

# AIR MILES® Reward Program

## SPONSOR CERTIFICATION GUIDE

2010 EDITION

Version 1.0





# WELCOME

Welcome to the AIR MILES Reward Program!

The **Sponsor Certification Guide to the AIR MILES Reward Program** is a quick reference guide, designed to help your organization understand how to get started in the AIR MILES Reward Program. The Guide includes information on data capture and transmission, invoicing, data and analytics, marketing, Customer Care support, and much more.

We hope you find the Guide helpful and look forward to working together to make your launch a great success!



# TABLE OF CONTENTS

<b>1.0</b>	<b>CORPORATE OVERVIEW</b>	
1.1	About Alliance Data .....	5
1.2	About the AIR MILES Reward Program .....	5
1.3	AIR MILES Sponsors .....	6
1.4	AIR MILES Services .....	7
<b>2.0</b>	<b>GETTING STARTED</b>	
2.1	Launch Overview .....	8
2.2	Roles & Responsibilities .....	9
<b>3.0</b>	<b>SYSTEM DEVELOPMENT OVERVIEW</b>	
3.1	Development Work At-A-Glance .....	10
3.2	Assessing Scope of Work .....	11
<b>4.0</b>	<b>AIR MILES TECHNICAL REQUIREMENTS</b>	
4.1	AIR MILES Card Details .....	12
4.2	Key AIR MILES Data Fields & Definitions .....	13
4.3	Issuance Record Layouts .....	14
4.4	File Format .....	20
4.5	Signed Value Conversion Table .....	20
4.6	File Transmission Requirements .....	21
4.7	File Transmission Methods .....	21
4.8	SFTP Directory Information .....	22
<b>5.0</b>	<b>AIR MILES FILE PROCESSING &amp; AUDITING</b>	
5.1	Issuance File Processing .....	23
5.2	Auditing AIR MILES Transactions .....	24
<b>6.0</b>	<b>AIR MILES SET-UP &amp; ADMINISTRATION</b>	
6.1	Establishing the Data Structure .....	27
6.2	Assigning the Provider and Sponsor Code(s) .....	27
6.3	Requesting Extranet Access .....	28
6.4	Setting Location Codes .....	28
6.5	Setting Offer Codes .....	28
6.6	Submitting Manual Postings .....	31
<b>7.0</b>	<b>MANAGING FRAUD</b>	
7.1	Fraud at the POS Terminal .....	32
7.2	Sponsor methods used to deal with employee fraudulent activity .....	32
<b>8.0</b>	<b>AIR MILES CERTIFICATION OVERVIEW</b>	
8.1	Certification Assessment .....	33
8.2	Purpose of Certification Testing .....	33
8.3	Sponsor/Provider Certification Checklist .....	33
8.4	Security .....	34
	APPENDIX A: Merchant Service Providers .....	35
	APPENDIX B: Calculating Cumulative Offers .....	38
<b>9.0</b>	<b>INVOICING</b>	
9.1	Wire Transfer Instructions .....	40
9.2	AIR MILES Invoices .....	40



9.2.1	Minimum Financial Commitment (MFCA) Invoices .....	40
9.2.2	Above Minimum Invoices .....	40
9.2.3	Marketing Fee Invoices .....	41
9.2.4	Marketing Commitment Invoices .....	41
9.3	Late Charges/Penalties .....	41
9.4	Outstanding Invoices .....	41



# 1 CORPORATE OVERVIEW

## 1.1 ABOUT ALLIANCE DATA

Alliance Data (NYSE: ADS) and its family of businesses is a leading provider of loyalty and marketing solutions derived from transaction-rich data. Through the creation and deployment of customized solutions that measurably change consumer behavior, Alliance Data helps its clients to create and enhance customer loyalty to build stronger, mutually beneficial relationships with their customers. The Company manages millions of customer relationships for some of North America's largest and most recognizable brands, helping them grow their businesses and drive profitability. Headquartered in Dallas, Alliance Data employs approximately 7,000 associates at approximately 50 locations worldwide. Alliance Data is a leading provider of marketing-driven credit solutions, and is the parent company of Epsilon®, a leading provider of multi-channel, data-driven technologies and marketing services, and LoyaltyOne™, which owns and operates the AIR MILES® Reward Program, Canada's premier coalition loyalty program. For more information about the company, visit its web site, [www.AllianceData.com](http://www.AllianceData.com).

## 1.2 ABOUT THE AIR MILES REWARD PROGRAM

The AIR MILES Reward Program is Canada's premier coalition loyalty program, with more than 10 million active Collector accounts representing approximately two-thirds of Canadian households actively collecting AIR MILES reward miles with the recognizable blue card.



The AIR MILES Reward Program allows Collectors to earn travel, leisure, entertainment and other lifestyle rewards quickly, simply by doing their everyday shopping for products and services at AIR MILES Sponsors. Collectors can shop and collect AIR MILES reward miles at more than 100 brand-name Sponsors across the country, representing thousands of retail and service locations nationally.

AIR MILES reward miles can be redeemed for more than 1200 different rewards from movie passes to family attractions, electronic merchandise, sports and recreation, travel and more.

Since its inception in 1992, the Program has continued to provide exceptional value for Collectors as new Sponsors and Reward Suppliers are added. Each year, new Sponsors are added to the Program to help Collectors earn rewards faster. Collectors may also earn additional AIR MILES reward miles by making purchases with either a BMO Bank of Montreal Mosaik MasterCard with the AIR MILES Reward Option or the American Express AIR MILES Credit Card.

The AIR MILES Reward Program provides Sponsor companies with an opportunity to develop customer loyalty, customer management, margin improvement and sales promotion programs that are targeted and exclusive within their industry.

Consumers can enroll in the AIR MILES Reward Program at Sponsor locations, by calling toll-free, 1-888-AIR MILES (247-6453), (in Toronto 416-226-5171) or by visiting [www.airmiles.ca](http://www.airmiles.ca).



## 1.3 AIR MILES SPONSORS

ADI-Burtek	Harris & Roome - Wholesale	PharmaPlus
AgLine	Electrical Supply	PharmaSave
Alamo	Hello! Magazine	Pilot
American Express Credit Card	Hilton Hotels	Preferred Alberta Liquor Stores
Ashely Furniture	Hilton Garden Inn	Primus
Auto Parts Plus	Hilton Grand Vacations	Rachelle-Béry
Auto Plus	Hilton Hhonours	Réno-Dépôt
BMO Bank of Montreal	Homewood Suites by Hilton	Rexall Drug Store
Boston Pizza	Holiday Inn & Holiday Inn	Rogers Magazine Service
Botanix	Holiday Inn Express	Rona
Budget Car and Truck Rental	Indigo Hotels	RSA
Bullfrog Power	ICPEI	Safeway Grocery
Canadian Business	IGA/Les Marchés Tradition	Safeway Liquor Store
Canadian Spring	Industrial Alliance Auto & Home	Safeway Pharmacy
Candlewood Suites Hotel	Insurance	SaskEnergy
Carstar	Intercontinental Hotels & Resorts	SGL Canada
Century 21	Intercontinental Hotels Group	Shell Agency
Chatelaine	Iris	Shell Aviation
Chester Dawe	Jean Coutu	Shell Beaver
Club Voyages	Johnson Inc.	Shell Canada Bulk Associates
CNS	Labrador Source	Shell Commercial Fuel &
Coachman Insurance Company	L'actualité	Residential Heating Oil
Conrad Hotels and Resorts	Lawtons Drugs	Shell Payless
Craftsman Collision	LCBO	Shell Retail
Crowne Plaza - Hotels & Resorts	Living Lighting	Shell Turbo
Crowne Plaza - Hotel Services	LOULOU	Sobeys
DoubleTree by Hilton	Lumen - Wholesale Electrical	Staybridge Suites Hotel
Edmonton Transit System	Supplies	The CAT Rental Store
Embassy Suites	Macdonalds Consolidated	The Children's Education Funds Inc.
Flare	Macleans	The Shoe Company
Foodland Atlantic	Manitoba Liquor Marts	The Waldo-Astoria Collection
Fountain Tire	Manulife Financial - Flexcare Health	TIM-BR Mart
Framing & Art Centre	& Dental Insurance	Today's Parent
Gagnon Frère	Manulife Financial	Totem
George N. Jackson	Marlin Travel	Travel Plus
Germain Larivière	Metro	Tripcentral.ca
Gerrie Electric - Wholesale	Meubles Denis Reil Inc.	Ultra Food & Drug
Electrical Supplies	Meubles Marchand	UniglassPlus/Ziebert
Gescan	MoneySense	United Carpet
Global Pet Foods	National Car Rental	United Floors
Goodyear	Nettoyeurs Daoust/Forget	United Van Lines
Goodyear - Farm Tires	NLC Liquor Stores	Visions Electronic
Goodyear - Truck Tires	Northwest Airlines	VitroPlus/Ziebart
Hampton by Hilton	Osso	



## 1.4 AIR MILES SERVICES

The AIR MILES Reward Program has been providing a variety of services to its partners since 1992.

### **Travel Services**

Operates a fully IATA accredited travel agency, Loyalty Management Group Travel (LMGT), to support the AIR MILES Reward Program. The agency would be ranked among the top single site travel agencies in Canada, issuing more than 500,000 roundtrip flights and 100,000 car and hotel reservations annually, and with annual bookings in excess of \$150 million.

### **Contact Centre**

Operates two Contact Centre sites with over 700 specialists supporting all aspects of the AIR MILES Reward Program, including Sponsor inquiries, in both official languages (English and French). Monthly, the Contact Centre handles 335,000 calls, 66,000 e-mails, 10,000 enrollments, 15,000 address changes and 120,000 escalations.

The Customer Care Centre provides full customer care handling in all channels (IVR, Web, Instant, Phone and White Mail). It books travel and related insurance products, processes redemption bookings (travel, non-travel, package vacation and cruise), handles account inquiries (account profile updates and changes, card replacements, balance inquiries, transaction confirmations, miles postings), escalated call handling (exception booking, complaint management, booking issue management, redemption exchanges and refund), same-day cancellations of redemptions made on IVR and web channels, travel booking changes based on airline booking rules, and fulfillment for travel bookings (flight, car, hotel, package, cruise and insurance).

Contact Centre operating hours are Monday to Friday 8am EST to 9pm local time and Saturday 9am to 6pm EST.

### **Reward Services**

Has a team of seasoned buyers with industry expertise across each of the key portfolios. They maintain direct and long standing relationships with their supplier partners and it is through these direct relationships that the Program is able to negotiate the best possible price with assurances from the partner against damages, defects or customer service related issues. Suppliers are selected based on a set of rigid standards to ensure optimal value with unparalleled service quality and product consistency. Product procurement services also include inventory and order management and fulfillment. The AIR MILES Reward Portfolio has over 1200 unique Rewards from hundreds of Reward Suppliers. Close to 8 million Rewards redeemed annually across all categories (travel, merchandise, gift certificates/gift cards, leisure & entertainment, music/movies, and subscriptions).



