



# AIR CANADA

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# Groupe Aeroplan Inc. Provides Update on Canadian Tax Rollover Treatment Afforded to Former Unitholders

Former unitholders of Aeroplan Income Fund no longer need to complete income tax elections as a result of conversion

MONTREAL, July 17 /CNW Telbec/ - Following the issuance by the Minister of Finance (Canada) on July 14, 2008 of proposed rules governing the conversion of income trusts into corporations (the "Proposed Conversion Rules"), Groupe Aeroplan Inc. (TSX: AER) (the "Corporation") today informed former unitholders of Aeroplan Income Fund (the "Fund") who held units of the Fund at the time of its conversion into the Corporation on June 25, 2008 (the "Former Unitholders"), that they should be able to defer any capital gain resulting from the exchange (the "Exchange") of their units of the Fund in consideration for shares of the Corporation without the need to complete and file income tax elections.

The Proposed Conversion Rules generally afford automatic tax-deferred rollover treatment to unitholders of income trusts who exchange all of their units solely in consideration for shares of a single class of a corporation which, after giving effect to the exchange and within a 60-day period, owns 100 per cent of the equity of the trust then outstanding. The Proposed Conversion Rules do not require, nor permit, the filing by unitholders of income tax elections for the tax-deferred rollover treatment to apply. The automatic tax-deferred rollover treatment applies to transactions that occur on or after July 14, 2008 and before 2013. The treatment also applies to transactions that occurred on or after December 19, 2007 and before July 14, 2008, if the corporation that acquired the units of the income trust validly elects in writing in its tax return for its taxation year that includes the date of Royal Assent of the rules to have the treatment apply.

Based on the Proposed Conversion Rules, the Corporation intends to file a written election to have the tax-deferred rollover treatment apply to the Exchange. Consequently, Former Unitholders are instructed not to complete and send income tax elections to the Corporation, despite statements to the contrary contained in the Management Information Circular of the Fund dated May 16, 2008 (the "Circular"). Should the final conversion rules not provide for an automatic tax-deferred rollover available to Former Unitholders in connection with the Exchange, the Corporation will advise Former Unitholders accordingly and will extend the 90-day period from the effective date of the conversion referred to in the Circular for completing and sending the income tax elections. Neither the Fund nor the Corporation will be responsible for any interest or penalties arising from the late-filing, if any, of income tax elections.

Former Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of the Exchange in their particular circumstances.

## Caution Concerning Forward-Looking Statements

Certain statements in this news release may contain forward-looking statements. 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, dependency on top accumulation partners, Air Canada or travel industry disruptions, reduction in activity, usage and accumulation of Aeroplan Miles, retail market or economic downturn, greater than expected redemptions for rewards, industry competition, supply and capacity costs, unfunded future redemption costs, changes to the Aeroplan and Nectar Programs, seasonal nature of the business, regulatory matters, VAT appeal and value and liquidity of the common shares, as well as the other factors identified throughout the Management Discussion & Analysis on file with the Canadian Securities regulatory authorities. The forward-looking statements contained in this discussion represent the Corporation's expectations as of July 17, 2008, and are subject to change after such date. However, the Corporation 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.

## About Groupe Aeroplan Inc.

Groupe Aeroplan Inc. is a leading international loyalty management corporation. Groupe Aeroplan owns the Aeroplan program, Canada's premier loyalty program and Nectar, the United Kingdom's leading coalition loyalty program. In the Gulf Region, Groupe Aeroplan owns 60 per cent of Rewards Management Middle East, the operator of Air Miles programs in the United Arab Emirates, Qatar and Bahrain. Groupe Aeroplan also operates Insight & Communication, a customer-driven insight and data analytics company offering worldwide services to retailers and their suppliers.

For more information, please visit [www.aeroplan.com](http://www.aeroplan.com).

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For further information: Media: JoAnne Hayes, (416) 352-3706, joanne.hayes@aeroplan.com; Analysts: Trish Moran, (416) 352-3728, trish.moran@aeroplan.com

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