

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the "Prospectus Supplement"), together with the accompanying amended and restated short form base shelf prospectus dated March 26, 2009 amending and restating the short form base shelf prospectus dated March 13, 2009 to which it relates, as amended or supplemented (the "Prospectus"), and each document deemed to be incorporated by reference in this Prospectus Supplement and the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Subject to certain exceptions, these securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus Supplement and into the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Groupe Aeroplan Inc. at 5100 de Maisonneuve Blvd. West, Montreal, Québec, H4A 3T2, telephone: (514) 205-7042 and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT
To the Amended and Restated Short Form Base Shelf Prospectus dated March 26, 2009
amending and restating the Short Form Base Shelf Prospectus dated March 13, 2009

New Issue

January 13, 2010



GROUPE AEROPLAN INC.
\$150,000,000
6,000,000 Cumulative Rate Reset Preferred Shares, Series 1

The holders of Cumulative Rate Reset Preferred Shares, Series 1 (the "Series 1 Preferred Shares") of Groupe Aeroplan Inc. (the "Corporation" or "Groupe Aeroplan") will be entitled to fixed cumulative preferential cash dividends, as and when declared by the board of directors of Groupe Aeroplan (the "Board of Directors"), 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 "Initial Fixed Rate Period"). The initial dividend, if declared, will be payable on March 31, 2010 and will be \$0.31164 per Series 1 Preferred Share, based on the anticipated closing of this offering on January 20, 2010.

For each five-year period after the Initial Fixed Rate Period (each, a "Subsequent Fixed Rate Period"), the holders of the Series 1 Preferred Shares will be entitled to fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last business day of each of March, June, September and December at the Annual Fixed Dividend Rate (as defined herein). Groupe Aeroplan will determine on the 30th day prior to the first day of a Subsequent Fixed Rate Period, the annual fixed dividend rate applicable to that Subsequent Fixed Rate Period (the "Annual Fixed Dividend Rate"). Written notice of the Annual Fixed Dividend Rate for the upcoming Subsequent Fixed Rate Period will be provided by Groupe Aeroplan to the registered holders on the 30th day prior to the first day of a Subsequent Fixed Rate Period. The Annual Fixed Dividend Rate will be equal to the sum of the 5-Year Government of Canada Bond Yield (as defined herein) on the 30th day prior to the first day of a Subsequent Fixed Rate Period plus 3.75%. See "Details of the Offering".

Option to Convert into Cumulative Floating Rate Preferred Shares, Series 2

Holders of the Series 1 Preferred Shares will have the option to convert their Series 1 Preferred Shares into Cumulative Floating Rate Preferred Shares, Series 2 (the "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 on March 31 every five years thereafter. Series 2 Preferred Shares will be entitled to floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last business day of each of March, June, September and December (the initial quarterly dividend period and each subsequent quarterly dividend period referred to as a "Quarterly Floating Rate Period") in an amount per Series 2 Preferred Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the three-month T-Bill Rate (as defined herein) plus 3.75% per annum (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined on the Floating Rate Calculation Date (as defined herein). See "*Details of the Offering*".

The Series 1 Preferred Shares will not be redeemable by Groupe Aeroplan prior to March 31, 2015. On March 31, 2015 and on March 31 every five years thereafter, subject to certain other restrictions set out in "*Details of the Offering – Provisions Common to the Series 1 Preferred Shares and the Series 2 Preferred Shares – Restrictions on Dividends and Retirement of Shares*", Groupe Aeroplan may, at its option, on at least 30 day and not more than 60 day prior written notice, 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 (less any tax required to be deducted and withheld by Groupe Aeroplan). See "*Details of the Offering*".

Standard & Poor's Rating Services ("S&P") has assigned a provisional rating of P-3 for the Series 1 Preferred Shares and DBRS Limited ("DBRS") has assigned a provisional rating of Pfd-3 for the Series 1 Preferred Shares. See "*Ratings*".

The Series 1 Preferred Shares and the Series 2 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See "*Risk Factors*".

The Corporation has applied to list the Series 1 Preferred Shares and the Series 2 Preferred Shares on the Toronto Stock Exchange (the "TSX"). Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Price: \$25.00 per Series 1 Preferred Share to yield initially 6.50%

| | Price to the Public ⁽¹⁾ | Underwriters' Fee ⁽¹⁾⁽²⁾ | Net Proceeds to the Corporation ⁽¹⁾⁽³⁾ |
|------------------------------------|------------------------------------|-------------------------------------|---|
| Per Series 1 Preferred Share | \$25.00 | \$0.75 | \$24.25 |
| Total | \$150,000,000 | \$4,500,000 | \$145,500,000 |

- (1) The Underwriters have been granted an over-allotment option (the "Over-Allotment Option") to purchase up to an additional 900,000 Series 1 Preferred Shares at the offering price exercisable at any time until the date that is 30 days following the Closing Date (as defined herein). This Prospectus Supplement qualifies both the grant of the Over-Allotment Option and the distribution of the Series 1 Preferred Shares that will be issued if the Over-Allotment Option is exercised. A purchaser who acquires Series 1 Preferred Shares forming part of the Underwriters' over-allocation position acquires such shares under this Prospectus Supplement regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Underwriters purchase all of the Series 1 Preferred Shares issuable under the Over-Allotment Option, the price to the public, the Underwriters' fee and the net proceeds to the Corporation will be \$172,500,000, \$5,175,000 (assuming no Series 1 Preferred Shares are sold to institutions) and \$167,325,000, respectively.
- (2) The Underwriters' fee is \$0.25 for each share sold to certain institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the Underwriters' fee and net proceeds assuming no shares are sold to such institutions.
- (3) Before deducting the estimated expenses of the offering of approximately \$600,000.

| Underwriters' Position | Maximum Size or Number of Securities Available | Exercise Period | Exercise Price |
|------------------------|--|--|----------------|
| Over-Allotment Option | 900,000 Series 1 Preferred Shares | Exercisable at the sole discretion of the Underwriters at anytime up to 30 days following the Closing Date | \$25.00 |

There is currently no market through which the securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

The earnings coverage ratios for Groupe Aeroplan for the 12-month periods ended December 31, 2008 and September 30, 2009 are less than one-to-one. See "Earnings Coverage Ratios" and "Risk Factors".

CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., Dundee Securities Corporation, HSBC Securities (Canada) Inc., Desjardins Securities Inc. and Raymond James Ltd. (collectively, the "Underwriters"), as principals, conditionally offer the Series 1 Preferred Shares, subject to prior sale, if, as and when issued and delivered by Groupe Aeroplan to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters on behalf of Groupe Aeroplan by Stikeman Elliott LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. The terms of the offering were established through negotiations between Groupe Aeroplan and the Underwriters.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is currently anticipated that the closing date of the offering (the "Closing Date") will be on or about January 20, 2010 or such later date as may be agreed upon by Groupe Aeroplan and the Underwriters, but in any event not later than February 1, 2010. Certificates representing the Series 1 Preferred Shares offered hereunder will be issued in fully registered form to CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, and will be deposited with CDS on the Closing Date. No certificates evidencing the Series 1 Preferred Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. A purchaser of a Series 1 Preferred Shares will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom the Series 1 Preferred Shares are purchased.

In certain circumstances, the Underwriters may offer the Series 1 Preferred Shares at a price lower than the price stated above. See "*Plan of Distribution*".

An investment in the Series 1 Preferred Shares is subject to certain risks that should be considered by prospective investors. See "*Risk Factors*" in the Prospectus and in this Prospectus Supplement.

Subject to applicable laws and in connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. are, directly or indirectly, subsidiaries or affiliates of lenders to Groupe Aeroplan or its subsidiaries. Accordingly, Groupe Aeroplan may be considered a "connected issuer" of such Underwriters for the purposes of securities regulations in certain provinces and territories of Canada. A portion of the net proceeds from this offering will be used to reduce Groupe Aeroplan's indebtedness to such lenders. See "*Relationship Between the Corporation and the Underwriters*" and "*Use of Proceeds*".