## 2 GETTING STARTED

### 2.1 LAUNCH OVERVIEW

What	The complete integration of the AIR MILES Reward Program into your organization, from point-of-sale systems, to back-office reporting, marketing and communications, public relations, employee training, employee incentives, and so forth.																																																																																																																
How	This integration requires a joint, cross-functional and cross-organizational team effort by both the Sponsor and AIR MILES Reward Program.																																																																																																																
Who	<ul style="list-style-type: none"><li>• Business Stakeholder(s) able to articulate business requirements</li><li>• Legal Counsel</li><li>• IT Designates</li><li>• Marketing Designates (Planning + Execution)</li><li>• Public Relations Designates</li><li>• Human Resources/Employee Training Designates</li></ul>																																																																																																																
Why	Integrating the AIR MILES Reward Program and communicating the new partnership to consumers is an intense process requiring the completion of many tactical initiatives in a short period of time in advance of launch. All hands on deck approach required.																																																																																																																
Where	Project Teams may be local, remote or a combination of both. In-person meetings are scheduled as required; most meetings occur via conference call.																																																																																																																
When	<p>Most launch lead times average between three (3) and four (4) months, but can be as long as six (6) months. Lead times are heavily influenced by the Sponsor's IT development lead times and marketing planning and execution lead times.</p> <table><tr><th colspan="7">AIR MILES Reward Program - Integration Blocking Chart</th></tr><tr><th>Milestones</th><th>M1</th><th>M2</th><th>M3</th><th>M4</th><th>M5</th><th>M6</th></tr><tr><td>Program Participation Agreement Signed</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Point-of-Sale Assessment Conducted</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>AIR MILES Reward Program Operations Training Held</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Point-of-Sale Requirements Gathered</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Point-of-Sale Solution Recommended by Sponsor</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Point-of-Sale Implementation + Testing</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Development of Marketing Plan for Launch of AIR MILES Program</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Execution of Marketing Plan (mass, direct, and POS materials)</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Development of Employee Incentives + Training Program for Launch</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Roll-Out of Employee Training Program</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Training of AIR MILES Customer Care Centre Agents</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Development of Press Releases, and Internal/External Communications</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Distribution of Press Releases, and Internal/External Communications</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Launch - Announcement of Partnership in the marketplace</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> <p>M = Month</p>	AIR MILES Reward Program - Integration Blocking Chart							Milestones	M1	M2	M3	M4	M5	M6	Program Participation Agreement Signed							Point-of-Sale Assessment Conducted							AIR MILES Reward Program Operations Training Held							Point-of-Sale Requirements Gathered							Point-of-Sale Solution Recommended by Sponsor							Point-of-Sale Implementation + Testing							Development of Marketing Plan for Launch of AIR MILES Program							Execution of Marketing Plan (mass, direct, and POS materials)							Development of Employee Incentives + Training Program for Launch							Roll-Out of Employee Training Program							Training of AIR MILES Customer Care Centre Agents							Development of Press Releases, and Internal/External Communications							Distribution of Press Releases, and Internal/External Communications							Launch - Announcement of Partnership in the marketplace						
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## 2.2 ROLES & RESPONSIBILITIES


In preparation for launch, an AIR MILES team is pulled together to assist with integration.

Project Manager	Oversees a broad range of activities in order to meet the requirements of launch, including planning, execution, monitoring (of time, cost, quality, resources, and risks), communications, and delivery.
Sponsor Team	Team including representation from business stakeholder(s) responsible for negotiating the contract, IT, Marketing, Legal, Public Relations/Communications, Human Resources/Employee Training, and the Call Centre (if applicable).
Sponsor Operations Manager	Act as data custodians and subject matter experts for the AIR MILES system of record (AMMIS), assisting Sponsors on the best solution to support AIR MILES issuance based on promotional and program measurement requirements, system compatibility and time to market. Provide consultation/guidance for assessing new Sponsor requirements, data capture, and data exchange methods.
Sponsor Operations Coordinator	Sets up the data structure that allows the AIR MILES Reward Program to distinguish your data from all other Sponsor data. Provides training for your IT and Marketing delegates on the AIR MILES Sponsor Operations Extranet site for ongoing Program administration.
Sponsor Operations Analyst	Leads the AIR MILES certification testing process.
Public Relations Manager	Oversees all external communications pertaining to the launch of the Sponsor including media materials (where applicable) for Canada and potentially for distribution by Alliance Data in the USA. Responsible for drafting Sponsor communication (memo and Q&A) and coordinating distribution. Also responsible for working with internal communications to coordinate AMRP employee communication.
Client Services Team	Dedicated Client Services team responsible for the ongoing management of the relationship between your organization and the AIR MILES Reward Program. Includes: <b>Loyalty Strategy Manager</b> , responsible for long-term strategic development of Sponsor's business by leveraging AIR MILES currency/coalition/data insights; <b>Consumer Intelligence Analyst</b> , responsible for the development, application and interpretation of data-based analytics to derive insight to support Sponsor's business and marketing strategies; and a <b>Loyalty Marketing Manager</b> , responsible for joint development of Sponsor's marketing plans using AIR MILES and non AIR MILES channels/vehicles.



## 3 SYSTEMS DEVELOPMENT OVERVIEW

### 3.1 DEVELOPMENT WORK AT-A-GLANCE

	<p><b>FRONT-END DATA CAPTURE [ POS, WEB and/or CALL CENTRE ]</b></p> <ul style="list-style-type: none"> <li>• The AIR MILES Card can be captured by your system by scanning (bar code), swiping (magnetic stripe), and/or manually keying/entering the Number.</li> <li>• Once captured, the AIR MILES Card Number must be linked and stored with transaction details like place and time of purchase.</li> <li>• The AIR MILES Card Number must be validated on your system (i.e. point of sale, web site, micro site or other transactional processing platform) using the algorithm provided.</li> </ul>
	<p><b>BACK-END PROCESSING [ CALCULATION and TRANSMISSION ]</b></p> <ul style="list-style-type: none"> <li>• Calculate the number of miles to be awarded per offer.</li> <li>• Create "issuance file" containing transaction details; transmit to AMRP weekly.</li> <li>• Manage audit files and resolve exceptions based on reports provided by AIR MILES.</li> </ul> <p style="text-align: center;">↓</p> <p>Every time a Collector either shows his/her card at your locations, or provides their card number to your call centre or on your web site, he/she is entitled to earn AIR MILES reward miles in the purchase transaction. As an AIR MILES Sponsor, you are therefore required to capture the following pieces of information as part of the AIR MILES transaction:</p> <p><b>Mandatory Data Fields</b></p> <ul style="list-style-type: none"> <li>• <b>AIR MILES Card Number</b> - account being awarded AIR MILES reward miles</li> <li>• <b>Sponsor Code</b> - partner rewarding customer with miles</li> <li>• <b>Offer Code</b> - reason for reward of miles (base offer, bonus offers, vendor/supplier offers, etc)</li> <li>• <b>Location Code (if applicable)</b> – location (physical or virtual) where transaction took place</li> <li>• <b>Miles Issued</b> – number of reward miles earned</li> <li>• <b>Transaction Date</b> – date when reward miles were earned</li> </ul> <p><b>Optional Data Fields</b></p> <ul style="list-style-type: none"> <li>• <b>Purchase Amount (Recommended)</b> – Qualifying purchase amount</li> <li>• <b>Payment Type</b> – How customer paid (cheque, debit, credit, cash)</li> <li>• <b>Payment Method</b> – How card was entered (manually, swiped or scanned)</li> </ul> <p><b>Suggested Collector Experience Enhancements</b></p> <p>The following features are recommended to bolster Collector experience:</p> <ul style="list-style-type: none"> <li>• Total miles earned on purchase amount printed on receipt/invoice</li> <li>• Miles earned by offer type (base vs. bonus) printed on receipt/invoice</li> <li>• AIR MILES Card Number masked if printed on receipt/invoice</li> </ul>
<b>Frequency of Transmission:</b>	Weekly, but can accommodate any frequency
<b>Method of Transmission:</b>	SFTP, AS2, PGP Encryption, NDM



## 3.2 ASSESSING SCOPE OF WORK

In order to determine the scope of work (including time, cost and resource requirements), each of the following areas must be explored.

### STEP 1: Understanding your current environment and procedures that govern how changes are made to that environment.

1. What is your organization's current systems structure?
  - Do your point-of-sale system, web site and/or call centre systems all talk to each other? Or would development be required for each system independently?
  - Do all point-of-sale terminals communicate to a central server? Does that server reside at the location/site-level and communicate to a host?
  - Is the same point-of-sale system currently being used in all locations? Is the system the same in all lanes?
  - Where does transactional detail reside? (e.g. how promotions currently are run)
2. How are payments cleared in your business? Are you your own back office processor or are you using a third party acquirer?
3. Where does it make the most sense to capture the AIR MILES Card Number in your systems?
4. What other systems and processes would the introduction of the AIR MILES program touch (e.g. platinum systems)
5. What is the lead time to make changes within your environment?
6. Are their specific business/planning cycles that need to be considered for system changes to be scheduled?
7. What is the preferred method of data transmission used? Example: SFTP, AS2.
8. What is the preferred frequency of data transmission? Example: Weekly, Monthly.

### STEP 2: Understanding high-level business requirements that fall out of the offer(s) terms and conditions.

1. What is the base offer? (i.e. number of reward miles, eligible behaviour)
2. What is included and/or excluded? (e.g. taxes, products/product categories, etc)
3. What are the key Base Offer Terms & Conditions and Policies?
  - Are the reward miles earned at time of purchase or upon consumption (upon delivery/travel/etc)?
  - Is the offer available only in retail stores or across other channels (call centre, online)?
  - Is the offer available in all operating regions or only in select regions?
  - Is the offer available at all locations, or is participation by location optional? (applies to franchisee/licensee businesses)
  - Are all AIR MILES Collectors (e.g. national, regional, provincial, including/excluding Territories) eligible for the AIR MILES offers?
4. What are the bonus offers? (i.e. number of reward miles, eligible behaviour)
5. What are the key Bonus Offer Terms & Conditions and Policies?
  - Are the reward miles earned at time of purchase or upon consumption (upon delivery/travel/etc)?
  - Is the offer available in all channels? locations? regions?
  - Is the offer valid in combination with other AIR MILES or Sponsor offers in market at the same time?
  - What is included and/or excluded? (e.g. taxes, products/product categories, etc)
  - What period if the offer valid for? (i.e. promotion start and end dates)
5. How will returns/refunds be handled?
6. How will store credits be managed? (i.e. eligible or not towards base and bonus offers)
7. Will the AIR MILES Number/confirmation of miles issued appear on the customer's receipt/invoice?
8. What is the recommended course of action if someone cannot place the order in store and wants to phone it in?
9. Can the AIR MILES Number be added after the purchase has been made? In store? By phone?
10. Can the AIR MILES Number entered be changed on the purchase transaction after it's been made? In store? By Phone?
11. What types of business rules will be put in place in your POS systems to help your monitor employee fraud? (e.g. if same AIR MILES Collector Number swiped more than "x" times in one day, then trigger flag for investigation).

### STEP 3: Understanding AIR MILES technical requirements.

*See next section for complete details.*



## 4 AIR MILES TECHNICAL REQUIREMENTS

### 4.1 AIR MILES CARD DETAILS



Capture of the AIR MILES Card will occur on the Sponsor's front-end systems, generally at time of purchase. The Card Number can be captured in one of three ways: keyed manually, read by a magnetic reader off of the magnetic strip, or scanned from the bar code. The AIR MILES Card Number is 11 digits in length (10 digits + 1 check digit). The check digit is calculated and verified using a modified modulus 11 check digit algorithm.

#### Magnetic Strip

- Encoded with the AIR MILES Card Number, First and Last Name, Language Preference, and "Collector Since" Date (their enrollment month/year).

##### Track 1 Encoding

Field	Length	Value/Comments
Start Sentinel	2	%B
Prefix	16	Unused characters filled with spaces
First Name + initial	15	Unused characters filled with spaces
Last Name		Unused characters filled with spaces
Filler	24	"^" + "0" x 23
End Sentinel	1	?

##### Track 2 Encoding

Field	Length	Value/Comments
Track 2 Start Sentinel	1	;
Account Number	11	AIR MILES account number
Filler	25	"=0000777" + "0" x 17
Language Code	1	1 = English; 2 = French
Track 2 End Sentinel	1	?

