

**LIQUOR STORES N.A. LTD.**  
**DIVIDEND REINVESTMENT PLAN**

**Introduction**

Liquor Stores N.A. Ltd. (the "Corporation") has established this dividend reinvestment plan (the "Plan") to enable holders ("Shareholders") of a minimum of 100 of the Corporation's common shares ("Shares") to acquire additional Shares ("Plan Shares") through reinvestment of the monthly cash dividends ("Dividends") paid on their Shares.

Dividends on Shares and will be reinvested on behalf of participating Shareholders ("Plan Participants") by Computershare, as agent under the Plan (the "Plan Agent"), on the terms and conditions contained in the Corporation's dividend reinvestment plan services agreement (the "Agreement") between the Corporation and the Plan Agent.

**Participation in the Plan**

Eligible registered Shareholders may elect to become a Plan Participant by completing and delivering to the Plan Agent a duly completed and signed Enrolment Form in the form provided by the Corporation.

An Enrolment Form must be received by the Plan Agent no later than 5:00 p.m. (Toronto time) on the business day immediately preceding the Dividend record date in order to take effect on the Dividend payment date to which such record date relates. If an Enrolment Form is received by the Plan Agent from a registered Shareholder after that time, the Enrolment Form will not take effect on such Dividend payment date and will only take effect on the next following and subsequent Dividend payment dates.

Eligible beneficial owners of Shares that are registered in the name of a broker, investment dealer, financial institution or other nominee (each a "Nominee") or CDS, may only participate in the Plan if they (i) transfer their Shares into their own name and then enrol in the Plan directly, or (ii) arrange for such Nominee or the broker, investment dealer, financial institution or other nominee that is a participant (a "CDS Participant") in CDS Clearing and Depository Services Inc. ("CDS") depository service and through which they hold their Shares, to enrol in the Plan on their behalf. Beneficial owners of Shares registered in the name of CDS or a Nominee may not directly enrol in the Plan.

Where an eligible beneficial Shareholder wishes to enrol in the Plan through a CDS Participant, the CDS Participant must provide instructions to CDS on behalf of such Shareholder in the prescribed form no later than 4:00 p.m. (Toronto time) on the business day immediately preceding the Dividend record date in respect of the initial Dividend in which the Shareholder intends to participate in the Plan (or such other deadline as CDS may set from time to time). CDS will, in turn, be required to provide notice to the Plan Agent prior to 11:00 a.m. (Toronto time) on the record date in respect of the initial Dividend in which such Shareholder intends to participate in the Plan. If CDS does not receive the required notice from the CDS Participant by 4:00 p.m. (Toronto time) on the business day immediately prior to the applicable Dividend record date (or such other deadline as CDS may set from time to time), or the Plan Agent does not receive the required notice from CDS by 11:00 a.m. (Toronto time) on the applicable Dividend record date, the beneficial Shareholder's enrolment in the Plan will not take effect until the next following Dividend record date.

**Eligible beneficial owners of Shares should contact their broker, investment dealer, financial institution or other nominee who holds their Shares to provide instructions regarding their participation in the Plan.**

Shareholders resident outside of Canada will be entitled to participate in the Plan unless prohibited by the law of the jurisdiction in which they reside. Shareholders who are resident in the United States or who are United States citizens will not be entitled to participate in the Plan. The Corporation, the Plan Agent and any CDS Participant reserve the right to deny participation in the Plan to, and to not accept enrolment or other forms of elections or instructions from, any person or agent of such person who appears to be, or who the Corporation, the Plan Agent or such CDS Participant has reason to believe is, subject to the laws of any jurisdiction which does not permit participation in the Plan in the manner sought by or on behalf of such person.

Once enrolled, participation in the Plan will continue automatically unless terminated in accordance with the Agreement or, in the case of a beneficial Shareholder, a CDS Participant's policies provide otherwise. Plan Participants may elect to terminate their participation in the Plan by providing written notice to the Plan Agent (in the case of registered Shareholders) or their CDS Participant (in the case of beneficial Shareholders) not later than 4:00 p.m. (Toronto time) on the business day immediately preceding the record date in respect of the Dividend for which such Shareholder no longer wishes to participate in the Plan. Such notice, if actually received by the Plan Agent or relevant CDS Participant, as the case may be, by the above referenced deadline will have effect in respect of the Dividend to be paid to holders on such record date.

The Corporation reserves the right to determine, from time to time, a minimum number of Shares (currently 100 Shares) that a Plan Participant must hold in order to qualify for, or continue enrolment in the Plan, and reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of the Corporation, is participating in the Plan primarily with a view to arbitrage trading.

### **Administration**

The Corporation shall pay to the Plan Agent, on behalf of the Plan Participants, all amounts paid as Dividends on Shares (including Plan Shares) for which Plan Participants are the owners of record on the record date immediately preceding the corresponding date on which the Corporation pays a Dividend to Shareholders (each such date being a "Dividend Payment Date"). The Plan Agent shall purchase Plan Shares for the Plan Participants on the terms and conditions set out below under "Purchase of Shares by Plan Agent" and in the Agreement. The Plan Agent shall not be obligated to expend any of its own funds in carrying out its duties under the Agreement and shall not be liable for failing to do so.

The Corporation currently pays Dividends on a monthly basis.

### **Purchase of Shares by Plan Agent**

On each Dividend Payment Date, the Corporation will pay to the Plan Agent all Dividends due (less any applicable withholding tax) in respect of the Shares properly enrolled in the Plan. The Plan Agent will use such funds to purchase Plan Shares.