The registered and head office of Groupe Aeroplan is located at 5100 de Maisonneuve Blvd. West, Montreal, Québec, Canada H4A 3T2.

Unless otherwise specifically stated, all dollar amounts in this Prospectus Supplement are expressed in Canadian dollars.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Groupe Aeroplan, at 5100 de Maisonneuve Blvd. West, Montreal, Québec, Canada H4A 3T2, telephone: (514) 205-7042 and are also available electronically at www.sedar.com.

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus solely for the purposes of the offering. Other documents are also incorporated, or deemed to be incorporated, by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

The following documents filed by Groupe Aeroplan with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) Annual Information Form of Groupe Aeroplan dated March 27, 2009 in respect of Groupe Aeroplan's financial year ended December 31, 2008 (the "AIF");
- (b) Audited Consolidated Financial Statements of Groupe Aeroplan for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon;
- (c) Management's Discussion and Analysis of the Financial Condition and Results of Operations of Groupe Aeroplan for the years ended December 31, 2008 and 2007 (the "Annual MD&A");
- (d) Unaudited Interim Consolidated Financial Statements of Groupe Aeroplan for the three and nine months ended September 30, 2009 and 2008, together with the notes thereto;
- (e) Management's Discussion and Analysis of the Financial Condition and Results of Operations of Groupe Aeroplan for the three and nine months ended September 30, 2009 and 2008 (the "Third Quarter MD&A"); and
- (f) Management Information Circular of Groupe Aeroplan dated April 15, 2009 in connection with the annual meeting of shareholders of Groupe Aeroplan held on May 21, 2009.

Any statement contained in the Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference in the Prospectus or in this Prospectus Supplement for the purposes of this offering shall be deemed to be modified or superseded, for the purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement, except as so modified or superseded.

FORWARD-LOOKING STATEMENTS

This Prospectus Supplement 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 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 four commercial partners that purchase loyalty marketing services, including Aeroplan Miles, Air Canada or travel industry disruptions, airlines industry changes and increased airline costs, reduction in activity, usage and accumulation of Aeroplan Miles, retail market/economic downturn, greater than expected redemptions for rewards, industry competition, supply and capacity costs, unfunded future redemption costs, failure to safeguard databases and consumer privacy, consumer privacy legislation, changes to the Aeroplan and Nectar Programs, seasonal nature of the business, other factors and prior performance, regulatory matters, VAT appeal, reliance on key personnel, labour relations and pension liability, technological disruptions and inability to use third party software, failure to protect intellectual property rights, currency fluctuations, interest rate and currency fluctuations, leverage and restrictive covenants in current and future indebtedness, dilution of Groupe Aeroplan shareholders, uncertainty of dividend payments, level of indebtedness-refinancing risk, managing growth, integration of Carlson Marketing, as well as the other factors identified throughout this Prospectus Supplement or in the documents incorporated by reference herein. The forward-looking statements contained herein represent Groupe Aeroplan's management's expectations as of the date of this Prospectus Supplement, 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 laws. See "*Risk Factors*".

RECENT DEVELOPMENTS

Acquisition of Carlson Marketing

On December 7, 2009, Groupe Aeroplan completed the acquisition of Carlson Marketing Worldwide, Inc. ("Carlson Marketing"), a privately-owned marketing services provider headquartered in the United States for a net purchase price of US\$175.3 million (C\$188 million). The acquisition of Carlson Marketing was financed with cash on hand and borrowings from Groupe Aeroplan's term and revolving credit facilities pursuant to the credit agreement entered into on June 12, 2009, as amended (the "Credit Agreement").

Groupe Aeroplan's existing businesses and Carlson Marketing will continue to operate separately and independently. Carlson Marketing's businesses consist of its Loyalty Marketing Services division and its Engagement and Events division.

Loyalty Marketing Services Division

Carlson Marketing's Loyalty Marketing Services division designs, implements and measures loyalty programs and complex brand initiatives. Its solutions and expertise enable marketers to retain and grow their most profitable customers. For each loyalty program, Carlson Marketing develops and hosts branded websites and microsites. These sites are utilized for content delivery and as a platform for participants to access program information, rewards and merchandise catalogs. Carlson Marketing is distinguished by its end-to-end service offering, spanning strategy and planning, and by its services such as creative design, customer service, predictive modeling of customer behaviour and results measurement. By handling every aspect of clients loyalty initiatives in-house, Carlson Marketing reduces the execution risk, coordination and cost to its clients.

Carlson Marketing has internal capability to segment consumers and develop tailored communications. In order to create a one-to-one connection between the brand and its consumers, Carlson Marketing employs statisticians and mathematicians to map distinct communication plans for specific consumer groups. Furthermore, Carlson Marketing utilizes purchase behaviour data, customer feedback and research surveys to help clients make better decisions about product mix, retail locations and customer service.

Carlson Marketing has designed loyalty programs and brand initiatives for some of the world's best known brands in sectors including financial services, automotive, high tech, consumer packaged goods and pharmaceutical.

The Loyalty Marketing Services division's international footprint spans four continents and includes regional headquarters in Minneapolis, Toronto, London and Sydney, as well as presence in South America. It has 1,928 employees, located in 17 offices and is headquartered in Plymouth, Minnesota.

Engagement and Events Division

Carlson Marketing's Engagement and Events division is a full-service meetings and events management operation which provides employee and channel incentive programs, and large scale event planning and fulfillment services, primarily to U.S. corporations both domestically and abroad. It creates events and corporate meetings that help clients recognize achievement, deliver information and educational content. The range of services provided by Carlson Marketing include strategy and design, procurement, creative execution and services, as well as on-site registration, program management, awards fulfillment and customer service. The Engagement and Events division has 246 employees and is headquartered in Plymouth, Minnesota.

USE OF PROCEEDS

The net proceeds to Groupe Aeroplan from the offering will be approximately \$144,900,000 after deducting the Underwriters' fee of \$4,500,000 (assuming no Series 1 Preferred Shares are sold to institutions) and the estimated expenses of the offering of \$600,000. If the Underwriters exercise the Over-Allotment Option in full, the net proceeds to Groupe Aeroplan from the offering will be approximately \$166,725,000 after deducting the Underwriters' fee of \$5,175,000 (assuming no Series 1 Preferred Shares are sold to institutions) and the estimated expenses of the offering of \$600,000. The expenses of the offering and the Underwriters' fee will be paid out of the proceeds of this offering.

The proceeds of the offering will be used as follows: (i) \$140 million to repay indebtedness under Groupe Aeroplan's revolving credit facility; and (ii) the balance for general corporate purposes. The proceeds of the revolving credit facility were used to finance a portion of the acquisition price of Carlson Marketing on December 7, 2009, as described under "*Recent Developments*", and for general corporate purposes.

EARNINGS COVERAGE RATIOS

The following consolidated earnings coverage ratios are calculated for the 12-month periods ended December 31, 2008 and September 30, 2009. These earnings coverage ratios have been calculated on a consolidated basis using financial information prepared in accordance with Canadian generally accepted accounting principles and give effect to the issuance of long-term financial liabilities of Groupe Aeroplan, and the repayment, redemption or other retirement thereof since the dates indicated below. The ratios give pro forma effect to the issuance of the Series 1 Preferred Shares that may be issued pursuant to this Prospectus Supplement and to the application of the net proceeds from the offering, as described under "*Use of Proceeds*".