#### Bar Code

- Encoded only with the AIR MILES Card Number.  
*Follow UPC, NFC 8 standards*  
*Length: 3 centimeters*  
*Width: 1.4 centimeters*  
*Collector Number: 12 digits (10+1 check digit account number, plus 1 bar code check sum digit).*



### AIR MILES Number Check Digit Algorithm - Modified Modulus 11

- AIR MILES Card Number must be validated at point of entry/capture within the Sponsor's systems.
- The formula below is a non-standard MOD11 algorithm that has been modified to meet AMMIS controls and standards.
- Define the first 10 digits of the Collector Number as D1-D10 (left through right) and compute the digit totals as follows:
  - $(D1*6)+(D2*5)+(D3*4)+(D4*3)+(D5*8)+(D6*7)+(D7*6)+(D8*5)+(D9*4)+(D10*3)$
  - Divide the digit total by 11 (using a 5 digit quotient and 2-digit remainder)
  - If the remainder is less than 2, the check digit equals 0
  - If the remainder is 2 or greater, the check digit equals 11 minus the remainder.
  - If Check Digit = D11 verification passed

#### Examples:

Calculation	Example A	Example B
Collector Account #	8006 086 0886	8006 194 8872
Digit Formula	$48+0+0+18+0+56+36+0+32+24$	$24\ 48+0+0+18+8+63+24+40+32+21$
Digit Formula Total	214	254
Divided by 11	$19 + 5/11$	$23 + 1/11$
Remainder	5	1
Check Digit	$11 - 5 = 6$	0
D11	6	2
Verification	PASSED	FAILED

## 4.2 KEY AIR MILES DATA FIELDS & DEFINITIONS

#### Provider Code:

- 4-byte alphanumeric code assigned by AIR MILES during the Program Administration Set Up process
- Uniquely identifies the source or provider of Sponsor data to AIR MILES. The AMRP Data Provider is the organization that monitors the environment and supplies the required transactional data to the AIR MILES Program. This can either be done by the Sponsor itself, or by the Sponsor's Service Provider.

#### Sponsor Code:

- 4-byte alphanumeric code assigned by AIR MILES during the Program Administration Set Up process
- Uniquely identifies the Sponsor (i.e. brand, banner, or business unit) on the AIR MILES database.

#### Location Code(s):

- 4-byte alphanumeric code defined by Sponsor during the Program Administration Set Up process
- Identifies a specific Sponsor retail location. If a Sponsor does not have retail locations, Location Codes may be used to track channels (e.g. call centre, IVR, web) or not used at all. Location Codes are linked to both the Sponsor and Offer Code(s).

#### Offer Code(s):

- 8-byte alphanumeric code defined by Sponsor during the Program Administration Set Up process
- Identifies a specific-Sponsor offer. It describes why the Collector earned miles (e.g. base/standard offer, bonus offers, vendor/supplier offers, and so forth). All transaction records sent to AIR MILES must include an Offer Code, which is linked to the Sponsor Code, making it unique to the Sponsor. Prior to launch, a base offer code is established by the Sponsor. The base offer code is set for the duration of the relationship with AIR MILES. All other codes (bonus, vendor, employee, contest, goodwill) are set as required.

The combination of Sponsor, Offer and Location Codes allows your organization to understand from who, where and why an AIR MILES Collector earned miles from you. For example, AIR MILES Card #8000 000 0001 earned miles from Shell Canada at a rate of 1/\$20 (base offer) at Store #2256. Transaction records are edited and validated for Sponsor-Offer-Location Codes both independently of one another, as well as in combination with each other.



### 4.3 ISSUANCE RECORD LAYOUTS

The 2 types of record layout requirements for AMMIS data are:

#### 1. Issuance Header Record and Audit Layout

The header layout identifies the data Provider, sequence number, total details records, and net reward miles issued. When processed, the header identifies the number of rejected and accepted detail, and the number of rejected and accepted reward miles.

#### 2. Issuance Detail Record and Audit Layout

The detail layout records the number of reward miles to be updated to the Collector's account; including SOL codes. All detail records must be arranged on the file by collector account number in ascending order. When processed, the details of the errors will be appended to the original issuance record; there can be no more than one audit file per input file. Each Issuance file will have a corresponding Audit file that requires immediate reconciliation.

#### Issuance Header and Audit Record Layout

Highlighted fields are reserved for audit reporting and should be blank filled.

	Field Name	Length	Start	End	Type	Required	Comments
1	Record Type	2	1	2	AN	Yes	Always "TH" Transaction Header
2	Reserved Space	6	3	8	AN	Reserved	Blank fill – do not use
3	Provider Code	4	9	12	AN	Yes	Always 4 character Provider Code given by AIR MILES
4	Transmission Sequence #	6	13	18	N	Yes	Start at '000001' and increment with each Issuance file sent
5	Process Date	8	19	26	N	Yes	Provider process date 'CCYYMMDD'
6	Process Time	6	27	32	N	Yes	Provider process time 'HHMMSS'
7	Total Detail Records	8	33	40	N	Yes	Total detail records on this file (excluding header record)
8	Miles Issued	13	41	53	N	Yes	Total miles for all detail records on file in Signed value format (See explanation in section 4.5)
9	Reserved Space	26	54	79	AN	Reserved	Blank fill – do not use
10	Rejected Detail	8	80	87	N		Number records on this file rejected by editor in numeric value (see file format document)
11	Rejected Miles	13	88	100	N		Number of reward miles rejected from this file in Signed value format
12	Accepted Detail	8	101	108	N		Number records on this file accepted by editor in numeric value (see file format document)
13	Accepted Miles	13	109	121	N		Number of reward miles accepted from this file in Signed value format
14	Reserved Space	79	122	200	AN	Reserved	Blank fill – do not use
15	Provider Reserved Space	50	201	250	AN	No	Field is returned unaltered. Data not loaded to AMMIS. Encryption is allowed.



## Issuance Detail and Audit Record Layout

Highlighted fields are reserved for audit reporting and should be blank filled.

	Field Name	Length	Start	End	Type	Required	Comments
1	Record Type	2	1	2	AN	Yes	Always "TD" – Transaction Detail
2	Reserved Space	15	3	17	AN	Reserved	Blank fill
3	Account Number	11	18	28	N	Yes	Collector's AMMIS account number. Must contain valid 11 digit account number, i.e. including the 'check digit'.
4	Sponsor Reference #	20	29	48	AN	No	<b>For Sponsor Use. Not loaded to AMMIS. Blank fill if not using. This field can be used for invoice numbers, PNR numbers, SKU numbers etc.</b>
5	Sponsor Code	4	49	52	AN	Yes	Provided 4 character code. Mandatory Field
6	Offer Code	8	53	60	AN	Yes	Valid Sponsor offer code. Mandatory Field
7	Location Code	4	61	64	AN	Yes	Mandatory if using location code – blank fill if this field is not being used
8	Sponsor Batch #	9	65	73	AN	No	<b>Sponsor identifier or blank fill if not used</b>
9	Miles Issued	9	74	82	N	Yes	Must use Signed value format. Mandatory Field
10	Reserved Space	18	83	100	AN	Reserved	Blank fill
11	Purchase Date	8	101	108	N	No	CCYYMMDD. Zero fill if unable to provide data
12	Offer Occurrence	3	109	111	N	No	001' for single purchases
13	Record Sequence #	7	112	118	N	No	<b>Not used. Zero fill</b>
14	Payment Type	8	119	126	AN	No	CASH, CRED, DEBT, CHCK or MIXD (combination of CASH and CRED) – blank fill if this field is not being used
15	Payment Method	1	127	127	AN	No	M - Manual (Keyed in) S - Scanned/Swiped – blank fill if this field is not being used
16	Dollar Value (Spend)	5	128	132	N	No	Nearest \$ rounded down (no decimal). Right justified, padded with zeros. Must use Signed value format. Zero fill if this field is not used.
17	Reserved Space	11	133	143	AN	Reserved	Blank fill
18	Filler	21	144	164	AN	NA	<b>This field will be returned in audit unaltered. Data not loaded to AMMIS. Encryption allowed</b>
19	Receive Date	8	165	172	N		Date file received (logged) in AMMIS
20	Load Date	8	173	180	N		Process date on AMMIS
21	Return Date	8	181	188	N		Date audit file generated
22	Merge to Account	11	189	199	N		Survivor Collector Account Number; Sponsor may need to change systems to replace the merge Survivor Account number
23	Audit Status Code	1	200	200	AN		E – Rejected Not added M – Merged W – Added w/ warning R – Merged w/ warning





	Field Name	Length	Start	End	Type	Required	Comments
24	Reserved Space	19	201	219	AN		Reserved
25	Error 1 Bad Account	1	220	220	AN		Rejected Error. Set to "Y" if invalid; (Account number does not exist on AMMIS. Could be as a result of keying error at point of sale, or Collector account has been deleted)
26	Not Used	1	221	221	AN		RESERVED FOR AIR MILES
27	Error 3 Bad SOL	1	222	222	AN		Rejected Error. Set to "Y" if invalid; (At least one of the codes provided is invalid. Most common reason is the offer or location code has not been set-up in AMMIS control tables). Sponsor should submit Offer or Location request to the Sponsor Operations & Capability Development Group.
28	Error 4 Miles Not Numeric	1	223	223	AN		Rejected Error. Set to "Y" if invalid; (Either characters or blank has been provided in the Miles Issued field). Resend the record with numeric signed field.
29	Error 5 Closed Accounts	1	224	224	AN		Rejected Error. Set to "Y" if invalid; (Account number has status "Closed" in AMMIS. Could be as a result of the collector calling in and having their account closed or closed due to fraud being noticed on this account)
30	Error 6 Offer Expired	1	225	225	AN		Rejected Error. Set to "Y" if invalid; (The offer code provided in the Issuance record has expired. If it has been determined that the expired offer code used was the intended offer code, contact Sponsor Operation to extend the offer code end date)
31	Not Used	1	226	226	AN		RESERVED FOR AIR MILES
32	Not Used	2	227	228	AN		RESERVED FOR AIR MILES
33	Error 10 Mileage Discrepancy	1	229	229	AN		Rejected Error. Set to "Y" is invalid; (Sponsor has attempted to: A) Post a greater number of miles that the business rules for that code allow B) Post miles other than the unit value defined in the business rules for that offer code C) Load an Issuance record for zero miles
34	Reserved Space	8	230	237	AN		RESERVED FOR AIR MILES
35	Warning 16 Invalid Payment Method	1	238	238	AN		Warning Error. Set to "Y" if invalid; (Valid values are M (indicating that account number was manually keyed at point of sale), and S (indicating that account number was successfully swiped or scanned at point of sale). Record will load to the database but the field will not)
36	Warning 17 Invalid Payment Type	1	239	239	AN		Warning Error. Set to "Y" if invalid; (Valid values are CASH, CRED, CHCK, MIXD and DEBT)
37	Warning 18 Invalid Dollar Amount	1	240	240	AN		Warning Error. Set to "Y" if invalid; (Numeric values only, no decimals allowed)





	Field Name	Length	Start	End	Type	Required	Comments
38	Reserved Space	10	241	250	AN	Reserved	Reserved Space. Blank fill

M	Merged Account	Found in the audit status code field. Indicates that the account number provided is a merged account (victim). Miles issued have been updated to the survivor account number (survivor account number provided starting in position 189).					
---	----------------	---	--	--	--	--	--

**NOTE:** If a Sponsor wishes to include customer or transaction ID information in the issuance file, then any of the following fields may be used – Field 4, 8, 13 or 18 (*highlighted in yellow in the table above*). The information WILL NOT be loaded to the AIR MILES database, but will be passed back as part of the audit file for easier investigation and reconciliation of failed records.



