

**LIQUOR STORES N.A. LTD.**

**BY-LAW NO. 2**

A by-law respecting the nomination of directors of LIQUOR STORES N.A. LTD. (the "**Corporation**").

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

- (a) Nomination Procedures. Subject only to the *Canada Business Corporations Act* (the "**Act**"), the articles of the Corporation and applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, including the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada (collectively, "**Applicable Securities Laws**"), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors (the "**Board**") of the Corporation may be made at any annual meeting of shareholders ("**Shareholders**") of the Corporation, or at any special meeting of Shareholders if the election of directors is a matter specified in the notice of meeting:
- i. by or at the direction of the Board, including pursuant to a notice of meeting;
  - ii. by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the Shareholders made in accordance with the provisions of the Act; or
  - iii. by any person (a "**Nominating Shareholder**") who: (A) at the close of business on the date of the giving of the notice provided for in this by-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares of the Corporation carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides satisfactory evidence of such beneficial ownership to the Corporation; and (B) complies with the notice procedures set forth below in this by-law.
- (b) Timely and Proper Notice. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation in accordance with this by-law.
- (c) Manner of Timely Notice. To be timely, a Nominating Shareholder's notice must be given:
- i. in the case of an annual meeting (including an annual and special meeting) of Shareholders, not less than 30 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - ii. in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the meeting was made.

Each of the notice periods set forth in paragraphs (c)(i) and (c)(ii) above shall be reset if the meeting is adjourned and/or postponed, and for this purposes the Notice Date shall be the date of the first public announcement of the adjournment and/or postponement.

- (d) Proper Form of Notice. To be in proper written form, a Nominating Shareholder's notice must set forth:
- i. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation, business or employment of the person, both present and within the five years preceding the notice, and the name and principal business of any company in which any such employment is carried on; (C) whether the person is a resident Canadian within the meaning of the Act; (D) the number of securities of each class of securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person, as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (E) full particulars regarding any agreement, arrangement or understanding between the nominee and the Nominating Shareholder, or any associates or affiliates of, or any person or entity acting jointly or in concert with, the nominee or the Nominating Shareholder in connection with the nominee's nomination and election as a director; (F) whether the nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the nominee; (G) such person's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (H) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and
  - ii. as to the Nominating Shareholder: (A) the name and address of such Nominating Shareholder, as they appear on the securities register of the Corporation; (B) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any joint actors, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (C) full particulars regarding any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, whether or not such instrument or right shall be subject to settlement in underlying securities of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Nominating Shareholder with respect to securities of the Corporation; (D) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or to direct or to control the voting of any shares of the Corporation; (E) whether such Nominating Shareholder intends to deliver a proxy circular and/or form of proxy to any shareholders of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and (F) any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

References to "Nominating Shareholder" in this paragraph (d) shall be deemed to refer to each Shareholder that nominates a person for election as director in the case of a nomination proposal where more than one Shareholder is involved in making such nomination proposal.

- (e) Other Information. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to (i) determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that would reasonably be expected to be material to a reasonable Shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee, or (ii) satisfy the requirements of applicable stock exchange rules.

- (f) Notice to be Updated. In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.
- (g) Determination of Eligibility. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. The Board may, in its sole discretion, waive any requirement in this by-law.
- (h) Delivery of Notice. Notwithstanding any other provision of this by-law, notice given to the secretary of the Corporation pursuant hereto may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary of the Corporation for the purposes of the notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the address of the principal executive offices of the Corporation, by email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 4:30 p.m. (Edmonton time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (i) Increase in number of directors to be elected. Notwithstanding any provisions in this by-law to the contrary, in the event that the number of directors to be elected at a meeting is increased effective after the time period for which the Nominating Shareholder's notice would otherwise be due under this section, a notice with respect to nominees for the additional directorships required by this section shall be considered timely if it shall be given not later than the close of business on the tenth (10th) day following the day on which the first public announcement of such increase was made by the Corporation.
- (j) Terms. For purposes of this by-law, "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

Nothing in this by-law shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act.

In the event any provision of any other by-law of the Corporation now in force is inconsistent with or in conflict with any provision of this by-law, the provisions of this by-law shall prevail to the extent necessary to remove the inconsistency or conflict.

This by-law shall remain in force and be binding upon the Corporation as regards any party acting on the faith thereof until a copy, certified by the Secretary of the Corporation, of a by-law repealing or replacing this by-law shall have been received by such party and duly acknowledged in writing.

ENACTED by the Board of Directors of the Corporation the 4<sup>th</sup> day of March, 2015.

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President