After giving effect to these transactions, Groupe Aeroplan's interest requirements and dividend requirements adjusted to a before-tax equivalent using an effective income tax rate of 27.6% amounted to \$41 million and \$14 million, respectively, for the 12-month period ended December 31, 2008 and \$38 million and \$14 million, respectively, for the 12-month period ended September 30, 2009. Groupe Aeroplan's loss before interest and income tax for the 12-month period ended December 31, 2008 amounted to \$917 million and to \$964 million for the 12-month period ended September 30, 2009. Groupe Aeroplan's earnings coverage ratios for the 12-month period ended December 31, 2008 and for the 12-month period ended September 30, 2009 are less than one-to-one. Additional earnings before interest requirements and income taxes of \$972 million would be required to achieve a one-to-one earnings coverage ratio for the 12-month period ended December 31, 2008 and of \$1,015 million for the 12-month period ended September 30, 2009.

CAPITALIZATION OF THE CORPORATION

The following table sets forth Groupe Aeroplan's capitalization and indebtedness at September 30, 2009 on an actual basis and on a pro forma basis as adjusted to reflect (i) a \$25 million drawdown on the Corporation's term credit facility on December 7, 2009, (ii) a \$65 million drawdown on the Corporation's revolving credit facility on December 7, 2009, (iii) a disbursement of \$188 million on the acquisition of Carlson Marketing on December 7, 2009, (iv) the issuance of the Series 1 Preferred Shares and (v) the application of the proceeds from the offering, in each case, as if it occurred on September 30, 2009.

The table below is based on Groupe Aeroplan's unaudited consolidated balance sheet as at September 30, 2009. This table should be read in conjunction with the financial statements of Groupe Aeroplan and other information included in the documents incorporated by reference in this Prospectus Supplement and the Prospectus.

| | As at September 30, 2009 (in thousands of dollars) (Unaudited) | |
|---|--|------------------------|
| | Actual | As Adjusted |
| Cash and Cash Equivalents | 615,788 | 522,688 ⁽¹⁾ |
| Short-Term Investments | 23,879 | 23,879 |
| Total Cash and Cash Equivalents and Short-Term Investments | 639,667 | 546,567 |
| | | |
| Long-Term Debt – Credit Facilities | 338,254 | 288,254 ⁽²⁾ |
| 9.0% Senior Secured Notes Series 1 | 200,000 | 200,000 |
| 7.9% Senior Secured Notes Series 2 | 150,000 | 150,000 |
| Total Indebtedness | 688,254 | 638,254 |
| | | |
| Shareholders' Equity | | |
| Series 1 Preferred Shares | — | 150,000 |
| Common Shares | 1,747,448 | 1,747,448 |
| Deficit | (1,113,979) | (1,113,979) |
| Contributed Surplus | 1,293,159 | 1,293,159 |
| Total Shareholders' Equity | 1,926,628 | 2,076,628 |
| Total Capitalization | 2,614,882 | 2,714,882 |

(1) Reflects (i) a \$25 million drawdown on the term facility on December 7, 2009; (ii) a \$65 million drawdown on the revolving credit facility on December 7, 2009; (iii) payment of the Underwriters' fees and the expenses of the offering; and (iv) the disbursement of \$188 million on the acquisition of Carlson Marketing on December 7, 2009. See "*Recent Developments*".

(2) Reflects (i) a \$25 million drawdown on the term facility on December 7, 2009; (ii) a \$65 million drawdown on the revolving credit facility on December 7, 2009; and (iii) the repayment of \$140 million of the revolving credit facility using proceeds from this offering. See "*Use of Proceeds*".

TRADING PRICE AND VOLUME

The common shares of Groupe Aeroplan (the "Common Shares") are listed for trading on the TSX under the symbol "AER".

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 each month from January 2009 to January 12, 2010, as quoted on Bloomberg.

| Month | Price per Common Share (\$) Monthly High | Price per Common Share (\$) Monthly Low | Common Share Total Monthly Volume | Common Share Average Daily Volume |
|---------------------------------|---|--|--|--|
| January 1 – January 12, 2010 | 11.60 | 11.15 | 4,428,326 | 632,618 |
| December 2009 | 10.89 | 9.44 | 22,686,945 | 1,080,331 |
| November 2009 | 10.29 | 8.86 | 20,370,297 | 970,014 |
| October 2009 | 9.91 | 9.00 | 14,831,279 | 706,251 |
| September 2009 | 9.95 | 8.92 | 11,848,759 | 564,227 |
| August 2009 | 10.40 | 8.59 | 16,700,776 | 835,039 |
| July 2009 | 9.81 | 7.34 | 30,018,302 | 1,364,468 |
| June 2009 | 8.39 | 7.18 | 23,598,662 | 1,072,666 |
| May 2009 | 9.02 | 7.10 | 18,214,067 | 910,703 |
| April 2009 | 8.33 | 7.18 | 13,688,665 | 651,841 |
| March 2009 | 9.54 | 7.84 | 16,130,216 | 733,192 |
| February 2009 | 10.26 | 8.65 | 14,445,701 | 760,300 |
| January 2009 | 10.05 | 8.18 | 14,726,422 | 701,258 |

DETAILS OF THE OFFERING

Prior to the issuance of the Series 1 Preferred Shares, the articles of incorporation of Groupe Aeroplan will be amended to create the Series 1 Preferred Shares and the Series 2 Preferred Shares. The following is a summary of the material rights, privileges, restrictions and conditions to be attached to the Series 1 Preferred Shares and the Series 2 Preferred Shares, and this summary is qualified in its entirety by reference to (i) the articles of incorporation of Groupe Aeroplan pursuant to which the Preferred Shares were created, copies of which were filed by Groupe Aeroplan with the Canadian securities regulatory authorities and available at www.sedar.com, and (ii) the articles of amendment of Groupe Aeroplan pursuant to which the Series 1 Preferred Shares and Series 2 Preferred Shares will be created, copies of which will be filed by Groupe Aeroplan with the Canadian securities regulatory authorities and will be available shortly following the closing of this offering at www.sedar.com.

Description of the Preferred Shares as a Class

Issuance in Series

The Board of Directors may, at any time and from time to time, issue Preferred Shares in one or more series, each series to consist of such number of Preferred Shares as may, before issuance thereof, be determined by the Board of Directors. The Board of 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.

Voting Rights

The holders of Preferred Shares shall not be entitled to receive notice of, nor to attend or vote at meetings of the shareholders of the Corporation, except to the extent provided under the provisions of the *Canada Business Corporations Act*. See "*Provisions Common to the Series 1 Preferred Shares and the Series 2 Preferred Shares - Voting Rights*".

Dividends

The holders of the Preferred Shares shall be entitled to receive, as and when declared by the Board of Directors, in preference and priority to any dividends on the Common Shares and any other shares of the Corporation 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 the Corporation.

Rights upon Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation 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 the Corporation distributed among the holders of the Common Shares or any other shares of the Corporation ranking junior to the Preferred Shares, be entitled to receive an amount equal to the consideration received by the Corporation 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 the Corporation.

Shareholder Approvals as a Class

Subject to applicable law, any approval of amendments required by law or by the articles of the Corporation in respect of the rights, privileges, restrictions and conditions attaching to the Preferred Shares, as a class, and any other approval to be given by the holders of Preferred Shares, as a class, may be given by a resolution passed by an affirmative vote of at least two-thirds of the votes cast at a duly called and held meeting of the holders of the outstanding Preferred Shares. At any meeting of holders of Preferred Shares as a class, each such holder will be entitled to one vote in respect of each Preferred Share held.

Provisions Unique to the Series 1 Preferred Shares as a Series

Defined Terms

The following definitions are relevant to the Series 1 Preferred Shares.

"***Annual Fixed Dividend Rate***" means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Bond Yield on the applicable Fixed Rate Calculation Date plus 3.75%.

"Bloomberg Screen GCAN5YR Page" means the display designated on page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada Bond yields).

