

ANNUAL AND SPECIAL MEETING

Tuesday, May 7, 2013
8:00 a.m. at Varscona Hotel on Whyte
8208-106 Street
Edmonton, Alberta

LIQUOR STORES N.A. LTD.

**Annual and Special Meeting of Shareholders
and Information Circular**



**LIQUOR STORES N.A. LTD.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

TO: THE SHAREHOLDERS OF LIQUOR STORES N.A. LTD.

TAKE NOTICE that an Annual and Special Meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares of Liquor Stores N.A. Ltd. (the "**Corporation**") will be held in the Rutherford 2 Room of Varscona Hotel on Whyte, 8208 – 106th Street, Edmonton, Alberta, on Tuesday, May 7, 2013, at 8:00 a.m. (Edmonton time) for the following purposes:

- (1) to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2012, and the auditors' report thereon;
- (2) to fix the number of directors to be elected at the Meeting at seven (7);
- (3) to elect directors of the Corporation for the ensuing year;
- (4) to appoint the auditor of the Corporation and to authorize the directors to fix their remuneration as such;
- (5) to consider, and if thought fit, approve the un-allocated options under the Corporation's stock option plan; and
- (6) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and fax it to, mail it to, or deposit it with Valiant Trust Company, located at Suite 310, 606 – 4th Street, S.W., Calgary, Alberta, T2P 1T1, or fax 403-233-2857. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address or fax not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.

Shareholders may also use the internet site at www.valianttrust.com to appoint a proxy holder and transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 48 hours (**excluding Saturdays, Sundays and holidays**) prior to the time of the Meeting or any adjournment of the Meeting. **Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment or voting instructions, a Shareholder may resubmit their proxy and/or voting instructions, prior to the deadline noted above. When resubmitting a proxy or voting instructions, the most recently submitted proxy and/or voting instructions will be recognized as valid, and all previously submitted proxies or voting instructions will be disregarded and considered as revoked, provided that the last proxy or voting instructions are submitted by the deadline noted above.**

The record date for the Meeting is the close of business on April 5, 2013 (the "**Record Date**"). Shareholders of record as at the Record Date are to vote those shares included in the list of Shareholders entitled to receive notice of the Meeting prepared as at the Record Date. No Shareholder who becomes a Shareholder after the Record Date shall be entitled to vote at the Meeting.

DATED this 4th day of April, 2013.

BY ORDER OF THE BOARD DIRECTORS OF
LIQUOR STORES N.A. LTD.

(Signed) "*Craig D. Corbett*
Senior Vice President, Business Development,
General Counsel & Corporate Secretary

LIQUOR STORES N.A. LTD. INFORMATION CIRCULAR

(CONTAINING INFORMATION AS AT APRIL 4, 2013 UNLESS INDICATED OTHERWISE)

PROXY SOLICITATION AND VOTING MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the directors (the "**Directors**") of Liquor Stores N.A. Ltd. (the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held in the Rutherford 2 Room of the Varsona Hotel, 8208 – 106th Street, Edmonton, Alberta, at 8:00 a.m. (Edmonton time) on Tuesday, May 7, 2013, or at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

It is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may be solicited personally, by telephone or by other means of communication by the Directors, officers and regular employees of the Corporation, who will not be specifically remunerated therefore. All costs of solicitation of proxies by or on behalf of the Directors will be borne by the Corporation.

Appointment of Proxies

The persons named in the accompanying form of proxy are officers of the Corporation. A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent that Shareholder at the Meeting has the right to do so, either by inserting the desired person's name in the blank space provided in the form of proxy and crossing out the names of the officers, or by completing another proper form of proxy.

A form of proxy must be in writing and signed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. If the form of proxy is executed by an attorney, evidence of the attorney's authority must accompany the form of proxy. A proxy will not be valid unless the completed proxy is received by Valiant Trust Company, located at Suite 310, 606 – 4th Street, S.W., Calgary, Alberta, T2P 1T1, or fax 403-233-2857, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting, or any adjournment thereof.