## Audit Record Layout Enhancements

Errors 3, 6 and 10 have additional flags added to the .TA error report to provide granularity

	Current Field Name	New Field Name	Length	Start	End	Additional Flag Start	Additional Flag End
1	Error 1 - Bad Account	Invalid (NON-NUMERIC) Collector Number	1	220	220	No additional Flag	No additional Flag
2	Error 1 - Bad Account	Invalid Collector Number (NOT FOUND)	1	220	220	No additional Flag	No additional Flag
3	Error 1 - Bad Account	Invalid Collector Number (DELETED)	1	220	220	No additional Flag	No additional Flag
4	Error 1 - Bad Account	Survivor Collector Number (NOT FOUND)	1	220	220	No additional Flag	No additional Flag
5	Not used	Reserved for AIR MILES	1	221	221	N/A	N/A
6	Error 3 - Bad SOL	Sponsor Code does not Exist	1	222	222	201	201
7	Error 3 - Bad SOL	Location does not exist for Sponsor code used	1	222	222	202	202
8	Error 3 - Bad SOL	Offer code does not exist for Sponsor code used	1	222	222	203	203
9	Error 4 - Miles Not Numeric	# of Miles is not an accepted Numeric Value	1	223	223	No additional Flag	No additional Flag
10	Error 5 - Closed Account	Closed Collector Account Number	1	224	224	No additional Flag	No additional Flag
11	Error 6 - Offer Expired	Offer code has expired	1	225	225	204	204
12	Error 6 - Offer Expired	Location code is inactive	1	225	225	205	205
13	Error 6 - Offer Expired	Sponsor code has expired	1	225	225	206	206
14	Not used	Reserved for AIR MILES	1	226	226	N/A	N/A
15	Not used	Reserved for AIR MILES	2	227	228	N/A	N/A
16	Error 10 - Mileage Discrepancy	Miles do not match Unit Mileage allowed	1	229	229	207	207
17	Error 10 - Mileage Discrepancy	Miles exceed Variable Mileage amount allowed	1	229	229	208	208
18	Reserved Space	Reserved for AIR MILES	8	230	237	N/A	N/A
19	Warning 16 - Invalid Payment Method	Invalid Payment Method	1	238	238	No additional Flag	No additional Flag



20	Warning 17 - Invalid Payment Type	Invalid Payment Type	1	239	239	No additional Flag	No additional Flag
21	Warning 18 - Invalid Dollar Amount	Invalid Dollar Amount	1	240	240	No additional Flag	No additional Flag



## 4.4 FILE FORMAT

### Formatting

- 1 Issuance header record
- No trailer record
- 1 carriage return in a Unix environment, or carriage return plus line feed for PC after each 250 byte record
- At least 1 detailed record per file must be included
- If Provider's issuance cycle does not include issuance transactions to update Collector accounts, no file should be sent.

### Record Length

- 250 byte record length for both header and detail records

### Field Justification

- Left/right justification is determined by the definition of the field (alphanumeric or numeric only), not what is keyed into the field. The following standards apply to the justification of characters within data fields:

### Alphanumeric Fields

The following can be keyed in to alphanumeric fields:

- All numeric characters
- All uppercase characters
- Combination of alpha and numeric characters
- Left justify within each field
- Default or 'padding' is blank fill (e.g. ASCII space character, 0X20)
- Fields such as Sponsor, Offer and Location codes are defined as alphanumeric and should be left justified within each field

### Numeric Fields

- Only numeric characters (i.e. digits) can be keyed into a numeric field
- Right justify within each field
- Default or 'padding' is zeros

## 4.5 SIGNED VALUE CONVERSION TABLE

Some numeric fields in some AIR MILES data record types are not encoded as plain numeric ASCII characters, e.g., the value 00073. Due to legacy principles a format known as "overstrike signed numeric" is used. In this format a positive or a negative value is indicated by modifying the last right-most digit as shown in the table below.

Terminal value in data field	Unit Value	Field Value is...	Terminal value in data field	Unit Value	Field Value is...
{	0	Positive	}	0	Negative
A	1	Positive	J	1	Negative
B	2	Positive	K	2	Negative
C	3	Positive	L	3	Negative
D	4	Positive	M	4	Negative
E	5	Positive	N	5	Negative
F	6	Positive	O	6	Negative
G	7	Positive	P	7	Negative
H	8	Positive	Q	8	Negative
I	9	Positive	R	9	Negative

### Examples:

- The signed numeric field value of 00000E represent a decimal value of five (5), and the value of 0001P is negative seventeen (-17)
- The decimal value 484 is encoded as 00048D in a six-byte field, and -730 as 00073}.



## 4.6 FILE TRANSMISSION REQUIREMENTS

Issuance files are to be transferred from the Provider's host to the remote SFTP server of the AIR MILES Reward Program using Secure File Transfer Protocol (SFTP/SSH) or over the internet using HTTPS. If the Provider is not capable of transmitting a file using SFTP over the Internet, please contact Sponsor Operations to discuss other possible EDI options such as AS2 (Applicability Statement 2), PGP Encryption or NDM using Connect Direct software.

Frequency and schedule of file transfers is to be determined during the Certification process, and is based on volume and/or Sponsor billing or processing cycles. The most common cadence for transfer of files is weekly.

### Files Sent via SFTP

Issuance files will be swept from the SFTP server 7 days a week at multiple times throughout the day from 7.00 a.m. – 9 p.m. EST and processed the same day. Files transferred from 9:00 p.m. EST onward will be picked up the following business day.

### Files Sent via Mainframe

Issuance files sent in through Mainframe to Mainframe connections are processed 7 days a week at multiple times throughout the day.

Audits are available Monday through Saturday after 3:00 PM EST the next business day and should be reconciled within 5 business days.

The Provider SFTP server domain name for the AIR MILES Reward Program is [secure.b2b.loyalty.com](https://secure.b2b.loyalty.com)

## Security Features

- File integrity verification on all inbound and outbound files
- Compression, PGP encryption and additional password protection on all files (if the sponsor feels there is a need)
- Provider's specified directory
- Provider directories are numerically named for anonymity
- The Sponsor Operations Team manages all password assignments
- Password protection must be compatible with PKWARE's PKZip (version 2.04 or higher), GZIP or WinZip

## 4.7 FILE TRANSMISSION METHODS

Sponsors/Providers of data can send issuance and enrollment files to the AIR MILES Reward Program using any of the methods of transmission below:

- **SFTP (Secure File Transfer Protocol):** This method is currently being used by a few of our Sponsors and Providers of data. The Sponsor Operations team will provide you with an userid and password to access our sftp site, along with instructions on how files need to be named and zipped ( based on size of file sent ) prior to them being placed on this sftp site. Each individual Sponsor/Provider is provided with their own folder and sub-folders to send and receive issuance and audit files to and from us. Connectivity to the SFTP server is achieved using a DNS address that will be provided in a Memo to the Sponsor/Provider I.T contact. Only the Provider, and authorized personnel at LoyaltyOne or Alliance Data (database management vendor) can view/access the Provider's directory and its contents. Sponsors/Providers can enable a password less connection with this SFTP server, by providing LoyaltyOne with their SFTP Public Key.
- **AS2 (Applicability Statement 2):** AS2 is a file transmission protocol designed to ensure the privacy and integrity of the data being sent and received. Privacy of the data is maintained by supporting the encryption of all messages transferred between business partners so that only the intended recipient can open it. Integrity is achieved by including a Message Integrity Check (MIC or hash) in the receipt returned to the sender which is also signed. Authentication is achieved by the inclusion of digital signatures with all messages so that the recipient can be assured of the identity of the sender. This method of transmission can only be used to exchange data securely over the internet or any I.P based network between AMRP and our sponsors/providers. The websites that you access more information about AS2 and the product are <http://www.nubridges.com/> , <http://www.dcs-is-edi.com/AS2.html>.



- **PGP Encryption:** PGP encryption is yet another method of transmission of data to us. The Sponsor Operations team would provide you with our Public Key to decrypt any data files sent by us. The Sponsor/Provider must have a valid Public Key that needs to be sent to us to enable us to decrypt any files being sent in. All files will still need to be sent using SFTP.
- **NDM (Network Data Mover) or CD (Connect Direct):** NDM or CD (developed by Sterling Software) is a mainframe to mainframe protocol being currently used by some of our sponsors and providers of data. This is an extremely secure and encrypted method of transmission with guaranteed delivery. The sponsor/provider must have this capability installed on their mainframe prior to connecting with our mainframe in Dallas. Our network and mainframe resources will work with the sponsor/provider to achieve inter-connectivity.

## 4.8 SFTP DIRECTORY INFORMATION

An additional Sponsor specific package will be sent to each Provider from the Sponsor Operations Team with their SFTP directory assignment, SFTP username and password.

### Directory Structure Example:

```
Sponsor001
  Inbound
    Transaction
  Outbound
    Transaction
```

Issuance files should be placed in the Inbound Transaction sub-directory.

### Inbound Transaction File Naming Convention

Provider file name (before encryption) will be in the format **ssss0000.t** where:

- **ssss** is the four character Provider code
- **0000** is the four digit file sequence number

**NOTE:** The Provider file name and sequence number are the same as what is input in the Header Record of the file with the exception that the Header Record sequence number has the allowance to accommodate a 6 digit sequence number

### Audit File Naming Convention

Audit files are available for retrieval in the Outbound Transaction sub-directory approximately 1 - 3 business days after submission unless there are issues with the file submitted by the Provider.

The file names will be in the format **ssss0000.ta** and **ssss0000.tr** where:

- **ssss** is the four character Provider code
- **0000** is the four digit file sequence number
- **".ta"** transaction audit file and **".tr"** for transaction report file



## 5 AIR MILES FILE PROCESSING & AUDITING

### 5.1 ISSUANCE FILE PROCESSING

There are 4 stages to Issuance file processing:

1. **Data Transfer** – this stage verifies the file naming convention, header record and size of the file. If the file is rejected at the data transfer stage, Sponsor Operations will notify the Provider of the failure and the cause. Files failing the data transfer stage should be resubmitted using the same sequence number.
2. **Pre-Edit** - this stage validates the Header and Detail records syntactically to ensure the fields contain valid data types (numeric fields contain digits only and character fields contain characters only). The detail records are counted and the individual miles are summed. These are then compared to the values in the header record. Pre-Edit Fatal Errors will result in the entire batch being rejected and no records will be stored in AMMIS. Pre-Edit Warnings allow the batch to be processed. Should a failed validation result in a batch failure or warning, Sponsor Operations will investigate and notify the Provider. The Provider will then have to resubmit a corrected batch.
3. **Edit and Load** – this stage handles the detailed validation of the records and the subsequent storing of successful records in AMMIS. Validations are run against the Collector number, Provider, Sponsor, Location, Offer Codes and miles issued. Failures of Detail records in the Edit and Load Stage result in fatal errors, not in batch rejections. Once all records have been validated, successful records are loaded to AMMIS and the corresponding Collector accounts are updated. The batch is then checked to determine if it has met the completion percentage criteria. Generally this criteria is set to 98% (allows up to 2% of the batch to fail). Successful batches will go directly to the Audit stage. For unsuccessful batches, the failed records are available to be reprocessed. Sponsor Operations will investigate these unsuccessful batches and work with the Sponsors to either correct the underlying error or to force the batch to generate an Audit. If on the last day of any month there are files still in a Load stage, these files will automatically be pushed to the Audit stage.
4. **Audit** – audit reports and audit files are automatically generated once the load stage has is completed. An audit report contains summary information of what was submitted, accepted and rejected. The audit file provides the details of all issuance records with fatal errors (these are not loaded to Collector's accounts), and those records with non-fatal errors (Miles were loaded to the Collector accounts but there was a warning message)

#### Issuance Detail Record Errors

1. **Fatal Errors** – Fatal errors will cause the issuance record to fail, the miles will not be loaded to a Collector's account. An example of a fatal error is if the record contains an offer code that does not exist in AMMIS, or does not conform to the business rules set up for that offer code e.g. the offer code has expired.
2. **Non Fatal Errors** – Non fatal errors are warnings that there is a discrepancy within the issuance record but will not cause the record to fail. Miles will still be loaded to the Collector's account. These warnings are for invalid data in the optional extended data fields. Sponsors may elect to subscribe to this extended data feature.