Plan Shares will, at the discretion and direction of the Corporation, be purchased by the Plan Agent through the facilities of the Toronto Stock Exchange (the "Market Purchase Option"), be issued directly

from the treasury of the Corporation (the "Treasury Issuance Option") or be acquired through some combination of the Market Purchase Option and the Treasury Issuance Option. If the Corporation elects to utilize the Market Purchase Option, the price of the Plan Shares purchased on behalf of a Plan Participant will be based on the average price for which all the Plan Shares in respect of a given Dividend Payment Date were acquired (the "Market Purchase Price"). If the Corporation elects to utilize the Treasury Issuance Option, the price of the Plan Shares issued to a Plan Participant will be equal to 97% of the weighted average of the trading prices for the Shares on the Toronto Stock Exchange for the ten (10) trading days preceding the applicable Dividend Payment Date (the "Average Market Price"). For purposes of calculating the Average Market Price, "trading day" means a day on which not less than 500 Shares were traded on the Toronto Stock Exchange. The Corporation will advise the Plan Agent of the Average Market Price on the Dividend Payment Date. Finally, if the Corporation elects to utilize both the Market Purchase Option and the Treasury Issuance Option, the price of the Plan Shares acquired by a Plan Participant will be a volume weighted average of the Market Purchase Price and 97% of the Average Market Price.

The Plan Shares purchased in the market or issued from the Corporation's treasury will be allocated by the Plan Agent on a pro rata basis to the Plan Participants, including fractions of Plan Shares computed to 4 decimal places. CDS Participants will have their own procedures with respect to fractional Shares. Plan Participants that hold their Plan Shares through CDS Participants should consult their respective CDS Participant as to the manner in which fractional entitlements will be handled.

#### **Certificates**

Certificates representing Plan Shares purchased under the Plan will not be issued to Plan Participants unless specifically requested.

#### **Voting of Plan Shares**

Plan Shares may be voted either in person or by proxy in the same manner as the Plan Participants' Shares may be voted, provided that no voting rights will attach to any fraction of a Plan Share held in a Plan Participants' account under the Plan.

#### **Subdivisions**

If Shares are distributed pursuant to a subdivision of Shares, any Shares resulting from a subdivision of Plan Shares will be credited to Plan Participant accounts. Any Shares distributed to a Plan Participant pursuant to a subdivision of Shares will automatically be enrolled in the Plan.

#### **Commissions and Administrative Costs**

All brokerage commissions, service charges and administrative costs associated with the operation of the Plan will be paid by the Corporation as set out in the Agreement.

#### **Use of Proceeds**

If the Treasury Issuance Option is utilized, the proceeds received by the Corporation will be added to the general funds of the Corporation.

## **Taxes**

Plan Participants are urged to consult their own tax advisors concerning the tax implications of their participation in the Plan.

## **Responsibilities of the Corporation and the Plan Agent**

Neither the Corporation nor the Plan Agent shall be liable for any act done by either of them or for any omission to act, except for losses directly, principally or immediately caused by bad faith, wilful misconduct, gross negligence or a breach of their respective standards of care. In particular, neither the Corporation nor the Plan Agent shall have any liability with respect to the prices at which Plan Shares are purchased for the Plan Participant's accounts or the times at which such purchases are made.

The Corporation and/or the Plan Agent shall have the right to reject any request regarding Plan participation if such request is not received in proper form. Any such request will be deemed to be invalid until any irregularities have been resolved to the satisfaction of the Corporation and/or the Plan Agent, as applicable. The Corporation and the Plan Agent are under no obligation to notify any Shareholder of an invalid request.

**Plan Participants should recognize that neither the Corporation nor the Plan Agent can assure a gain or protect against loss as a result of Plan Participants holding Plan Shares.**

## **Amendments, Suspension or Termination of Plan and Plan Agent**

The Corporation may terminate the Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants (via the CDS Participants in the case of Plan Participants that hold their Plan Shares through CDS Participants). The Corporation may also amend, modify or suspend the Plan at any time in accordance with the Agreement, provided that it gives notice of that amendment, modification or suspension to the Plan Participants or CDS Participants through which the Plan Participants hold their Shares. The Corporation is not required to issue Shares into any jurisdiction where that issuance would be illegal. Any amendments to the Plan are subject to prior approval by The Toronto Stock Exchange.

The Corporation may, in its sole discretion, and upon at least 30 days' notice to the Plan Agent or such lesser period as may be mutually agreed upon, remove the Plan Agent and appoint a successor Plan Agent. Similarly, the Plan Agent may resign as agent under the Plan upon at least 30 days' notice to the Corporation and upon delivery to the Corporation of all documents and monies being held by the Plan Agent on the Corporation's behalf pursuant to the Agreement.

## **Notices**

All notices required to be given to Plan Participants will be sent to, in the case of registered Shareholders, the address of the Plan Participant as shown on the register of Shareholders maintained by the registrar and transfer agent of the Corporation, and in the case of beneficial Shareholders, the CDS Participants through which they hold their Shares, at their address as shown in the accounts or other records maintained by the Plan Agent in respect of CDS Participants. Written communications to the Plan Agent or the Corporation should be addressed to:

Computershare  
8<sup>th</sup> Floor, 100 University Avenue

Liquor Stores N.A. Ltd.  
101, 17220 Stony Plain Road

Toronto, Ontario M5J 2Y1

Telephone: (800) 564-6253  
Facsimile: (888) 453-0330

Edmonton, AB T5S 1K6

Attention: Investor Relations  
Telephone: (780) 944-9994  
Facsimile: (780) 702-1999

**Effective Date of this Plan**

The Plan is effective commencing with the Dividend record date of April 29, 2011.