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Government of Canada Bond Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Montreal time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the arithmetic average of the yields quoted to Groupe Aeroplan by two registered Canadian investment dealers selected by Groupe Aeroplan as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the closing date of this offering to, but excluding, March 31, 2015.

"Subsequent Fixed Rate Period" means the period from and including March 31, 2015 to, but excluding, March 31, 2020 and each five year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, March 31 in the fifth year thereafter.

For general information purposes only, Government of Canada bond yields are also normally available on the Bank of Canada's website at www.bankofcanada.ca.

Issue Price

The issue price per Series 1 Preferred Share is \$25.00.

Dividends

During the Initial Fixed Rate Period, the holders of the Series 1 Preferred Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last business day of each of March, June, September and December in each year at a per annum rate of 6.50%, or \$1.625 per Series 1 Preferred Share per annum. The first such dividend, if declared, will be paid on March 31, 2010 and, assuming an issue date of January 20, 2010, will amount to \$0.31164 per share.

During each Subsequent Fixed Rate Period, the holders of the Series 1 Preferred Shares will be entitled to receive fixed cumulative preferential cash dividends payable quarterly on the last business day of each of March, June, September and December in each year, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

Groupe Aeroplan will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon Groupe Aeroplan and upon all holders of Series 1 Preferred Shares. Groupe Aeroplan will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of Series 1 Preferred Shares.

Payments of dividends and other amounts in respect of the Series 1 Preferred Shares will be made by Groupe Aeroplan to CDS, or its nominee, as the case may be, as registered holder of the Series 1 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 1 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 1 Preferred Shares for the purposes of receiving payment on the Series 1 Preferred Shares.

Redemption of Series 1 Preferred Shares

The Series 1 Preferred Shares will not be redeemable prior to March 31, 2015. Subject to the provisions described below under "*Provisions Common to the Series 1 Preferred Shares and the Series 2 Preferred Shares – Restrictions on Dividends and Retirement of Shares*", on March 31, 2015 and on each March 31 every fifth year thereafter, Groupe Aeroplan may redeem all or any part of the outstanding Series 1 Preferred Shares, at Groupe Aeroplan's option, by the payment in cash of \$25.00 per share so redeemed together with all declared and unpaid dividends to, but excluding, the redemption date (less tax, if any, required to be deducted and withheld).

The Series 1 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 1 Preferred Shares. See "*Risk Factors*".

Notice and Pro Rata Redemption

Groupe Aeroplan will give written notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where a part only of the then outstanding Series 1 Preferred Shares is at any time to be redeemed, the Series 1 Preferred Shares will be redeemed pro rata disregarding fractions, or, if such shares are at such time listed on the TSX, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares

Conversion at the Option of the Holder

Holders of Series 1 Preferred Shares will have the right, at their option, on March 31, 2015 and on each March 31 every fifth year thereafter (each such date a "Series 1 Conversion Date"), to convert, subject to the automatic conversion and restrictions on conversion described below and the payment or delivery to Groupe Aeroplan of evidence of payment of the tax (if any) payable, all or any of their Series 1 Preferred Shares registered in their name into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share. If a Series 1 Conversion Date would otherwise fall on a day that is not a business day, such Series 1 Conversion Date shall be the immediately following business day. Notice of a holder's intention to convert Series 1 Preferred Shares (a "Series 1 Election Notice") is irrevocable and must be received in writing by Groupe Aeroplan not earlier than the 30th day prior to, but not later than 5:00 p.m. (Montreal time) on the last business day preceding the relevant Series 1 Conversion Date.

Groupe Aeroplan will, not more than 60 and not less than 30 days prior to each Series 1 Conversion Date, give notice in writing to the then registered holders of the Series 1 Preferred Shares of the above-mentioned conversion right and provide such registered holders with a form of Series 1 Election Notice. On the 30th day prior to each Series 1 Conversion Date, Groupe Aeroplan will give notice in writing to the then registered holders of the Series 1 Preferred Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined below) applicable to the Series 2 Preferred Shares for the next Quarterly Floating Rate Period (as defined below).

Upon exercise by a registered holder of its right to convert Series 1 Preferred Shares into Series 2 Preferred Shares (and upon an automatic conversion), Groupe Aeroplan reserves the right not to deliver Series 1 Preferred Shares to any person whose address is in, or whom Groupe Aeroplan or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Groupe Aeroplan to take any action to comply with the securities or analogous laws of such jurisdiction.

Except in the case of an automatic conversion described below under "*Automatic Conversion and Restrictions on Conversion*", if the Corporation does not receive a Series 1 Election Notice from a holder of Series 1 Preferred Shares within the prescribed delay, then the Series 1 Preferred Shares of such holder shall be deemed not to have been converted into Series 2 Preferred Shares.

Automatic Conversion and Restrictions on Conversion

If Groupe Aeroplan determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 1 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares, then, all, but not part, of the remaining outstanding Series 1 Preferred Shares will automatically be converted into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share on the applicable Series 1 Conversion Date. Groupe Aeroplan will give notice in writing of the automatic conversion to all registered holders of the Series 1 Preferred Shares at least seven days prior to the Series 1 Conversion Date.

Furthermore, holders of Series 1 Preferred Shares will not be entitled to convert their shares into Series 2 Preferred Shares if Groupe Aeroplan determines that there would remain outstanding on a Series 1 Conversion Date less than 1,000,000 Series 2 Preferred Shares after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares. Groupe Aeroplan will give notice in writing of their inability to convert their Series 1 Preferred Shares to all registered holders of the Series 1 Preferred Shares at least seven days prior to the applicable Series 1 Conversion Date.

If Groupe Aeroplan gives notice to the registered holders of the Series 1 Preferred Shares of the redemption of all the Series 1 Preferred Shares, Groupe Aeroplan will not be required to give notice as provided hereunder to the registered holders of the Series 1 Preferred Shares of any dividend rates or of the conversion right of holders of Series 1 Preferred Shares and the right of any holder of Series 1 Preferred Shares to convert such shares will terminate.

Provisions Unique to the Series 2 Preferred Shares as a Series

Defined Terms

The following definitions are relevant to the Series 2 Preferred Shares.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 3.75% per annum (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365).

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Quarterly Commencement Date" means the last day of March, June, September and December in each year, commencing March 31, 2015.

"Quarterly Floating Rate Period" means the period from and including March 31, 2015 to, but excluding, the next Quarterly Commencement Date, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next Quarterly Commencement Date.

"T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills using the three-month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date, as posted on Reuters page "BOCBILL" (or such other page as may replace the BOCBILL page on that service for purposes of displaying Government of Canada Treasury Bills yields).

Issue Price

The issue price per Series 2 Preferred Share is \$25.00.

Dividends

The holders of the Series 2 Preferred Shares will be entitled to receive quarterly floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable on the last business day of each of March, June, September and December in each year. Such quarterly cash dividends will be in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by Groupe Aeroplan on the relevant Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon Groupe Aeroplan and upon all holders of Series 2 Preferred Shares.

Payments of dividends and other amounts in respect of the Series 2 Preferred Shares will be made by Groupe Aeroplan to CDS, or its nominee, as the case may be, as registered holder of the Series 2 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 2 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 2 Preferred Shares for the purposes of receiving payment on the Series 2 Preferred Shares.

Redemption of Series 2 Preferred Shares

Subject to the provisions described below under "*Provisions Common to the Series 1 Preferred Shares and the Series 2 Preferred Shares – Restrictions on Dividends and Retirement of Shares*", on any Series 2 Conversion Date (as defined below) on and after March 31, 2020, Groupe Aeroplan may redeem all or any part of the outstanding Series 2 Preferred Shares, at Groupe Aeroplan's option, by the payment in cash of \$25.00 per share so redeemed together with all declared and unpaid dividends to, but excluding, the redemption date (less tax, if any, required to be deducted and withheld).