Providing there are no file failures, file processing takes approximately 2 to 3 business days to complete. This would include the return of the audit file to the Data Provider's designated SFTP outbound directory.



## 5.2 AUDITING AIR MILES TRANSACTIONS

After transaction files are loaded to AMMIS, audit reports/files are generated to allow Sponsors the opportunity to review and reconcile errors that may have occurred.

There are two types of audit reports available:

1. **Data Provider Audit Report:** confirms number of records received, accepted and rejected by the AIR MILES database. Report available in flat text file format. Report sent to Data Provider – i.e. Sponsor (if own Data Provider) or Service Provider.
2. **Sponsor Audit Report:** confirms rejected records only. Report available in Excel format for ease of use. Report sent to the Extranet for the Sponsor to reconcile and resubmit the corrected transactions.

Audit reports/files are available approximately 3 business days after the transaction file was transmitted to AIR MILES for processing. Sponsors then correct rejected transactions and resubmit them in one of two ways: (a) with the next regularly scheduled transaction file or (b) via the extranet Sponsor Operations Module using the Manual Postings function. AIR MILES will confirm the location of the audit report prior to Certification testing.

### Why would transactions be rejected by AIR MILES?

There are several reasons why a transaction would be rejected by the AIR MILES database:

1. **Bad Collector Accounts:** The AIR MILES Card Number in the transaction record is incorrect. This may have occurred if a Card Number was manually keyed and human error occurred.
2. **Closed Collector Accounts:** The AIR MILES Card Number in the transaction record has been closed as per the Collector's request.
3. **Invalid Offers and/or Invalid Locations:** The Offer Code or Location Code submitted in the transaction file does not exist in the AIR MILES database. This occurs when an Offer or Location Code is not set up in advance of submitting transaction records containing these references.
4. **Expired Offers and/or Inactive Locations:** The Offer Code submitted in the transaction file has since expired/end date assigned has elapsed and/or the Location Code submitted in the transaction file has been inactivated as per the Sponsor's request. This occurs if the Sponsor has not updated the end date of the Offer and/or has potentially closed the location prior to all issuance transactions being submitted for the Location
5. **Mileage Discrepancy:** The number of miles in the transaction record does not match the Mileage Amount assigned to the Offer Code. For Unit Mileage offers, the mismatch would not be equal to the amount set (i.e. can be an amount greater than or less than). For Variable Mileage offers, the mismatch would exceed the maximum amount set.





## Sample Data Provider Report

PAGE: 1 TRANSACTION SUMMARY REPORT TIME: 01:16:38  
TRANSACTION INFORMATION

DATE LOGGED > 05/18/2004  
TIME LOGGED > 11:10:14  
PROV HDR NUM > 46  
PROV HDR REPLSEQ > 1  
TAPE VOLSER NUMBERS > EDIC  
TRANS LOG REF NUM > 80516  
PROV CODE > LLIO  
PROV TRANS TYPE > T  
PROV TAPE RECS > 2178  
PREPHDR PROCDT > 05/17/2004  
PREPHDR PROCTM > 11:50:00  
PREPHDR DETRECS > 2178  
PREPHDR ML ISS > 7044  
PREPRUN STATUS > P  
PREPRUN FAIL REASON > P  
PREPRUN DATE > 05/18/2004  
PREPRUN TIME > 11:41:24  
PREPRUN DETRECS > 2178  
PREPRUN ML ISS > 7044  
EDITRUN STATUS > P  
EDITRUN FAIL REASON > P  
EDITRUN DATE > 05/18/2004  
EDITRUN TIME > 12:06:29  
EDITRUN GOODRECS > 2172  
EDITRUN ML ISS > 6817  
EDITRUN NONFRECS > 2  
EDITRUN ML NONFISS > 2  
EDITRUN FATRECS > 4  
EDITRUN ML FATISS > 225  
EDITRUN ACPRECS > 2174  
EDITRUN ML ACPISS > 6819  
LOADRUN DATE > 05/18/2004  
LOADRUN TIME > 16:06:10  
LOADRUN ISSRECS > 2174

CLT5R100-1 THE LOYALTY GROUP DATE: 05/19/2004  
PAGE: 1 ERROR TYPE SUMMARY REPORT TIME: 01:16:38  
REFERENCE NUMBER: 80516 PROVIDER CODE: LLIO PROVIDER HEADER SEQ: 000000046  
DESCRIPTION ERROR TYPE TOTAL COUNT

BAD ACCOUNT FATAL 1  
MILEAGE DISCREPANCY FATAL 3

CLT5R100-3 THE LOYALTY GROUP DATE: 05/19/2004

PAGE: 1 TRANSACTION ERROR REPORT (FATAL RECORDS) TIME: 01:16:38  
\*\* = FATAL ERROR/ \* = NON-FATAL ERROR  
PROVIDER/SPONSOR: LLIO HEADER SEQ NUMBER: 46 LOGGED DATE: 05/18/2004 TRANS LOG REF NUM: 80516

\*\*\*\*\* ERROR TYPE AND THEIR VALUE \*\*\*\*\*

** BAD ACCOUNT	01	** BAD SPONSOR REF NUMBER	02
** BAD SPONSOR OFF LOC	03	** MILE NOT NUMERIC	04
** OFFERED EXPIRED	06	** OFFERED LIMITS EXCEEDED	07
** INVALID MILES SUMMARY	08	** NO CREDIT AVAILABLE	09
** MILEAGE DISCREPANCY	10	** RESTRICTED PROVINCE	14
* INVALID PAYMENT METHOD	16	* INVALID PAYMENT TYPE	17
* INVALID DOLLAR AMOUNT	18	* INVALID PURCHASE DATE	19

CLT5R100-3 THE LOYALTY GROUP DATE: 05/19/2004  
PAGE: 2 TRANSACTION ERROR REPORT (FATAL RECORDS) TIME: 01:16:38  
\*\* = FATAL ERROR/ \* = NON-FATAL ERROR  
PROVIDER/SPONSOR: LLIO HEADER SEQ NUMBER: 46 LOGGED DATE: 05/18/2004 TRANS LOG REF NUM: 80516

CLM ACCOUNT NUM: 8000000000  
SPONSOR REFERENCE NUM: 320820191  
SPONSOR OFFER LOCATION  
SPONSOR CODE.....: LLIO  
OFFER CODE.....: STANDBUS  
LOCATION CODE.....: OMTL  
SPONSOR VENDOR BATCH: 000000046  
MILES ISSUED: 000000057  
SPONSOR REF DATE: 03/31/2004  
OFFER OCCURRENCE: 001  
RECORD SEQ NUM: 0000000  
SURVIVOR ACCOUNT NUM:  
PAYMENT METHOD:  
PAYMENT TYPE:  
DOLLAR AMT:

*Sample Sponsor Audit Report*

Collector Number	Spon Code	Offer Code	Location Code	Miles Issued	Transaction Date	Error Description	Provider Code	Sequence Number	Audit Date
84009192660	ABCD	MAY09M5X	0629	5	2009-04-23	EXPIRED OFFER/INACTIVE LOCATION	EDEV	001162	2009-04-28
84017014453	ABCD	STANDARD	0122	5	2009-04-22	CLOSED ACCOUNT	EDEV	001163	2009-04-28
81722533005	ABCD	STANDARD	0101	2	2009-04-25	INVALID COLLECTOR ACCOUNT	EDEV	001164	2009-04-28
84015175002	ABCD	STANDARD	0179	39	2009-04-26	MILEAGE DISCREPANCY	MONB	002508	2009-04-28



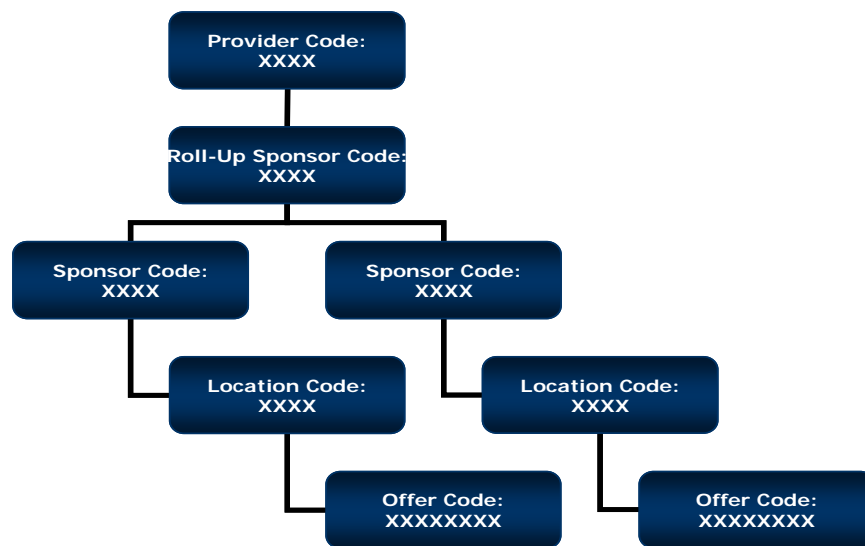
## 6 AIR MILES SET-UP & ADMINISTRATION

### 6.1 ESTABLISHING THE DATA STRUCTURE

Together with the AIR MILES Sponsor Operations team, an appropriate data hierarchy will be determined. The hierarchy is built on a number of key factors such as whether:

- Sponsor or a 3<sup>rd</sup> Party is the provider of data (*Provider Code*)
- Sponsor offers reward miles at one or more retail banners (*Sponsor Code*)
- Sponsor offers reward miles at one, several or no retail locations/channels (*Location Code*)
- Sponsor offers reward miles for one or several behaviours (*Offer Code*)

Provider, Sponsor, Offer, and Location Codes are primary keys for the AMMIS database processing logic which includes transaction editing, account updating, marketing and management reporting, account statementing, and Sponsor billing. These codes are stored in the AMMIS database within control tables. Each control table record has business rules governing the use of the Codes. A transaction record received bearing an invalid code (i.e. code not set up, inactive, expired) will be rejected and returned to the Sponsor for resolution.



### 6.2 ASSIGNING THE PROVIDER AND SPONSOR CODE(S)

As a Sponsor of the AIR MILES Reward Program, you will be assigned a four (4) byte Sponsor Code for inclusion in all transaction files intended for uploading in AMMIS. This unique code allows the AIR MILES Program to keep and report on your organization's data, distinct from all other Sponsor data in the AMMIS database.

For Sponsors with multiple banners, more than one Sponsor Code may be assigned in order to keep banner information distinct. In these situations, a Roll Up Sponsor Code is also assigned. This allows your organization to view banner data separately, and corporate data rolled up.



## 6.3 REQUESTING EXTRANET ACCESS

Access to the web-based, self-serve tool that allows Sponsors to administer the AIR MILES Reward Program from one central and secure location will be set up for your organization. The tool contains a number of different modules, including a **Sponsor Operations Module** which allows Sponsors to **add, view, and modify Offer and Location Codes, process AIR MILES transactions manually, and manage audit reports**. The tool tracks all requests made for security and auditing purposes. The AIR MILES extranet can be found at <https://extranet.loyalty.com/>.

