	69,160	71,315
Other revenue	11,562	14,062	9,765	7,053
Total revenue	238,622	255,147	78,925	78,368
Cost of rewards and direct costs	136,136	149,916	57,045	54,444
Gross margin	102,486	105,231	21,880	23,924
Selling, general and administrative expenses	34,730	38,458	30,593	23,709
Depreciation and amortization(a)	21,983	21,531	3,675	4,081

Interest on long-term debt	-	-	96	-	-
Interest income	4,198	-	410	2,799	1,640
Foreign exchange loss	-	-	-	-	-
Adjusted EBITDA(b)	77,528	-	70,217	896(d)	4,174
Earnings (loss) before income taxes	49,280	47,542	(9,685)	(2,308)	-
Additions to capital assets	4,403	4,985	135	1,020	-
Goodwill	1,675,842	1,675,842	263,779	312,778	-
Deferred revenue	1,682,476	1,624,180	299,951	318,771	-
Total assets	4,886,642	4,780,610	79,728	202,772	-

(in thousands, except miles information)

	2010	2009	2010	2009
Operating segments		Carlson Marketing		Corporate(c)

Number of Aeroplan Mile issued (in billions)

Number of Total Miles redeemed (in billions)

Number of Aeroplan Mile redeemed (in billions)

\$ \$ \$ \$

Gross Billings 168,957(d)&(e) - - -

Gross Billings from the sale of GALUs - - - -

Revenue 155,650 - - -

Other revenue - - - -

Total revenue 155,650 - - -

Cost of rewards and direct costs 81,075 - - -

Gross margin 74,575 - - -

Selling, general and administrative expenses 65,936 - 10,487 3,827

Depreciation and amortization(a) 5,320 - - -

Interest on long-term debt - - 12,645 9,125

Interest income 27 - - -

Foreign exchange loss - - - 9,224

Adjusted EBITDA(b) 21,946(d)&(e) - (10,487) (3,827)

Earnings (loss) before income taxes 3,346 - (23,132) (5,814)

Additions to capital assets 4,372 - N/A N/A

Goodwill 106,088 - N/A N/A

Deferred revenue 28,975 - N/A N/A

Total assets 157,756 - N/A N/A

(in thousands, except miles information)

Three months ended June 30,

2010 2009

Operating segments Consolidated

Number of Aeroplan Mile issued (in billions) - -

Number of Total Miles redeemed (in billions) - -

Number of Aeroplan Mile redeemed (in billions) - -

\$ \$

Gross Billings 555,734(d)&(e) 358,947

Gross Billings from the sale of GALUs 364,722 337,832

Revenue 451,870 312,400

Other revenue	21,327	21,115
<hr/>		
Total revenue	473,197	333,515
Cost of rewards and direct costs	274,256	204,360
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Gross margin	198,941	129,155
Selling, general and administrative expenses	141,746	65,994
Depreciation and amortization(a)	30,978	25,612
Interest on long-term debt	12,741	9,125
Interest income	7,024	2,050
Foreign exchange loss	-	9,224
Adjusted EBITDA(b)	89,883(d)&(e)	70,564
Earnings (loss) before income taxes	19,809	39,420
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Additions to capital assets	8,910	6,005
Goodwill	2,045,709	1,988,620
Deferred revenue	2,011,402	1,942,951
Total assets	5,124,126	4,983,382
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(a) Includes amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement.

(c) Includes revenue and expenses that are not directly attributable to any operating segment.

(d) Includes Gross Billings of \$101.6 million in the UK and \$87.7 million in the US for the three months ended June 30, 2010 compared to Gross Billings of \$80.3 million in the UK for the three months ended June 30, 2009.

(e) Includes the positive effect of a \$17.4 million adjustment, as a result of a reclassification of deferred revenue amounts previously included in customer deposits.

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