On any date after March 31, 2015 that is not a Series 2 Conversion Date, Groupe Aeroplan may redeem all or any part of the outstanding Series 2 Preferred Shares, at Groupe Aeroplan's option, by the payment of an amount in cash of \$25.50 per share together with all declared and unpaid dividends to, but excluding, the redemption date (less tax, if any, required to be deducted and withheld).

The Series 2 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 2 Preferred Shares. See "*Risk Factors*".

Notice and Pro Rata Redemption

Groupe Aeroplan will give notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where a part only of the then outstanding Series 2 Preferred Shares is at any time to be redeemed, the Series 2 Preferred Shares will be redeemed pro rata disregarding fractions, or, if such shares are at such time listed on the TSX, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares

Conversion at the Option of the Holder

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 the automatic conversion and restrictions on conversion described below, 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. If a Series 2 Conversion Date would otherwise fall on a day that is not a business day, such Series 2 Conversion Date shall be the immediately following business day. Notice of a holder's intention to convert Series 2 Preferred Shares (a "Series 2 Election Notice") is irrevocable and must be received in writing by Groupe Aeroplan not earlier than the 30th day prior to, but not later than 5:00 p.m. (Montreal time) on the last business day preceding the relevant Series 2 Conversion Date.

Groupe Aeroplan will, not more than 60 and not less than 30 days prior to each Series 2 Conversion Date, give notice in writing to the then registered holders of the Series 2 Preferred Shares of the above-mentioned conversion right and provide such registered holders with a form of Series 2 Election Notice. On the 30th day prior to each Series 2 Conversion Date, Groupe Aeroplan will give notice in writing to the then registered holders of the Series 2 Preferred Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series 1 Preferred Shares for the next Subsequent Fixed Rate Period.

Upon exercise by a registered holder of its right to convert Series 2 Preferred Shares into Series 1 Preferred Shares (and upon an automatic conversion), Groupe Aeroplan reserves the right not to deliver Series 1 Preferred Shares to any person whose address is in, or whom Groupe Aeroplan or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Groupe Aeroplan to take any action to comply with the securities or analogous laws of such jurisdiction.

Except in the case of an automatic conversion described below under "*Automatic Conversion and Restrictions on Conversion*", if the Corporation does not receive a Series 2 Election Notice from a holder of Series 2 Preferred Shares within the prescribed delay, then the Series 2 Preferred Shares of such holder shall be deemed not to have been converted into Series 1 Preferred Shares.

Automatic Conversion and Restrictions on Conversion

If Groupe Aeroplan determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 2 Preferred Shares, after having taken into account all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares and all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares, then, all, but not part, of the remaining outstanding Series 2 Preferred Shares will automatically be converted into Series 1 Preferred Shares on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share on the applicable Series 2 Conversion Date. Groupe Aeroplan will give notice in writing of the automatic conversion to all registered holders of the Series 2 Preferred Shares at least seven days prior to the Series 2 Conversion Date.

Furthermore, holders of Series 2 Preferred Shares will not be entitled to convert their shares into Series 1 Preferred Shares if Groupe Aeroplan determines that there would remain outstanding on a Series 2 Conversion Date less than 1,000,000 Series 1 Preferred Shares after having taken into account all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares and all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares. Groupe Aeroplan will give notice in writing of their inability to convert their Series 2 Preferred Shares to all registered holders of the Series 2 Preferred Shares at least seven days prior to the applicable Series 2 Conversion Date.

If Groupe Aeroplan gives notice to the registered holders of the Series 2 Preferred Shares of the redemption of all the Series 2 Preferred Shares, Groupe Aeroplan will not be required to give notice as provided hereunder to the registered holders of the Series 2 Preferred Shares of any dividend rates or of the conversion right of holders of Series 2 Preferred Shares and the right of any holder of Series 2 Preferred Shares to convert such shares will terminate.

Provisions Common to the Series 1 Preferred Shares and the Series 2 Preferred Shares

Purchase for Cancellation

Groupe Aeroplan may at any time, by private contract or in the market or by tender, purchase for cancellation any Series 1 Preferred Shares or any Series 2 Preferred Shares at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Groupe Aeroplan or any other distribution of assets of Groupe Aeroplan among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of Groupe Aeroplan and of holders of shares of Groupe Aeroplan 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 Groupe Aeroplan), before any amount may be paid or any assets of Groupe Aeroplan 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 Groupe Aeroplan.

Restrictions on Dividends and Retirement of Shares

As long as any of the Series 1 Preferred Shares or Series 2 Preferred Shares are outstanding, the Corporation will not:

- declare or pay or set aside for payment any dividends on any shares of any class of shares of the Corporation ranking junior to the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable (other than stock dividends payable in shares of the Corporation ranking as to dividends and capital junior to the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable);
- call for redemption or redeem, call for purchase or purchase, or otherwise retire or reduce or make any return of capital in respect of shares of any class of shares of the Corporation ranking junior to the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, except in satisfaction of an obligation to purchase or obligation in respect of a sinking fund, of a right of retraction or of any other mandatory redemption provisions of any given series of any preferred shares;
- otherwise retire or reduce or make any return of capital in respect of any shares of any class of shares of the Corporation ranking on parity with the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, except in satisfaction of an obligation to purchase or obligation in respect of a sinking fund, of a right of retraction or of any other mandatory redemption provisions of any given series of any preferred shares; or
- issue additional shares ranking as to the payment of dividends or capital senior to the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable,

unless, in each such case, all dividends accrued up to and including the dividend payment date for the last completed period for which dividends are payable shall have been declared and paid or set aside for payment in respect of each series of cumulative Preferred Shares then issued and outstanding and on all other shares entitled to cumulative dividends and ranking on parity with the Preferred Shares and there will have been paid or set aside for payment all declared dividends in respect of each series of non-cumulative Preferred Shares and on all other non-cumulative shares ranking on parity with the Preferred Shares.

Amendments to Series

Groupe Aeroplan will not without, but may from time to time with, the approval of the holders of the applicable series given as specified below and any approval of the TSX as may be necessary, delete, add to or vary any rights, privileges, restrictions or conditions attaching to the Series 1 Preferred Shares or the Series 2 Preferred Shares.

Shareholder Approvals as a Series

Subject to applicable law, any approval of amendments required by law or by the articles of the Corporation in respect of the rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares or the Series 2 Preferred Shares, as a series, and any other approval to be given by the holders of the Series 1 Preferred Shares or the Series 2 Preferred Shares, as a series, may be given by a resolution passed by an affirmative vote of at least two-thirds of the votes cast at a duly called and held meeting at which the holders of at least 10% of the outstanding Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 1 Preferred Shares or the Series 2 Preferred Shares, as applicable, then present would form the necessary quorum. At any meeting of holders of Series 1 Preferred Shares or the Series 2 Preferred Shares as a series, each

such holder will be entitled to one vote in respect of each Series 1 Preferred Share or Series 2 Preferred Share held, as applicable.

Voting Rights

Subject to applicable law, holders of Series 1 Preferred Shares and Series 2 Preferred Shares, as such, will not be entitled to receive notice of, or to attend or to vote at, any meeting of Groupe Aeroplan's shareholders, unless and until Groupe Aeroplan has failed to pay dividends as described below. For greater certainty, the holders of Series 1 Preferred Shares and Series 2 Preferred Shares will not be entitled to receive notice of, or to attend or to vote at, any meeting relating to a proposal to effect an exchange of the Series 1 Preferred Shares or Series 2 Preferred Shares by way of an amalgamation or plan of arrangement involving Groupe Aeroplan provided that the rights, privileges, restrictions and conditions of the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, are not removed or changed and provided that no class of shares of Groupe Aeroplan superior to the Series 1 Preferred Shares and Series 2 Preferred Shares, as applicable, is created or the Series 1 Preferred Shares or Series 2 Preferred Shares are not otherwise negatively impacted.