Forward the following contact information for team members who will be processing and managing your AIR MILES marketing activities and data.

NAME	JOB TITLE	COMPANY NAME	TELEPHONE NO.	E-MAIL ADDRESS

Training on the Sponsor Operations Module will be scheduled with your team prior to launch at an agreed upon time and place. The Sponsor Operations team conducts the up front training and provides ongoing support to Sponsors throughout the duration of the partnership.

## 6.4 SETTING LOCATION CODES

A Location Code is a 4-byte alphanumeric code used to identify retail locations within a Sponsor banner, or contact channels with a virtual organization (e.g. call centre, IVR, web). The Location Code describes where the transaction took place and can be reported on at any point in time. The AMRP recommends using actual store numbers for location codes, provided they are no longer than 4 characters in length. Ongoing, Location Code lists must be updated regularly as changes take place (e.g. store openings/closings).

The following information must be filled out for each Location Code created:

- **New/Revision/Activate/Inactivate** = indicates if the code is a new addition (N), if the code requires revision (R), or if the code needs to be activated (A) or inactivated (I).
- **Sponsor Code** = 4-byte code assigned to identify your organization or banner within your organization
- **Location Code** = 4byte code assigned to retail or virtual location/channel
- **Province Code** = 2-byte code (BC, AB, SK, MB, ON, QC, NS, NB, NL, PE, NT, NU, YT)
- **Location Name/Address** = 20 characters; store name or address/channel description

New/Revision/ Activate/Inactivate	Sponsor Code	Location Code	Province	Location Name/Address
N	AMRP	0125	ON	123 Acme Drive

## 6.5 SETTING OFFER CODES

An Offer Code is an alpha numeric, 8-byte code that describes the reason for which reward miles are being issued to an AIR MILES Collector by your organization. In other words, it tracks miles issued for base earning (e.g. 1 mile for every \$20 spent), bonus earnings (e.g. 25 bonus miles for shopping this month), vendor/supplier/product-specific earnings (e.g. 5 miles for purchasing a specific product/SKU), and so forth. There are six (6) types of offer codes:

Offer Type	Identifier	Description
Standard Offer	1 – 9	Uniquely identifies the assigned standard or base offer
Bonus Offer	B	Used for special offers or promotions where an added incentive is offered
Contest	C	Used for any customer-focused contests, giveaways or sweepstakes



Offer Type	Identifier	Description
Product	P	Used for product/SKU offers promoted by Sponsor or Sponsor vendors/suppliers
Other	X	Used as an exception when other offer types do not apply
Employee Motivation	E	Used for any/all employee incentives, bonuses, etc.

The following information must be filled out for each Offer Code created:

- **Sponsor Code** = 4-byte code assigned to identify your organization or banner within your organization
- **Offer Code** = 8-byte code used to track reason for awarding miles
- **Start Date** = start date of the offer
- **End Date** = end date of the offer. Note: All end dates are extended by six (6) months to allow transactional data to flow through from the Sponsor or Service Provider into the AMMIS systems.
- **Location Needed** = Y/N entry advising if location information is being transmitted with offer details.
- **Offer Type** = Standard Offer (1-9), Bonus (B), Contest (C), Product (P), Other (X), Employee Motivation (E).
- **Mileage Type** = Unit (U) or Variable (V)
  - **Unit Mileage**: represents a set number of miles, any other value used will be rejected as a mileage discrepancy error. An example of unit mileage would be **50** bonus reward miles on a purchase of \$25 or more.
  - **Variable Mileage** represents the maximum amount of miles that can be posted per transaction. Any variable up to and including the max can be posted per transaction. If the maximum amount is exceeded a mileage discrepancy error will occur. An example of variable mileage would be **DOUBLE** bonus reward miles on a purchase of \$25 or more.
- **Mileage Amount** = If mileage type is Variable then the mileage amount is the maximum number of miles possibly awarded in any single transaction, If mileage type is Unit then the mileage amount is the number of miles that can be awarded per transaction.
- **English Description** = 30 characters including spaces and punctuation. See list of approved descriptions.
- **French Description** = See list of approved descriptions to match English selection.

#### Template Example:

Sponsor Code	Offer Code	Start Date	End Date	Location Needed	Offer Type	Unit or Variable	Mileage Amount	English Description	French Description
SPNS	STANDARD	01/01/2008	12/31/2010	Y	1	V	500	1 reward mile per \$10	1 MILLE DE RECOMPENSE PAR 10 \$
SPNS	BONUS025	03/03/2008	03/31/2008	Y	B	U	25	Bonus Reward Miles	MILLES DE RECOMPENSE EN PRIME
SPNS	CONTEST	01/01/2008	12/31/2010	N	C	V	1500	Contest Winner	GAGNANT(E) DU CONOURS
SPNS	SKU25325	04/01/2008	04/07/2008	Y	P	U	3	Bonus Reward Miles on Product	MILLES DE RECOMPENSE PRODUIT
SPNS	GOODWILL	01/01/2008	12/31/2010	N	X	V	500	Reward miles adjustment	ADJUSTEMENT



### Issuance File Example:

An AIR MILES Collector can earn miles under a variety of different offer types/codes in one single transaction. In the example below, Mark purchases a 40" SONY Bravia HDTV for \$1478. Any of the following scenarios may apply depending on the offers in market at the time of purchase.

#### SCENARIO 1

BASE OFFER ONLY 1 reward mile for every \$30 spent						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00

#### SCENARIO 2

BASE OFFER ONLY + FLAT BONUS OFFER Spend \$1000 or more and Get 100 Bonus AIR MILES reward miles						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00
8000 000 0001	SPNS	BONUS100	0001	100	06282007	1478.00

#### SCENARIO 3

BASE OFFER + VARIABLE BONUS OFFER Spend \$1000 or more and Get DOUBLE AIR MILES reward miles						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00
8000 000 0001	SPNS	DOUBLE	0001	49	06282007	1478.00

#### SCENARIO 4

BASE OFFER + VENDOR OFFER Buy a 40" SONY Bravia HDTV and Get 50 BONUS AIR MILES reward miles from Sony						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00
8000 000 0001	SPNS	SONY0050	0001	50	06282007	1478.00

#### SCENARIO 5

BASE OFFER + FLAT BONUS OFFER + VENDOR OFFER Spend \$1000 or more and Get 100 Bonus AIR MILES reward miles Buy a 40" SONY Bravia HDTV and Get 50 BONUS AIR MILES reward miles from Sony						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00
8000 000 0001	SPNS	BONUS100	0001	100	06282007	1478.00
8000 000 0001	SPNS	SONY0050	0001	50	06282007	1478.00

#### SCENARIO 6

BASE OFFER + VARIABLE BONUS OFFER + VENDOR OFFER Spend \$1000 or more and Get DOUBLE AIR MILES reward miles Buy a 40" SONY Bravia HDTV and Get 50 BONUS AIR MILES reward miles from Sony						
AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date	Spend
8000 000 0001	SPNS	STANDARD	0001	49	06282007	1478.00
8000 000 0001	SPNS	DOUBLE	0001	49	06282007	1478.00
8000 000 0001	SPNS	SONY0050	0001	50	06282007	1478.00



## 6.6 SUBMITTING MANUAL POSTINGS

Manual Postings are transactions that your organization is unable to transmit through your regular issuance process.

- **Process:** Submitted by Sponsor via Sponsor Operations Module on the Extranet web tool found at <https://extranet.loyalty.com/>.
- **Service Level:** Allow 3 business days for processing.

Template Example:

AIR MILES Card No.	Sponsor Code	Offer Code	Location Code	Miles	Date
80000000001	SPNS	CONTEST		1500	12312008
11 characters No spaces, slashes or hyphens permitted.	4 characters	8 characters Offer Code must be set up in AMMIS prior to posting submission.	4 characters Location Code must be set up in AMMIS prior to posting submission. If Location Code not required, leave blank.	Number of miles must not exceed maximum mileage amount set when offer code created.  For reversals, ensure amount is preceded by negative sign.	mmddyyyy No spaces, slashes or hyphens permitted.



## 7 MANAGING FRAUD

### 7.1 FRAUD AT THE POS TERMINAL

Fraud at the terminal level occurs in the course of processing customer purchases, when an AIR MILES card is swiped or scanned multiple times through a day by employees that are fraudulently accumulating AIR MILES reward miles within their own personal Collector account, or in the Collector accounts of their families or associates.

Sponsors or Service Providers can choose to put checks and balances in place to minimize fraud, such as:

- Put a maximum threshold of miles that can be processed in one transaction through the POS device or application with a store manager override for valid transactions.
- Put a maximum threshold of number of times an AIR MILES card can be swiped, scanned or manually entered in a single day at a single location.
- In the case of Sponsors that use web tools to collect the AIR MILES card, similar thresholds can be set on their host systems or databases.
- Reporting tools that provide them with a list of all collectors and transactions that have exceeded the thresholds in place. The sponsor then identifies if these are legitimate transactions prior to having the transaction file sent to us.
- Request AIR MILES cards specifically for their employees and manage this in their databases to track employee fraud.
- Train employees on fraudulently accumulating AIR MILES within their own personal Collector account, or in the collector accounts of their families or associates. Employees are also required to sign compliance forms at the time of hire as well as on a yearly basis.

### 7.2 SPONSOR METHODS USED TO DEAL WITH EMPLOYEE FRAUDULENT ACTIVITY

- Employees are charged the price per mile the sponsor pays to The AIR MILES reward program for the miles they have earned through fraudulent methods.
- Sponsors set up an offer code with AIR MILES called FRAUD and will check with the Operations team to see if the collector has sufficient miles in their account earned from the sponsor to be withdrawn before they request for a manual reversal of the fraudulent miles.
- Sponsors terminate employees and request the removal of the miles earned fraudulently from the employee accounts.

The AIR MILES program has two teams that look into fraud.

- Collector fraud is investigated by a fraud task force in our Customer Care group.
- Sponsor employee fraud is handled by our Database governance team. All requests need to be sent to the account team and they will co-ordinate with the internal teams based on the type of fraud. Due to privacy laws only certain information will be shared with the sponsor and our privacy office, this information is not shared with the account teams. For fraud requests sponsors will receive the collector information within two business days of request receipt.





## 8 AIR MILES CERTIFICATION OVERVIEW

### 8.1 CERTIFICATION ASSESSMENT

AIR MILES Certification is a process that assesses the Sponsor or Service Provider's technical environment and how it can be structured or modified to capture, calculate, and transmit loyalty program data to AIR MILES. Once the Sponsor or Service Provider's system components (hardware, software, back office processes, etc.) are modified to meet AIR MILES standards, a series of tests are run in the AIR MILES test environment. When end-to-end testing has been successfully completed, the Sponsor or Service Provider is activated in the AIR MILES production environment. The Certification testing process consists of successfully completing each of the following requirements:

- Capture and validation of the AIR MILES Card Number as part of transaction process;
- Transfer of transaction data from point of sale or point of capture to Data Provider's host;
- Calculation and creation of AIR MILES transaction records and batch file;
- Electronic transfer of transaction file from Data Provider host to AMMIS database;
- Successful processing of Data Provider's transaction file in test environment;
- Receipt of audit file and correction of rejected records by Sponsor.

The Certification testing process typically spans 2-3 work weeks, but can be completed within as little as 1 week. **Certification must be completed a minimum of 2-3 weeks prior to the launch date.** As a result, the process should begin no later than 6 weeks in advance of launch.

### 8.2 PURPOSE OF CERTIFICATION TESTING

The main goal of Certification testing is to ensure that purchases made by Collectors are captured and transmitted to AIR MILES accurately and in timely fashion for posting to Collector Accounts. Updated Accounts are viewed by both the AIR MILES Customer Care Centre representatives, as well as by Collectors who may view their Account Balance information on [www.airmiles.ca](http://www.airmiles.ca).

