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Aeroplan Income Fund to Convert to a Corporation

MONTREAL, May 9 /CNW Telbec/ - Aeroplan Income Fund (the "Fund") today announced that it has received board approval to reorganize its income trust structure into a growth oriented, dividend paying, global loyalty management public corporation. The proposed reorganization is subject to unitholder and other approvals and will be undertaken pursuant to a statutory plan of arrangement under the Canada Business Corporations Act (the "Arrangement").

Upon completion of the reorganization, it is anticipated that the dividend policy will initially be set at \$0.125 per common share per quarter, with the first dividend to be declared payable in respect of the quarter ended September 30, 2008. The dividend policy has been established with a view to maximizing the return to the shareholders while allowing the company to pursue its growth objectives through the maintenance of an appropriate capital structure.

"The reorganization will be a major milestone in our evolution as the global leader in loyalty management," said Rupert Duchesne, President and Chief Executive Officer, Aeroplan. "This change in structure will be fundamental in helping us achieve our strategic objectives over the coming years, mainly through increased flexibility to pursue attractive growth and acquisition opportunities as well as through unrestricted access to capital markets and foreign investors."

Following the reorganization, the composition of the Board of Directors of the resulting public corporation will be the same as that of Aeroplan Holding GP Inc. and Rupert Duchesne will serve as President and Chief Executive Officer. David L. Adams will serve as Executive Vice President and Chief Financial Officer, Alex Moorhead will take on the position of Executive Vice President and Chief Commercial Officer and Liz Graham of Executive Vice President and Chief Operating Officer.

Background and Reasons for the Arrangement

Since its initial public offering in June 2005, the Fund has operated under a trust structure which allowed it to continue to execute against its stated business strategy. Subsequent to the October 31, 2006 Federal government's announcement on tax policy relating to income trusts, the Fund has continuously reviewed its strategic objectives and all options available to it in respect thereof to ensure that its capital structure remains efficient and that unitholder value is being maximized.

Due in part to the current foreign ownership limitations applicable to the Fund and the increasing level of non-resident ownership in the Fund, the new tax treatment of publicly traded mutual fund trusts, including limitations regarding normal growth and undue expansion, as well as the evolution of the Fund's growth strategy, on March 4, 2008, the Board of Trustees and the Board of Directors requested that management formally retain financial advisors to conduct an in-depth analysis of the Fund's capital structure and its viability moving forward in the context of the Fund's strategy to become the global leader in loyalty management.

As a result of this analysis, it was determined that the arguments in favour of moving to a corporate structure were very compelling as the reorganization:

- Resolves issues relating to the potential non-compliance with foreign ownership limitations should additional units of the Fund be purchased on the public market or otherwise by non-residents;
- Provides better access to global capital markets to finance the Fund's growth strategy on a timely and cost efficient basis;
- Optimizes leverage in order to maximize returns to shareholders and enhances the Fund's ability to maintain an adequate investment-grade capital structure; and
- Expands the Fund's flexibility and ability to pursue attractive growth and acquisition opportunities.

Fairness Opinions

RBC Dominion Securities Inc. and TD Securities Inc. are acting as financial advisors with respect to the Arrangement. They have each provided an opinion that the consideration to be received by unitholders pursuant to the Arrangement is fair, from a financial point of view, to such unitholders.

The Aeroplan directors and trustees, based upon their own investigations, including the consideration of the fairness opinions provided by RBC and TD, have unanimously determined that the Arrangement is fair to unitholders, that it is in the best interest of the Fund and the unitholders and recommend that unitholders vote in favour of the Arrangement.

Mechanics of the Arrangement

If approved, the Arrangement will result in the reorganization of the

Fund's income trust structure into a growth oriented, dividend paying, global loyalty management public corporation and the units of the Fund held by unitholders will be transferred to the corporation in consideration for common shares on the basis of one common share for each unit transferred. It is expected that the reorganization will be completed on a tax-free rollover basis, subject to the filing of any required tax elections.

The Arrangement is subject to approval by not less than two-thirds of the votes cast by the unitholders voting in person or by proxy at an annual and special meeting of the unitholders scheduled to be held on June 19, 2008, not on June 2, 2008 as noted in the annual report. The Arrangement is also subject to the approval of the Superior Court of Québec and all necessary regulatory approvals. The company will apply to the Toronto Stock Exchange for the listing of its common shares and the Fund will seek the delisting of its units from the Toronto Stock Exchange following completion of the Arrangement.

It is anticipated that a management information circular will be mailed to unitholders at the end of May 2008 in connection with the Arrangement and other matters to be considered at the annual and special meeting. Although it is not possible to state with certainty, the Fund expects, subject to receipt of required approvals, that the reorganization will be effective on or about June 25, 2008.

May and June 2008 Distributions

It is expected that distributions to be paid to unitholders for the months of May and June 2008 will not be affected by the Arrangement. Accordingly, unitholders of record on May 30, 2008 and on the day preceding the closing of the reorganization will receive their regular monthly cash distribution of \$0.07 per unit.

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, appointment rights of ACE Aviation Holdings Inc. ("ACE"), foreign ownership limitations and impact on mutual fund trust status and value and liquidity of units, future sales or distributions of units by ACE, income tax matters, SIFT Rules, conversion to corporate structure, as well as the other factors identified throughout the MD&A. The forward-looking statements contained in this discussion represent the Fund's expectations as of May 8, 2008, and are subject to change after such date. However, the Fund 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 Aeroplan Income Fund

Aeroplan Income Fund is an unincorporated, open-ended trust established under the laws of the Province of Ontario. Aeroplan Income Fund is the owner of Aeroplan Limited Partnership, Canada's premier loyalty marketing company and operator of the Aeroplan loyalty program and Loyalty Management Group Limited, operator of Nectar, the United Kingdom's leading coalition loyalty program.

For more information about Aeroplan, please visit www.aeroplan.com.

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