In the event that Groupe Aeroplan 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 Groupe Aeroplan, other than meetings at which only holders of another specified class or series are entitled to vote, and to vote together with all of Groupe Aeroplan'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 Groupe Aeroplan of all accrued but unpaid dividends on the shares of such series until such time as Groupe Aeroplan may again fail to pay the applicable dividend for any further eight quarters, in which case such voting rights will become effective again. The foregoing entitlement is subject to the amendment of the voting rights' provisions of the Preferred Shares as a class to give effect to the foregoing right, which amendment will be subject to approval by the shareholders of Groupe Aeroplan at the next scheduled annual general meeting of the shareholders of the Corporation.

In the event that the aforesaid amendments are not implemented, then the Corporation shall, in the event that the dividends are not paid as described above, take all necessary steps to nominate for election to the Board of Directors, in the manner set out below, one independent candidate proposed by the holders of the Series 1 Preferred Shares, the Series 2 Preferred Shares, and any other Preferred Shares with respect to which any right to vote upon failure of Groupe Aeroplan to pay dividends is then in force, together as a class.

Said candidate shall be nominated for election pursuant to the vote of all shareholders eligible to vote in accordance with the articles and by-laws of Groupe Aeroplan at the next scheduled annual shareholders' meeting following Groupe Aeroplan's failure to pay the dividends as set forth above. Until all such dividends are paid in full, the candidate shall be nominated for election at each annual shareholders' meeting. When such dividends are paid in full, the foregoing right shall be extinguished and the nominee shall immediately resign. The aforementioned right shall become effective again at such time as Groupe Aeroplan may again fail to pay the applicable dividend for the number of quarters set forth above.

Priority

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

Tax Election

The Series 1 Preferred Shares and the Series 2 Preferred Shares will be "taxable preferred shares" as defined in the *Income Tax Act* (Canada) ("Tax Act") for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. Groupe Aeroplan will take any required actions, which will include the filing of the necessary election under Part VI.1 of the Tax Act, to ensure that holders that are corporations will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be

received) by such holder on the Series 1 Preferred Shares or Series 2 Preferred Shares. The terms of the Series 1 Preferred Shares and the Series 2 Preferred Shares require Groupe Aeroplan to make the necessary election under Part VI.1 of the Tax Act so that the corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares and Series 2 Preferred Shares. See "*Certain Canadian Federal Income Tax Considerations*".

Non-Business Days

If any action or payment is required to be taken or paid by Groupe Aeroplan or any matter, consequence or other thing is provided to occur, in respect of the Series 1 Preferred Shares or the Series 2 Preferred Shares on a day that is a Saturday or a Sunday or on a day on which banking institutions in Montreal or Toronto, Canada are authorized or obligated to close (a "non-business day"), then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is not a non-business day.

RATINGS

The Series 1 Preferred Shares have been given a provisional Canadian scale rating of P-3, by S&P. Such P-3 rating is the tenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Series 1 Preferred Shares have been given a provisional rating of Pfd-3 by DBRS. Pfd-3 is the eighth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.

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. Prospective investors should consult the rating agencies with respect to the interpretation and implications of ratings.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated January 13, 2010 (the "Underwriting Agreement") between the Corporation and the Underwriters, the Corporation has agreed to sell to the Underwriters and the Underwriters have jointly (severally) and not solidarily (jointly and severally) agreed to purchase from Groupe Aeroplan, as principals, on the Closing Date, subject to the terms and conditions stated in the Underwriting Agreement, all but not less than all of the 6,000,000 Series 1 Preferred Shares at a price of \$25.00 per share, payable in cash to the Corporation against delivery of such Series 1 Preferred Shares and payment of the Underwriters' fee described below.

The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 for each Series 1 Preferred Share sold to certain institutions and \$0.75 for all other Series 1 Preferred Shares sold on account of underwriting services rendered in connection with the offering. The Underwriters' fee is payable on the Closing Date.

The terms of the offering were established through negotiations between Groupe Aeroplan and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are joint (several) and not solidary (joint and several) and may be terminated if there should occur conditions of national or international consequences

which may materially adversely affect the Canadian financial markets and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of Series 1 Preferred Shares if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that Groupe Aeroplan will indemnify the Underwriters against certain liabilities and expenses.

The Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 900,000 Series 1 Preferred Shares at the offering price hereunder, exercisable at any time up to 30 days after the Closing Date.

The Underwriters propose to offer the Series 1 Preferred Shares initially at the public offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Series 1 Preferred Shares at \$25.00 per share, the price of the Series 1 Preferred Shares may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than \$25.00 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series 1 Preferred Shares is less than the gross proceeds paid by the Underwriters to the Corporation. Any reduction will not affect the proceeds received by Groupe Aeroplan.

Subscriptions for Series 1 Preferred Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The Corporation has applied to list the Series 1 Preferred Shares and the Series 2 Preferred Shares on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series 1 Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 1 Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, during the period commencing on the date hereof and ending on the day which is 90 days following the Closing Date, Groupe Aeroplan shall not, directly or indirectly, offer, sell or issue for sale or resale any preferred shares, or financial instruments convertible into or exercisable or exchangeable for preferred shares, or securities convertible into or exercisable or exchangeable for preferred shares, or announce its intention to do so other than pursuant to this offering; provided however, that Groupe Aeroplan may, directly or indirectly, offer, sell or issue for sale (i) any preferred shares, or financial instruments convertible into or exercisable or exchangeable for preferred shares, or securities convertible into or exercisable or exchangeable for preferred shares, in connection with the payment in full or in part of the purchase price of any business or assets related to Groupe Aeroplan's activities or (ii) the Series 1 Preferred Shares issued in connection with the offering.

The Series 1 Preferred Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Series 1 Preferred Shares may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

RELATIONSHIP BETWEEN THE CORPORATION AND THE UNDERWRITERS

CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. are, directly or indirectly, subsidiaries or affiliates of certain financial institutions (the "Lenders") that have made credit facilities available to Groupe Aeroplan or its subsidiaries. Accordingly, pursuant to applicable securities legislation, Groupe Aeroplan

may be considered a "connected issuer" of the Underwriters for the purposes of securities regulations in certain provinces and territories of Canada.

As of January 12, 2010, the Corporation was indebted to the Lenders under the Credit Agreement for approximately \$440 million, \$300 million of which represents the Corporation's drawings under its \$300 million term facility and \$140 million of which represents the Corporation's drawings under its \$300 million revolving credit facility.

As of the date of this Prospectus Supplement, the Corporation is in compliance with the terms of its indebtedness to the Lenders under the Credit Agreement. Since the indebtedness to the Lenders was incurred, the financial position of the Corporation and the value of the security given in respect thereof have not changed. The Lenders have not waived any breach of the Credit Agreement since its execution.