### 8.3 SPONSOR/PROVIDER CERTIFICATION CHECKLIST

Prior to the start of Certification, AIR MILES will e-mail the following check list. Upon completion of the testing process, AIR MILES will e-mail a certification notice confirming successful completion of testing.

1. **Provider Code:** AIR MILES will confirm your 4-byte Provider Code.
2. **Sponsor Code:** AIR MILES will confirm your 4-byte Sponsor Code(s).

Note: If Sponsor is their own provider of data, the Provider Code and Sponsor Code will be the same. For organizations setting up more than one Sponsor Code, ensure that for Certification testing, the test files include transaction records bearing each Sponsor Code.

3. **Offer Codes:** AIR MILES will work with the Sponsor to set up and confirm Offer Codes prior to the start of Certification testing.
4. **Location Codes:** AIR MILES will work with the Sponsor to set up and confirm Location Codes prior to the start of Certification testing.

Note: If an Offer Code has been set up without a Location Code requirement, then the test files sent to AIR MILES during Certification testing should not contain Location Codes. Rather, the field should be blank filled.



5. **Test AIR MILES Card Numbers:** Only the test numbers provided should be used in test files during the Certification process. Each number may be used to create multiple records, as required. Live AIR MILES Card Numbers cannot be used in test files. These numbers will be forwarded prior to the start of Certification testing.
6. **Extended Data Fields:** The following non-mandatory fields should be included in the test files only if the Sponsor will be transmitting those fields on an ongoing basis (Purchase Amount, Payment Type, and Payment Method). Otherwise, these fields should be blank filled.
7. **File Sequence Number:** Transaction files must always be numbered as XXXX0001.t where XXXX is the Provider Code. Every subsequent file should be numbered in ascending order. Data Providers should avoid skipping a sequence number. The file sequence number must match the data in the header record of the issuance file.
8. **Method of Transmission:** The method of transmission of issuance data can be SFTP, AS2, PGP, VPN or NDM. AIR MILES and the Data Provider will jointly decide on method to be used prior to testing. All test files and audit files will be sent using this same method of transmission.
9. **Number of Test files and Contents:** AIR MILES will test 3 -4 files with the Data Provider.
  - **File 1 (Sequence 0001)** should contain a minimum of 100 records with all the data mentioned in points 1-7. The data should only contain positive mileage and the entire file must pass.
  - **File 2 (Sequence 0002)** should contain a minimum of 200 records, of which some records (10-20) should have an invalid Collector number, invalid Sponsor Code, Invalid Offer Codes, contain mileage over the set limit, and contain invalid Location Codes. This will generate audit files for review.
  - **File 3 (Sequence 0003)** should contain a minimum of 100 records and must contain the rejected transactions from sequence 0002 that have been corrected and are being resubmitted.
  - **File 4 (Sequence 0004)** should contain a minimum of 100 records and must contain both positive and negative issuance to ensure the Sponsor can issue negative miles. The entire file must pass.

## 8.4 SECURITY

### Information Security

IT governance is executed over operational and technical controls which support and maintain LoyaltyOne's information systems. Regulatory compliance with SOX, PCI, HIPPA, PIPEDA etc. is regarded mandatory over several systems and successfully complied with through annual verification of controls by internal and external auditing parties. Our Security team would work closely with any new Air Miles Sponsor to ensure all security requirements have been met.





## APPENDIX A: Merchant Service Providers

### MERCHANT SERVICES PROVIDERS

Service Providers offer merchant services, Visa, MasterCard, American Express & Interac merchant accounts, debit & credit card transaction processing, POS terminal solutions and gift or loyalty card program processing. Merchant Services Providers offer solutions that have been certified to process AIR MILES Reward Program transactions. Examples of Service Providers used by AIR MILES Sponsors include (but are not limited to) TD, TNS, NCR, Moneris and Transax. Service Providers have the ability to capture, compile and create issuance files, as well as transmit files via a secure method of data transmission on behalf of a Sponsor that does not have the ability to do so themselves.

It is strongly recommended that Sponsors ensure Service Provider Agreements include comprehensive Statement of Work, Service Level Agreement and Support Model, as required.

### STATEMENT OF WORK & SERVICE LEVEL AGREEMENT CONSIDERATIONS

Statement of Work & Service Level Agreements should ensure all of the following topics are defined, and that specific deliverables, milestones/target dates and penalties for missed deliverables (based on quality and/or target dates) are also included:

- Business Requirements gathering/documentation
- Development required for AIR MILES Card capture (stand alone or integrated solutions)
- Hardware/Software procurement
- Implementation requirements
- Communication Plan (Example: Provider develops project management workflow with timelines and reports to Sponsor (c.c. AMRP) on an agreed upon frequency. For example: Weekly updates (verbal + written) to Sponsor (c.c. AMRP) on how work is evolving, identification of obstacles, any issues where decisions are pending/clarification required, and next steps (including timelines).
- Outsourced products/services not provided by Service Provider
- AIR MILES data processing (back-end)
- AIR MILES data reporting
- AIR MILES data transmissions - content, frequency, method of transmission
- AIR MILES data issue resolution

### SUPPORT MODEL CONSIDERATIONS

Support Model should ensure all of the following elements are addressed:

- Response times to issues
- Disaster Recovery plan
- System Failover plan
- Data Back-up plan
- Data and systems access security
- System monitoring
- Data retention



## LOYALTY PROGRAM PROCESSING AT POINT-OF-SALE

There are essentially three options to address loyalty program processing at point of sale: (i) fully integrated solutions, (ii) integrated solutions, or (iii) stand alone solutions.

### Fully Integrated Systems

Presuming the Sponsor has the appropriate infrastructure, funds and time for development, and can support the development and integration of their POS systems to one back-office AIR MILES application, then the fully integrated solution is optimal.

- Specialized development for loyalty program required by Sponsor or their Service Provider. The application will be uniform across all locations and terminals. AIR MILES capture becomes an integral part of the transaction process.
- Development and testing requires lead time which depends on Sponsor's platform (Estimated Time: 4-6 months).
- Single point of entry for sales and loyalty program data.
- Sponsors will be able to take full advantage of analytics, promotional and program measurement.
- Sponsor will have the ability to run complex bonuses to incent their best customers without setting up back-end workaround processes.
- Sponsor will have the ability to run specific campaigns to up-sell or incent on specific service packages.
- Vendor Programs can be fully enabled with this type of device.
- 76% of AMRP Sponsors use this type of device.

### Integrated Systems

Presuming the Sponsor is unable to support the development and integration of their existing POS systems, an Integrated Device Solution may be optimal. AIR MILES would provide the Sponsor with a list of Service Providers used by other coalition partners. The Sponsor would then select a Service Provider and enter into a contract agreement with them. While AIR MILES facilitates introductions for the Sponsor, it does not become part of the contract or terms drafted between the Sponsor and the Service Providers. Upon completion of development, AMRP will coordinate the configuration and the roll out of the devices.

- Suppliers to AMRP include Moneris & TD Bank
- Deploying devices requires lead time of approximately 6-8 weeks
- Retailers are required to swap existing hardware – they will replace existing debit and credit terminal devices.
- Double-entry of sales information required. Sponsor will generally not be able to take advantage of loyalty program analytics since behaviour at point-of-sale needs to be recorded twice (once on the register and again on the stand-alone device).
- Sponsors will also be required to enter each promotional offer on this device.
- Enablement of product and bonus offers is difficult to manage and there is no flexibility with regards to the numbers of bonus and product offers a Sponsor can set up.
- 26% of AMRP Sponsors use this type of device.

### Stand-Alone Systems

Presuming the Sponsor does not have the capability to support a fully integrated or an integrated device solution, then a Stand Alone solution may be optimal. AMRP would provide the Sponsor with a list of Service Providers used by other coalition partners. The Sponsor would then select a Service Provider and enter into a contract agreement with them. While AMRP facilitates introductions for the Sponsor, it does not become part of the contract or terms drafted between the Sponsor and the Service Provider. Upon completion of the solution development, AMRP will coordinate the configuration and the roll out of the devices.

- Suppliers to AMRP include TNS, NCR and Transax.
- Quick deployment approximately 3-4 weeks.
- Double-entry of information on sales required.
- May require two devices (one for clearing credit and debit and another for the stand-alone AIR MILES device). Significantly limited AIR MILES Program analytics available.
- Required to enter each promotional offer on the device.
- Vendor Programs cannot be enabled on this type of device.
- Less than 1% of AMRP Sponsors use this type of device.



## NAMING AN AMRP DATA PROVIDER FOR THE SPONSOR

An AMRP Data Provider is named for every Sponsor in the Program. The AMRP Data Provider is the organization that monitors the environment and supplies the required transactional data to the AIR MILES Reward Program. There are two possibilities:

### Sponsor is own AMRP Data Provider

- Sponsor does not rely on external Service Providers and has the ability to capture, compile and create an issuance file as well as transmit the file via a secure method of data transmission to AIR MILES for processing miles to Collector accounts. Sponsor Provider can also submit Collector Profile files such as enrollment.

### Merchant Service Provider is Sponsor's AMRP Data Provider

- Sponsor relies on external Service Provider(s) to capture, compile and create the issuance file as well as transmit the file via a secure method of data transmission to AIR MILES for processing miles to Collector accounts.



## APPENDIX B: Calculating Cumulative Offers

The following will outline the algorithm used for the allocation of reward miles for locations during a weekly accumulation process. The same logic could be applied to a monthly accumulation process.

**Example 1:** Sponsor's Base Offer is 1 reward mile for every \$20 spent, accumulated weekly.

Store	Amount Spent	Reward Mile (Step 2)	Remainder (Step 4)
A (2 visits)	\$36	1	\$16
B	\$18	0	\$18
C	\$15	0	\$15
	\$69 (Step 1) = 3 miles	1 (Step 3)	

<b>Step 1</b>	The purchase amounts spent per AIR MILES Collector during the week are added up to determine the number of reward miles to be awarded in total. $\$36 + \$18 + \$15 = \$69$ spent in one week $\$69 \div \$20 = 3$ reward miles for the week
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<b>Step 2</b>	The individual spend contribution at each store will determine the distribution of reward miles to those locations.
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<b>Step 3</b>	The reward miles calculated in Step 2 are then summed. Total reward mile calculated = 1 Total reward miles owed to the Collector = 3 Remaining reward miles to be allocated = 2
---------------	--

<b>Step 4</b>	<p>If the remaining reward miles from Step 3 are positive, the store with the greatest remaining positive unpaid contribution is assigned the extra reward mile(s) owed in Step 3.</p> <p>If the remaining reward miles from Step 3 are negative, the store with the greatest remaining negative unpaid contribution is assigned the extra reward mile(s) owed in Step 3. In the case of ties, the reward miles are awarded randomly.</p> <p>Store A has \$16 not yet assigned. Store B has \$18 not yet assigned. Store C has \$15 not yet assigned. 1 additional reward mile is distributed to store B (largest positive remainder). 1 additional reward mile is distributed to store A (second largest positive remainder).</p> <p>If the remaining reward miles to be allocated are a positive amount, it will be allocated to the location with the largest positive remainder.</p> <p>If the remaining reward miles to be allocated are a negative amount, it will be allocated to the location with the largest negative remainder.</p>
---------------	--



**Example 2:** Sponsor's Base Offer is 1 reward mile for every \$20 spent, accumulated weekly.

Store	Amount Spent	Reward Mile (Step 2)	Remainder (Step 4)
A (2 visits)	\$20	1	\$0
B	\$22	1	\$2
C	\$48	2	\$8
D	\$40	2	\$0
E	-\$15	0	-\$15
F	-\$5	0	-\$5
	<b>\$100 (Step 1)</b>	<b>6 (Step 3)</b>	

#### Step 1

The purchase amounts spent per AIR MILES Collector during the week are added up to determine the number of reward miles to be awarded in total.

$$\$20 + \$22 + \$48 + \$40 - \$15 - \$5 = \$100 \text{ spent in one week}$$

$$\$100 \div \$20 = 5 \text{ reward miles for the week}$$

#### Step 2

The individual spend contribution at each store will determine the distribution of reward miles to those locations.