Shareholders may also use the internet site at www.valianttrust.com to appoint a proxy holder and transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 48 hours (**excluding Saturdays, Sundays and holidays**) prior to the time of the Meeting or any adjournment of the Meeting. **Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment or voting instructions, a Shareholder may resubmit their proxy and/or voting instructions, prior to the deadline noted above. When resubmitting a proxy or voting instructions, the most recently submitted proxy and/or voting instructions will be recognized as valid, and all previously submitted proxies or voting instructions will be disregarded and considered as revoked, provided that the last proxy or voting instructions are submitted by the deadline noted above.**

Revocation of Proxies

A Shareholder who has given a form of proxy may revoke it (A) by an instrument in writing that is signed and delivered to: (i) the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the form of proxy is to be used; (ii) the chairman of the Meeting on the day of the Meeting or an adjournment thereof; or (B) in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Proxies

The officer representatives designated in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. Where no choice is specified in the form of proxy, the officer representatives designated therein will vote such Common Shares "for" the matters described therein and in this Information Circular.

The enclosed form of proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the officer representatives designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the Directors know of no such amendment, variation or other matter that may be presented to the Meeting.

INFORMATION FOR BENEFICIAL SHAREHOLDERS

These meeting materials are being sent to both registered and non-registered Shareholders. If you are a non-registered Shareholder and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary/broker holding on your behalf.

The information set forth in this section is important to all Shareholders of the Corporation who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**"). Beneficial Shareholders should note that only a Shareholder whose name appears on the records of the Corporation as a registered holder of Common Shares or a person they appoint as a proxy can be recognized and vote at the Meeting. A significant majority of the issued and outstanding Common Shares are in a book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Consequently, such Common Shares are currently registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Holders hold their Common Shares. Common Shares held by CDS can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder.

Applicable regulatory policy requires intermediaries/brokers to whom meeting materials have been sent to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Shareholders and asks for instructions respecting the voting of Common Shares to be represented at the Meeting. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions with respect to the Common Shares beneficially held by them. Broadridge then tabulates the results of all voting instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Common Shares at the Meeting.

Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their Common Shares in person. If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your intermediary/broker well in advance of the Meeting to determine how you can do so.

Beneficial Shareholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Common Shares voted at the Meeting.

INFORMATION CONCERNING LIQUOR STORES N.A. LTD.

Liquor Stores N.A. Ltd. (the “**Corporation**” or “**Liquor Stores**”) is a corporation incorporated pursuant to the *Canadian Business Corporations Act* (the “**CBCA**”) and through subsidiaries owns and operates approximately 247 retail liquor stores in the Provinces of Alberta and British Columbia, and the States of Alaska and Kentucky. The common shares (“**Common Shares**”) of Liquor Stores trade on the Toronto Stock Exchange under the symbol “LIQ”. The affairs of the Corporation are supervised by its Board of Directors.

The Corporation is the successor to Liquor Stores Income Fund (the “**Fund**”). The Fund was reorganized from an income trust structure to a publicly-traded corporation, being the Corporation, pursuant to a Plan of Arrangement completed under the CBCA effective December 31, 2010 (the “**Reorganization**”). The Corporation and its subsidiaries now carry on the business formerly carried on by the Fund and its subsidiaries, and the Board of Directors and senior management of the Corporation are comprised of former members of the Board of Directors and senior management of Liquor Stores GP Inc., the administrator of the Fund.

Unless the context otherwise requires, information herein in respect of the Corporation for periods prior to completion of the Reorganization refer to the Fund.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 22,958,892 common shares of the Corporation (“**Common Shares**”) issued and outstanding, each of which entitles the holder to one vote on a ballot. Only registered holders of Common Shares on the Record Date, or their duly-appointed proxies, are entitled to vote at the Meeting.

To the knowledge of the Directors, no person beneficially owns, or controls or directs, directly or indirectly, 10% or more of the voting rights attached to all voting securities of the Corporation.

MATTERS TO BE ACTED UPON AT THE MEETING

Other than as set forth herein, neither the Directors nor management of the Corporation is aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any nominee for Director or any Director or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation’s last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting.

