DEALS AND SUITS

Aimia Loyalty Solutions and Kognitiv Corporation Merge to Form a Visionary Leader in Loyalty

BLG recently acted as external counsel for Aimia Inc. in its agreement to amalgamate Aimia's Loyalty Solutions business with Kognitiv Corporation. The merged entity creates a new technology-forward loyalty solutions provider by combining Aimia Loyalty's world-class client roster and strong base of over 200 million consumer profiles with the enhanced capabilities of Kognitiv's transformative loyalty platform which processed over $1.3 billion in transactions last year and serves asset owners globally, including hotels, airlines, and car rental companies, and is connected to more than 20 loyalty partners. This transaction is anticipated to close on or about May 29.

Aimia Inc. will contribute its Loyalty Solution business, which includes Intelligent Shopper Solutions and the Air Miles Middle East program, which will be merged into Kognitiv Corporation in return for common equity in the new combined business. Aimia also will invest approximately $21 million and current Kognitiv shareholders will invest approximately $14 million, for a total of approximately $35 million in cash, into the combined entity through 12% convertible preferred shares, at a combined post-money and post-merger equity valuation of $525 million. An initial $7 million of this aggregate investment has already been advanced in the form of a convertible note which will be converted to convertible preferred shares upon closing.

Upon closing of both the merger and the investment, Aimia Inc. will own 49% of the newly merged Kognitiv and nominate two directors to Kognitiv's board. Aimia will have strong governance rights on major decisions of the merged company pursuant to an Investor Rights Agreement.

Aimia expects to account for its interest in the newly merged Kognitiv using the equity accounting basis. The merger will dramatically improve Aimia's cost structure and enable the company to administer and execute on a new core strategy as an investment holding company with no debt, and a much leaner operational structure.

This transaction highlights BLG's multi-disciplinary expertise in complex corporate transactions. The BLG team was led by Fred R. Pletcher and included Andrew Hennigar, Elisa Henry, James Cantwell, Mikhail Ilinets, Katherine McNeill, Ivan Boiarski (Corporate Commercial), Randy Morphy and Robert Biggar (Tax), Jean-Marie Fontaine (Transportation), Matthew Tolan (Leasing) and Subrata Bhattacharjee (Competition).

BLG Team : Fred Pletcher, Andrew Hennigar, Elisa Henry, James Cantwell, Mikhail Ilinets, Katherine M. Stanger, Ivan Boiarski, Randy Morphy, Robert Biggar, Jean-Marie Fontaine, Matthew Tolan, Subrata Bhattacharjee