#### Step 3

The reward miles calculated in Step 2 are then summed.

$$\text{Total reward mile calculated} = 6$$

$$\text{Total reward miles owed to the Collector} = 5$$

$$\text{Remaining reward miles to be allocated} = -1$$

#### Step 4

If the remaining reward miles from Step 3 are positive, the store with the greatest remaining positive unpaid contribution is assigned the extra reward mile(s) owed in Step 3.

If the remaining reward miles from Step 3 are negative, the store with the greatest remaining negative unpaid contribution is assigned the extra reward mile(s) owed in Step 3. In the case of ties, the reward miles are awarded randomly.

Store E has -\$15 remaining and therefore will have -1 reward miles (remaining)



## 9 INVOICING

### 9.1 WIRE TRANSFER INSTRUCTIONS

All payments made to the AIR MILES Reward Program will be done via wire transfer. Upon signing of the Program Participation Agreement (PPA), instructions will be provided to your organization's Finance or Accounting Department.

### 9.2 AIR MILES INVOICES

All AIR MILES Sponsors will receive four (4) types of invoices at any point in time in a billing month.


1. Minimal Financial Commitment Invoices
2. Above Minimum Invoices
3. Marketing Fee Invoice
4. Marketing Commitment Invoices (tactical marketing spend)

Sponsors are invoiced monthly for AIR MILES reward miles awarded and loaded to Collector Accounts in the billing month. Reward miles are billed at the Price Per Mile (PPM) in your Program Participation Agreement (see section on **AMRM Fee** in Agreement). Sponsors will receive two invoices to assist in the reconciliation of reward miles issued per month, as follows:

**Example:**

Assumes AIR MILES transaction file submitted to AIR MILES at the close of each sales week.

MONTH						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



	AIR MILES transactions for week are compiled and sent to AIR MILES for processing.
	File received prior to 11 a.m. Monday and processed.

AMRP would invoice your organization for all miles  
successfully loaded to the AMMIS database during the calendar month.

#### 9.2.1 Minimum Financial Commitment (MFCA) Invoices

Sponsors are contractually committed to a preset minimum monthly amount (in dollars and miles) owed to AIR MILES every month (see section on **Payments** in Agreement). These monthly minimums are due to be paid on the first day of every month and are invoiced one month in advance of the loading month.

#### 9.2.2 Above Minimum Invoices

The Above Minimum invoice represents the AIR MILES reward miles issued in excess of the monthly minimum invoice. The amount is due thirty days from the invoice date and is invoiced approximately one (1) week after the close of the loading month.





Sponsors are invoiced only for miles successfully loaded to the AIR MILES database during the calendar month. If any transactions were rejected during processing, or if transaction files missed the monthly cutoff for loading miles to the AIR MILES database, those miles would not appear on your invoice.

If your Above Minimum invoice is zero, then your organization has entered into a cumulative credit position. This means your organization has awarded fewer miles than your MFCA calls for. Any credits will automatically be used to reduce future Above Minimum billings when you issue miles in excess of the MFCA in a particular month. Cumulative credit balances are located on the last page of the Above Minimum invoice position statement report.

The Above Minimum invoice includes all of the following details:

- Total reward miles issued, program to date (PTD)
- Total minimum monthly invoices billed (PTD)
- Total above minimum monthly invoices billed (PTD)
- Total reward miles issued split by: Sponsor Code and Offer Code for the current month, Location Code for the current month, and Transmission (tape # or source code) for the current month.
- Cumulative credit balance (if applicable)

### LMG Online Manual Postings

LMG Online Manual Posting are requests processed by AIR MILES at your organization's request, outside the usual AIR MILES transmission process. Examples include goodwill miles to resolve customer issues, corrections for rejected transactions during the loading process, etc.

The Above Minimum Invoice may be requested in soft copy. Simply provide all of the following contact information to your Client Services representative: Company Name, Company Address (including city, province and postal code), Contact Name (preferably Finance/Accounting contact), Contact Job Title, Contact Telephone Number, Fax Number and E-Mail Address.

**Important:** Specify if Excel format required and if offer details required.

*See sample invoices at the end of this section.*

## 9.2.3 Marketing Fee Invoices

Sponsors are contractually committed to an annual marketing fee (in dollars) payable to AIR MILES at on the launch date and each anniversary of the launch date (see section on **Marketing Fee** in Agreement). This annual invoice will be sent out one month in advance of the anniversary date.

## 9.2.4 Marketing Commitment Invoices (tactical marketing expenditures)

Sponsors are also contractually committed to a minimum marketing spend (in dollars) for participation in AIR MILES marketing opportunities (see section on **Marketing Commitments** in Schedule B of the Agreement). However, unlike other invoices, this amount is billed as usage occurs. Payment is due 30 days from the invoice date.

## 9.3 LATE CHARGES/PENALTIES


See Program Participation Agreement for late charges/penalties.

## 9.4 OUTSTANDING INVOICES

For all inquiries regarding invoices sent to your organization by AIR MILES, please call the Finance contact identified on the cover page of the invoice for your outstanding invoice statement.



## Minimum Invoice



AIR MILES® Reward Program  
4110 Yonge Street  
Suite 200, North York  
Ontario, M2P 2B7

Telephone (416) 228-0500  
Facsimile (416) 733-4195

**Attention:**

Invoice Number: **MMR902 20645**  
Invoice Date: Jan 03, 2006

Payment Due Date: Feb 01, 2006  
For Period: Feb 01, 2006 - Feb 28, 2006

	Miles	Price	Amount
Contractual Minimum Commitment	50,000	0.25	\$12,500.00
QST			\$20.00
GST			\$675.00
HST			\$0.00
<b>Invoice Total</b>			<b>\$13,575.00</b>

Please pay Invoice Total on or before the Payment Due Date

GST Registration Number: **88764-7958**  
QST Registration Number: **1012888847**

**Wire Transfers:**  
Loyalty Management Group Canada Inc.  
dba AIR MILES® Reward Program  
c/o Bank of Montreal  
First Canadian Place Branch  
100 King Street West  
Toronto, ON  
M5X 1A3


Transit : **00000**  
Account : **11188 8873**

**Cheques:**  
AIR MILES® Reward Program  
4110 Yonge Street  
2nd Floor, Suite 200  
North York, ON  
M2P 2B7

If you have any questions regarding this invoice please contact: Kelli Dennis (416) 228-2980  
AIR MILES® Reward Program is the trade name of Loyalty Management Group Canada Inc.  
Toronto • Calgary • Montreal



## Above Minimum Invoice



AIR MILES® Reward Program  
4110 Yonge Street  
Suite 200, North York  
Ontario, M2P 2B7

Telephone (416) 226-6500  
Facsimile (416) 733-4105

**Attention:**

Invoice Number: ~~AM0002 2006~~  
Invoice Date: Mar 06, 2006

Payment Due Date: Mar 21, 2006  
For Period: Feb 01, 2006 - Feb 28, 2006

	Miles	Price	Amount
Actual Miles Charges above minimum	0	0.00	\$0.00
GST			\$0.00
GST			\$0.00
HST			\$0.00
Invoice Total			\$0.00

Please pay Invoice Total on or before the Payment Due Date

GST Registration Number: ~~88784-7958~~  
GST Registration Number: ~~88784-7958~~

**Wire Transfers:**  
Loyalty Management Group Canada Inc.  
dba AIR MILES® Reward Program  
c/o Bank of Montreal  
First Canadian Place Branch  
100 King Street West  
Toronto, ON  
M5X 1A3


Transit: 00033  
Account: 11802809

**Cheques:**  
AIR MILES® Reward Program  
4110 Yonge Street  
2nd Floor, Suite 200  
North York, ON  
M2P 2B7

If you have any questions regarding this invoice please contact: Kelli Dennis (416) 226-2960  
AIR MILES® Reward Program is the trade name of Loyalty Management Group Canada Inc.  
Toronto - Calgary - Montreal



## Above Minimum Invoice

		<b>Sponsor Position Statement</b>		Page: 1 of 1
		Sponsor Name: HICKORY HOLLERS INC		Report Date: 03/06/2006
<b>Actual Miles Issued</b>		<b>Miles</b>	<b>Price/Mile</b>	
Nov-2005	14000	Actual Miles Issued	11,500	.0000
Dec-2005	18000	Actual Miles Issued	15,000	.0000
Jan-2006	14000	Actual Miles Issued	19,500	.0000
Feb-2006	18000	Actual Miles Issued	21,000	.0000
			33,000	
<b>Less: Minimum Miles Invoiced</b>		<b>Miles</b>	<b>Price/Mile</b>	
Dec-2005	18000	Revenue stream flat fee	18,000	.0000
Dec-2005	18000	Revenue stream flat fee	18,000	.0000
Dec-2005	18000	Revenue stream flat fee	18,000	.0000
Dec-2005	18000	Revenue stream flat fee	18,000	.0000
Jan-2006	18000	Minimum Miles Invoice	18,000	.0000
Feb-2006	18000	Minimum Miles Invoice	18,000	.0000
			72,000	
<b>Less: Actual Miles Invoiced</b>		<b>Miles</b>	<b>Price/Mile</b>	
Nov-2005	14000	Air Miles Billed in Excess of Minimum	0	.0000
Dec-2005	18000	Air Miles Billed in Excess of Minimum	0	.0000
Jan-2006	14000	Air Miles Billed in Excess of Minimum	0	.0000
			0	
<b>Net Position</b>		<b>(Air Miles reward miles Credit Position)</b>		<b>396,000</b>

**Above Minimum Invoice**

**Charges By Offer** Page: 1 of 1

Invoice: AIRMILES20021 Report Date: 03/06/2006

Sponsor: HODIP

Offer	Description	Transaction Code	Miles	Price	Charges
HODIP001	STANDARD OFFER	020	11,520	8,000.00	\$0.000-35
<b>Total for Sponsor Code</b>			020	11,520	\$0.000-35
<b>Invoice Total</b>			020	11,520	\$0.000-35

SAMPLE



### Above Minimum Invoice

**Charges by Location/Offer**

Page: 1 of 1

Report Date: 03/08/2008

Invoice: 00000000000000000000

Sponsor: HOOP

Location	Offer	Provider	Transaction Count	Miles	Price	Charges
0001	HOOP/00000000000000000000	HOOP	526	11,520	0.00000	\$0.00000
Total for Location: 0001			526	11,520		\$0.00000
Total for Sponsor Code			526	11,520		\$0.00000
Invoice Total:			526	11,520		\$0.00000

**Above Minimum Invoice****Charges By Transmission**

Page: 1 of 1

Report Date: 03/06/2006

Invoice: AIRMILES2006T

Sponsor: HODIP

Provider Tape Number	Provider Name	RCW Tape Number	Transaction Count	Miles	Price	Charges
000	AIR MILES APPLICATION	000000001	404	10,000	\$1.0000	\$1,000.00
001	AIR MILES APPLICATION	000000002	30	300	\$1.0000	\$30.00
002	AIR MILES APPLICATION	000000003	30	300	\$1.0000	\$30.00
Total for Sponsor Code			504	10,600		\$1,060.00
Invoice Total			504	10,600		\$1,060.00