None of the Lenders were involved in the decision to offer the Series 1 Preferred Shares or in the determination of the terms of the distribution of the Series 1 Preferred Shares, including structure and pricing. As a consequence of the sale of the Series 1 Preferred Shares, each of the Underwriters will receive a fee in respect of Series 1 Preferred Shares sold through such Underwriter and the Lenders will receive a portion of the proceeds from Groupe Aeroplan as a repayment of outstanding indebtedness. See "*Use of Proceeds*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to Groupe Aeroplan, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is, at the date hereof, a fair summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series 1 Preferred Shares who acquires such shares pursuant to this Prospectus Supplement and to a holder of Series 2 Preferred Shares who acquires them as a result of the conversion of the Series 1 Preferred Shares (a "Holder") and who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada, holds the Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, as capital property, deals with Groupe Aeroplan at arm's length and is not affiliated with Groupe Aeroplan. Generally, the Series 1 Preferred Shares and Series 2 Preferred Shares will be considered to be capital property to a Holder provided that the Holder does not hold the Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada whose Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, might not otherwise qualify as capital property may, in certain circumstances, treat such shares as capital property, by making an irrevocable election pursuant to subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), a "specified financial institution" (as defined in the Tax Act), a Holder whose interest in the Series 1 Preferred Shares or Series 2 Preferred Shares, as the case may be, is a "tax shelter investment" (as defined in the Tax Act), or a Holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Tax Act. Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in this Prospectus Supplement, the current provisions of the Tax Act and the regulations thereunder (the "Regulations") in force at the date of this Prospectus Supplement, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current administrative and assessing practices published in writing by the Canada Revenue Agency (the "CRA"). This summary assumes that all proposed amendments will be enacted in the form proposed. There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax

consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Series 1 Preferred Shares or Series 2 Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends) received on the Series 1 Preferred Shares or Series 2 Preferred Shares by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. In certain circumstances, such individuals will be entitled to an enhanced dividend tax credit in respect of "eligible dividends". Eligible dividends generally include dividends received from public corporations resident in Canada to the extent such corporations do not have a "low rate income pool" (as defined in the Tax Act). Groupe Aeroplan will notify shareholders, in accordance with the Tax Act, of the extent to which dividends on the Series 1 Preferred Shares or the Series 2 Preferred Shares are eligible dividends. Prospective purchasers are urged to consult their own tax advisors in this respect.

Groupe Aeroplan will take any required actions, which will include the filing of the necessary election under Part VI.1 of the Tax Act, to ensure that Holders that are corporations will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) by such Holder on the Series 1 Preferred Shares and the Series 2 Preferred Shares.

Dividends (including deemed dividends) on the Series 1 Preferred Shares and the Series 2 Preferred Shares received by a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

A "private corporation" (as defined in the Tax Act), or any other corporation controlled whether by reason of a beneficial interest in one or more trusts or otherwise by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares or the Series 2 Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dividends received by an individual may give rise to a liability for alternative minimum tax.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 1 Preferred Shares or Series 2 Preferred Shares (either on redemption for cash or otherwise, but not on a conversion for Series 2 Preferred Shares or for Series 1 Preferred Shares, as the case may be) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption or purchase for cancellation by Groupe Aeroplan of Series 1 Preferred Shares or Series 2 Preferred Shares will not be included in computing the Holder's proceeds of disposition to any shareholder for purposes of computing the capital gain or capital loss arising on the disposition of the Series 1 Preferred Shares or the Series 2 Preferred Shares. See "*Redemption*" below.

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized by the Holder in the year. A Holder is required to deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized in the year, and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Holder in such years, to the extent and in the circumstances prescribed by the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Series 1 Preferred Share or a Series 2 Preferred Share may be reduced by the amount of any dividends received (or deemed to be received) by it on such Series 1 Preferred Share or Series 2 Preferred Share to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Series 1 Preferred Share or a Series 2

Preferred Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Holders to whom these rules may apply are advised to consult their own tax advisors.

A Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax of 6½% on its "aggregate investment income", which is defined to include an amount in respect of taxable capital gains.

Capital gains realized by an individual or a trust, other than certain trusts, may give rise to alternative minimum tax under the Tax Act.

Redemption

If Groupe Aeroplan redeems Series 1 Preferred Shares or Series 2 Preferred Shares for cash or otherwise acquires Series 1 Preferred Shares or Series 2 Preferred Shares other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by Groupe Aeroplan in excess of the paid-up capital of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*Dispositions*" above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of Series 1 Preferred Shares into Series 2 Preferred Shares, or of Series 2 Preferred Shares into Series 1 Preferred Shares, as applicable, will be deemed not to be a disposition and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of Series 2 Preferred Shares or Series 1 Preferred Shares, as applicable, received on the conversion will be deemed to be equal to the holder's adjusted cost base of the converted Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, immediately before the conversion.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to Groupe Aeroplan, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Series 1 Preferred Shares and the Series 2 Preferred Shares, provided they are listed on a designated stock exchange (which currently includes the TSX), if issued on the date of this Prospectus Supplement, would be qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and trusts governed by tax-free savings accounts. The Series 1 Preferred Shares and the Series 2 Preferred Shares will not be "prohibited investments" for a tax-free savings account where the holder of the tax-free savings account is not a "specified shareholder" of Groupe Aeroplan, within the meaning of the Tax Act, and Groupe Aeroplan deals at arm's length with the holder and any person in which the holder has a "significant interest", within the meaning of the Tax Act.

RISK FACTORS

Investors should consider carefully before purchasing the Series 1 Preferred Shares, the risks as well as the other information in this Prospectus Supplement and the documents incorporated by reference herein. In addition to the risks described herein, reference is made to the risks described in the information that is incorporated by reference into this Prospectus Supplement including, without limitation, the risk factors described in the AIF, the Annual MD&A and the Third Quarter MD&A.

Risks related to the businesses of Carlson Marketing

Following the acquisition of Carlson Marketing on December 7, 2009, Groupe Aeroplan may be subject to certain additional risks related to the businesses of Carlson Marketing. In addition and subject to the specific risks described below, Carlson Marketing's businesses are generally subject to risks and uncertainties that are similar to the risks and uncertainties applicable to Groupe Aeroplan's industry and business which are described in the AIF, the Annual MD&A and the Third Quarter MD&A.

Integration of Carlson Marketing

Prior to its acquisition by Groupe Aeroplan, Carlson Marketing was a subsidiary of Carlson Companies, Inc. ("CCI"). As part of the CCI group, Carlson Marketing's U.S. operations were integrated in CCI's administrative services platform, which includes accounting, human resources and payroll, information technology, consolidation, facilities and treasury (the "Transition Services"). As of December 7, 2009, CCI and Groupe Aeroplan entered into a transition services agreement to facilitate the effective transition of Carlson Marketing from CCI and its suppliers to Groupe Aeroplan and its suppliers. As such, the agreement provides that the Transition Services will continue to be provided to Carlson Marketing by CCI and its suppliers on a transitional basis, in consideration of certain fees payable to CCI under the agreement.

Groupe Aeroplan may experience difficulties or delays in integrating such Transition Services under its own and its suppliers' administrative, financial and information technology services platform. Should they occur, such difficulties or delays may have an adverse effect on the administrative functions of Carlson Marketing and may eventually have an adverse effect on the operations and financial performance of Carlson Marketing.

Currency Fluctuations

Prior to the acquisition of Carlson Marketing, Groupe Aeroplan's results were primarily sensitive to fluctuations in the Canada/U.S. dollar exchange rate and to the exchange rate from pound sterling (GBP) to Canadian dollars. Aeroplan Canada incurs expenses in U.S. dollars for such items as air, car rental and hotel rewards issued to redeeming Aeroplan members, while a substantial portion of its revenues are generated in Canadian dollars. A significant deterioration of the Canadian dollar relative to the U.S. dollar would increase the costs of Groupe Aeroplan. Substantially all of Groupe Aeroplan Europe's revenues and expenses are denominated in pounds sterling (GBP) rendering its results and their impact on Groupe Aeroplan's consolidated statements sensitive to fluctuations in the Canadian dollar exchange rate.

Further to the acquisition of Carlson Marketing, Groupe Aeroplan will be subject to greater exposure to currency fluctuations given that Carlson Marketing's activities are principally located outside Canada, including the United States, Europe and the Asia Pacific region. Financial results are sensitive to the changing value of the Canadian dollar and foreign operations are sensitive to the fluctuations of other currencies, including the United States dollar, British pound sterling and the Australian dollar.