Election Of Directors of the Corporation

At the Meeting, Shareholders will be asked to fix the number of Directors to be elected at the Meeting at seven (7) and to elect seven (7) Directors to hold office until the next annual meeting of the Shareholders of the Corporation or until their successors are elected or appointed. There are currently seven (7) Directors of the Corporation, each of whom retires from office at the Meeting, and all of whom have chosen to stand for re-election as a Director at the Meeting.

On March 5, 2013, the Board adopted a policy stipulating that forms of proxy for the vote at a shareholders’ meeting where Directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting, separately for each nominee. Each Director should be elected by the vote of a majority of the shares voting in person or by proxy at any meeting for the election of Directors. The policy provides that if any nominee for Director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election, then the Director must promptly tender his or her resignation to the Board, to take effect on acceptance by the Board.

The Governance Committee of the Board will promptly consider the offer to resign and make a recommendation to the Board after reviewing the matter, and the Board will act on the Governance Committee’s recommendation within 90 days following the shareholders’ meeting. The Board’s decision to accept or reject the resignation offer will promptly be disclosed to the public by press release. The nominee will not participate in any Governance Committee or Board deliberations on the

resignation offer. The policy does not apply in circumstances involving contested director elections. The Governance Committee reserves the right to consider all factors it deems relevant to the best interest of the Corporation when assessing whether to accept such resignation.

The names and jurisdictions of residence of the persons nominated for election as Directors, the number of Common Shares, Deferred Shares, and Debentures beneficially owned, or over which each exercises control or direction, directly or indirectly, the offices held by each in the Corporation, the period served as Director and the principal occupation of each are set forth below.

Name and Municipality of Residence ⁽¹⁾	Period of Service as a Director	Principal Occupation and Other Public Directorships ⁽¹⁾	Number of Common Shares ⁽²⁾	Principal Amount of Debentures ⁽²⁾	Number of Deferred Shares ⁽¹⁰⁾
Henry Bereznicki Alberta, Canada	Since August 2004	President, Western Region of North American Development Group (a private real estate developer) and Centrecorp (a private real estate services company). Mr. Bereznicki previously served as Chairman of the Corporation.	(6)	-	1,907
R. John Butler, Q.C. ⁽³⁾⁽⁴⁾⁽⁵⁾ Alberta, Canada	Since August 2004	Counsel, Bryan & Company (law firm). Mr. Butler is also a director of TELUS Corporation.	20,000	\$300,000	3,454
Gary Collins ⁽³⁾⁽⁵⁾ British Columbia, Canada	Since September 2006	Mr. Collins is the President of Coastal Contacts Inc. (online optical retailer). Mr. Collins serves as a director of Chorus Aviation Inc.	2,300	-	10,229
Jim Dinning ⁽¹¹⁾ Alberta, Canada	Since August 2004	Chairman, Director, and Interim Chief Executive Officer of the Corporation. Chairman, Western Financial Group (financial services company). Mr. Dinning is also a director of Russel Metals Inc., Oncolytics Biotech Inc., and Parkland Fuel Corporation	(12)	-	7,265
Robert S. Green ⁽⁴⁾⁽⁵⁾ Ontario, Canada	Since August 2004	President of North American Development Group (a private real estate developer) and Centrecorp (a private real estate services company)	(7)	-	6,971
Irving Kipnes Alberta, Canada	Since August 2004	President and Managing Director of Delcon Development Group of Companies (real estate development). Mr. Kipnes has previously served as Executive Chairman and Chief Executive Officer of the Corporation.	(8)	(8)	1,907
David B. Margolus, Q.C. ⁽³⁾⁽⁴⁾⁽⁹⁾ Alberta, Canada	Since August 2004	Counsel & Partner, Witten LLP (law firm).	(9)	(9)	3,454

Notes:

