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Groupe Aeroplan Announces European VAT Ruling

MONTREAL, Oct 7 /CNW Telbec/ - Groupe Aeroplan Inc. (TSX : AER) today announced that its European division, Groupe Aeroplan Europe, has been notified of the result of its outstanding Value Added Tax (VAT) litigation. The European Court of Justice (ECJ) has ruled against Groupe Aeroplan Europe and in favour of HM Revenue & Customs. The case will be referred back to the UK Supreme Court for judgment based on the guidance of the ECJ.

The possibility of an adverse judgment was contemplated at the time of the purchase of Loyalty Management Group in 2007 and accordingly the purchase consideration was subject to a holdback of £27.1m which was placed into an escrow account. This amount will be released from escrow to Groupe Aeroplan and used to partially fund the VAT payable. There will be a net one-time non cash charge of approximately £33m which will affect Adjusted EBITDA, reflecting the repayment of historic input tax credits and a £13m one-time cash outflow, which includes interest charges.

Groupe Aeroplan Europe is well prepared to mitigate any ongoing increase in the cost base resulting from the ruling. In addition the findings of the judgment may provide some scope to assist in this mitigation.

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 largest coalition loyalty program. Groupe Aeroplan also operates LMG Insight & Communication, an international customer-driven insight and data analytics business. In addition, Groupe Aeroplan has majority equity positions in Air Miles Middle East and Nectar Italia as well as a minority position in Club Premier, Mexico's leading coalition loyalty program.

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

Caution Concerning Forward-Looking Statements

Certain statements in this news release may contain forward-looking statements. 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, 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, among other things, changing external events and general uncertainties of the economy and the business of Groupe Aeroplan and its partners. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including the factors identified throughout Groupe Aeroplan's public disclosure record on file with the Canadian securities regulatory authorities. The forward-looking statements contained in this news release represent Groupe Aeroplan's expectations as of October 7, 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.

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