Risks related to the Series 1 Preferred Shares and Series 2 Preferred Shares

The market value of Series 1 Preferred Shares and Series 2 Preferred Shares will be affected by a number of factors and, accordingly, its trading price will fluctuate

The value of Series 1 Preferred Shares and Series 2 Preferred Shares will be affected by the general creditworthiness of Groupe Aeroplan. The Corporation's Management's Discussion and Analysis for the year ended December 31, 2008 and for the nine-month period ended September 30, 2009 are incorporated by reference in this Prospectus Supplement. These analyses discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on Groupe Aeroplan's business, financial condition or results of operations. See also the discussion under "*Earnings Coverage Ratios*", which are relevant to an assessment of the risk that Groupe Aeroplan will be unable to pay dividends on the Series 1 Preferred Shares and Series 2 Preferred Shares or pay amounts due upon the liquidation, dissolution or winding-up of Groupe Aeroplan.

The market value of the Series 1 Preferred Shares and Series 2 Preferred Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in credit ratings on the Series 1 Preferred Shares or Series 2 Preferred Shares may also affect the cost at which Groupe Aeroplan can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

Prevailing yields on similar securities will affect the market value of the Series 1 Preferred Shares and Series 2 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 1 Preferred Shares and Series 2 Preferred Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of

Canada Bond Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities may affect the market value of the Series 1 Preferred Shares and Series 2 Preferred Shares.

Creditors of Groupe Aeroplan rank ahead of holders of Series 1 Preferred Shares and Series 2 Preferred Shares in the event of an insolvency or winding-up of Groupe Aeroplan

The Series 1 Preferred Shares and Series 2 Preferred Shares will rank equally with other Preferred Shares of Groupe Aeroplan that may be outstanding in the event of an insolvency or winding-up of Groupe Aeroplan. If Groupe Aeroplan becomes insolvent or is wound-up, Groupe Aeroplan's assets must be used to pay debt, including subordinated and inter-company debt, before payments may be made on Series 1 Preferred Shares and Series 2 Preferred Shares and other Preferred Shares.

The dividend rates on the Series 1 Preferred Shares and Series 2 Preferred Shares will reset

The dividend rate for Series 1 Preferred Shares and Series 2 Preferred Shares will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding period.

Investments in the Series 2 Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series 1 Preferred Shares. The resetting of the applicable rate on a Series 2 Preferred Share may result in a lower yield compared to a fixed rate Series 1 Preferred Share. The applicable rate on a Series 2 Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which Groupe Aeroplan has no control.

The Series 1 Preferred Shares and Series 2 Preferred Shares may be converted or redeemed without the holders' consent in certain circumstances

The Series 1 Preferred Shares and Series 2 Preferred Shares may be redeemed by Groupe Aeroplan in certain circumstances without the holders' consent. In addition, an investment in the Series 1 Preferred Shares may become an investment in Series 2 Preferred Shares, and vice versa, without the holders' consent in the event of an automatic conversion in certain circumstances. Upon the automatic conversion of the Series 1 Preferred Shares into Series 2 Preferred Shares, the dividend rate on the Series 2 Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series 1 Preferred Shares into Series 2 Preferred Shares, and vice versa, in certain circumstances. See "*Details of the Offering*".

Neither the Series 1 Preferred Shares nor the Series 2 Preferred Shares have a fixed redemption date

Neither the Series 1 Preferred Shares nor the Series 2 Preferred Shares have a fixed redemption date, nor are such shares retractable at the option of the holders thereof. The ability of a holder to liquidate its holdings of such shares may be limited.

There is currently no trading market for the Series 1 Preferred Shares and Series 2 Preferred Shares

There is currently no trading market for the Series 1 Preferred Shares and the Series 2 Preferred Shares. No assurance can be given that an active or liquid trading market for the Series 1 Preferred Shares and the Series 2 Preferred Shares will develop or be sustained. If an active or liquid market for the Series 1 Preferred Shares and the Series 2 Preferred Shares fails to develop or be sustained, the prices at which the Series 1 Preferred Shares and the Series 2 Preferred Shares trade may be adversely affected.

BOOK-ENTRY ONLY SECURITIES

Registration of interests in and transfers of the Series 1 Preferred Shares and Series 2 Preferred Shares will only be made through the book-entry only system administered by CDS, the whole subject to applicable law. On or about the Closing Date, Groupe Aeroplan will deliver to CDS a certificate evidencing the aggregate number of Series 1 Preferred Shares subscribed for under this offering. Series 1 Preferred Shares and Series 2 Preferred Shares must be acquired, transferred and surrendered for redemption, conversion or retraction through a participant in CDS

(a "CDS Participant"). All rights of an owner of Series 1 Preferred Shares or Series 2 Preferred Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 1 Preferred Shares or Series 2 Preferred Shares. Upon an acquisition of any Series 1 Preferred Shares or Series 2 Preferred Shares, the owner will receive only the customary confirmation.

The ability of a beneficial owner of Series 1 Preferred Shares or Series 2 Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Groupe Aeroplan has the option to terminate registration of the Series 1 Preferred Shares and Series 2 Preferred Shares through the book-entry only system, in which event certificates for Series 1 Preferred Shares and Series 2 Preferred Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

EXPERTS

Certain legal matters relating to the issue and sale of the Series 1 Preferred Shares will be passed upon on behalf of Groupe Aeroplan by Stikeman Elliott LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date hereof, the partners and associates of Stikeman Elliott LLP and Fasken Martineau DuMoulin LLP, each as a group, beneficially own, directly and indirectly, less than 1% of the securities of Groupe Aeroplan, or any associate or affiliate of Groupe Aeroplan outstanding at such date.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditors of Groupe Aeroplan are PricewaterhouseCoopers LLP, Chartered Accountants, Montreal, Québec.

The transfer agent and registrar for the Series 1 Preferred Shares and the Series 2 Preferred Shares will be CIBC Mellon Trust Company at its principal transfer offices in Montreal, Toronto, Vancouver, Calgary and Halifax.

STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. A purchaser of Series 1 Preferred Shares may no longer have civil liability remedies that are provided to purchasers under securities legislation, in the event the purchaser receives Series 2 Preferred Shares upon conversion of the Series 1 Preferred Shares. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the Prospectus Supplement dated January 13, 2010 to the Amended and Restated Short Form Base Shelf Prospectus of Groupe Aeroplan Inc. ("Groupe Aeroplan") dated March 26, 2009 amending and restating the Short Form Base Shelf Prospectus dated March 13, 2009 relating to the offering of 6,000,000 Cumulative Rate Reset Preferred Shares, Series 1 of Groupe Aeroplan. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of Groupe Aeroplan on the consolidated balance sheets of Groupe Aeroplan as of December 31, 2008 and 2007 and the consolidated statements of operations, shareholders' equity, comprehensive income (loss) and cash flows for each of the years in the two-year period ended December 31, 2008. Our report is dated February 26, 2009.

(signed) PricewaterhouseCoopers LLP
Chartered Accountants

Montreal, Québec
January 13, 2010

CERTIFICATE OF THE UNDERWRITERS

Dated: January 13, 2010

To the best of our knowledge, information and belief, the amended and restated short form base shelf prospectus of Groupe Aeroplan Inc., dated March 26, 2009 amending and restating the short form base shelf prospectus dated March 13, 2009, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

CIBC WORLD MARKETS INC.

**RBC DOMINION SECURITIES
INC.**

TD SECURITIES INC.

By: *(signed)* Benoit Lauzé

By: *(signed)* Jean-Marc Bougie

By: *(signed)* Luc Ouellet

BMO NESBITT BURNS INC.

SCOTIA CAPITAL INC.

By: *(signed)* Jeff Watchorn

By: *(signed)* Eric Michaud

NATIONAL BANK FINANCIAL INC.

By: *(signed)* Kit Dalaroy

DUNDEE SECURITIES CORPORATION

HSBC SECURITIES (CANADA) INC.

By: *(signed)* Lindsay A. Weiss

By: *(signed)* Luc Buisson

DESJARDINS SECURITIES INC.

RAYMOND JAMES LTD.

By: *(signed)* Mathieu Cardinal

By: *(signed)* William Murray