- (1) The information as to jurisdiction of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The information as to the number of Common Shares and value of Debentures beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been based upon reports filed with applicable securities regulatory authorities.
- (3) Member of the Compensation Committee of the Corporation.
- (4) Member of the Governance Committee of the Corporation.
- (5) Member of the Audit Committee of the Corporation.
- (6) Mr. Bereznicki, together with his associates and affiliates, owns beneficially, or exercises control or direction over, directly or indirectly, approximately 41.98% of the outstanding shares of Liquor World Group Inc., which owns beneficially, or exercises control or direction over, directly or indirectly, 261,292 Common Shares. Mr. Bereznicki owns beneficially, or exercises control or direction over, directly or indirectly, 100% of the outstanding shares of Berbank Realty Management Ltd., which owns beneficially or exercises control or direction over, directly or indirectly, 20,000 Common Shares. In addition, Mr. Bereznicki owns directly or indirectly 18,504 Common Shares.
- (7) Mr. Green, together with his associates and affiliates, owns beneficially, or exercises control or direction over, directly or indirectly, approximately 15.14% of the outstanding shares of Liquor World Group Inc., which owns beneficially, or exercises control or direction over, directly or indirectly, 261,292 Common Shares.
- (8) Mr. Kipnes owns beneficially, or exercises control or direction over, directly or indirectly, 100% of the outstanding shares of Kipnes Holdings Ltd., which owns beneficially, or exercises control or direction over, directly or indirectly, 936,198 Common Shares. In addition, Mr. Kipnes owns directly 395,904 Common Shares, and Mr. Kipnes' spouse owns \$500,000 principal amount of Debentures.
- (9) Mr. Margolus, together with members of his family, owns beneficially, or exercises control or direction over, directly or indirectly, all of the outstanding shares of Marfam Enterprises Ltd. which owns beneficially, directly or indirectly, or exercises control or direction over 149,699 Common Shares and \$300,000 principal amount of Debentures.
- (10) Information provided as at March 31, 2013. Please see "Director Compensation – Director Fees and Deferred Share Plan" for a detailed description of the Deferred Share Plan.
- (11) As Chairman of the Board, Mr. Dinning has been an ex-officio member of each Standing Committee of the Board. Upon his appointment as Interim Chief Executive on August 31, 2012 Mr. Dinning ceased his ex-officio membership on the Audit Committee.
- (12) Mr. Dinning owns beneficially, or exercises control or direction over, directly or indirectly, 100% of the outstanding shares of Elbow Holdings Inc., which owns beneficially, or exercises control or direction over, directly or indirectly, 2,157 Common Shares. In addition, Mr. Dinning owns directly 14,051 Common Shares.

A "record of attendance by Directors" at meetings of the Directors and the standing committees of the Board of Directors for the year ended December 31, 2012, is set out in Schedule "B" hereto.

Unless such authority is withheld, the officer designees named in the accompanying form of proxy intend to vote for the election of the nominees whose names are set forth herein.

To the knowledge of the Corporation, no proposed Director of the Corporation (nor any personal holding company of a proposed Director) is, as of the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Corporation), that:

- (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order") that was issued while the proposed director was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- (b) was subject to an Order that was issued after the proposed Director ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

To the knowledge of the Corporation, no proposed Director (nor any personal holding company of any proposed Director):

- (a) is, as of the date of this Information Circular, or has been within the ten years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no proposed Director of the Corporation (nor any personal holding company of any proposed Director), has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Appointment of Auditor

At the Meeting, Shareholders will be called upon to appoint PwC, as auditor of the Corporation, to hold office until the next annual meeting of the Corporation, at a remuneration to be fixed by the Directors. PwC has been the auditor of the Corporation or the Fund since the inception of the Fund on August 10, 2004.

Unless such authority is withheld, the officer designees named in the accompanying form of proxy intend to vote for the appointment of PwC, as auditors of the Corporation, to hold office until the next annual meeting of the Corporation, at a remuneration to be fixed by the Directors.

The information required by Form 52-110F1 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, including information about the fees billed to the Corporation by PwC, is contained in the Corporation's Annual Information Form for the year ended December 31, 2012, under the heading "Audit Committee".

Approval of Unallocated Stock Options Under Stock Option Plan

The Corporation has a share option plan ("**SOP**"), which is described below under the heading "Incentive Plan Awards – Share Option Plan". Pursuant to the SOP, the maximum number of Common Shares that may be issued on the exercise of options ("Options") granted under the SOP is equal to 10% of the outstanding number of Common Shares from time to time.

As at April 4, 2013, the Corporation had Options to purchase 309,750 Common Shares (equal to approximately 1.4% of our outstanding Common Shares) outstanding under the SOP, leaving unallocated Options to purchase an aggregate of 1,986,139 Common Shares (equal to approximately 8.7% of our outstanding Common Shares) available for future grants based on the number of outstanding Common Shares as that date.

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder, all unallocated options, rights or other entitlements under such arrangement must be approved by a majority of the issuer's directors and by the issuer's security holders. Failure to obtain such approvals will result in all unallocated options, rights or other entitlements being cancelled and the issuer will not be permitted to make further grants until such approvals are obtained.

As the SOP is considered to be a security based compensation arrangement and as the maximum number of Common Shares issuable pursuant to our SOP is not a fixed number (but rather 10% of our outstanding Common Shares from time to

time), approval is being sought at this Meeting to approve the grant of unallocated Options under the SOP. If approval is obtained at the Meeting the Corporation will not be required to seek further approval of the grant of unallocated Options under the SOP until May 7, 2016 (being three years from the date of the Meeting). If approval is not obtained at the Meeting, Options which were not allocated as of June 16, 2012 (being the date that was three years from the date the SOP was initially approved by the securityholders of the Corporation's predecessor) will not be available for a new grant of Options under the SOP. Previously allocated and outstanding Options (being the 309,750 Options currently outstanding) will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the Corporation will consider putting in place an alternative form of security based compensation plan for its directors, officers, employees and consultants. The Board has unanimously approved, subject to regulatory and shareholder approval, all unallocated Options under the SOP.

Accordingly, at the Meeting shareholders will be asked to consider and, if thought advisable, pass an ordinary resolution to approve the grant of unallocated Options as follows:

"BE IT RESOLVED, as an ordinary resolution of Liquor Stores N.A. Ltd. (the "Corporation"), that:

- i) all unallocated options issuable pursuant to the Corporation's share option plan are approved and authorized until May 7, 2016; and
- ii) any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolution."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting on such resolution. Unless otherwise directed, the officer designees named in the enclosed form of proxy, if named as proxy, intend to vote for approval of the foregoing resolution.

COMPENSATION DISCUSSION AND ANALYSIS

For the purposes of this Information Circular, the Corporation's "Named Executive Officers" or "NEOs" refer to the following individuals: i) former President and Chief Executive Officer (Mr. Rick Crook); ii) Senior Vice President and Chief Financial Officer of the Corporation (Mr. Patrick de Grace); iii) Chief Operating Officer (Mr. Scott Morrow); iv) Senior Vice-President, Business Development and General Counsel (Mr. Craig Corbett); v) Interim Chief Executive Officer (Mr. Jim Dinning); and vi) Vice-President – Real Estate & Acquisitions, United States (Mr. Kerry Rempel). Save for Mr. Dinning, all individuals had compensation at the end of the most recently completed financial year in excess of \$150,000. It is anticipated that on May 7, 2013, the Corporation will have appointed Mr. Stephen Bebis as President & Chief Executive Officer (and Mr. Dinning will have resigned as Interim Chief Executive Officer). Mr. Bebis received no compensation from the Corporation in 2012.

Compensation Committee & Compensation Governance

The Compensation Committee has the responsibility to develop and recommend to the Board of Directors policies regarding the remuneration of the executive officers of the Corporation and the development and training of their successors, as well as supervise the implementation of these policies. Annually, the Committee reviews the Corporation's compensation philosophy and guidelines and in doing so it assesses the linkage of executive compensation to the Corporation's financial and non-financial performance, support of the Corporation's business strategy, and alignment with the Corporation's general employee compensation philosophy. The Compensation Committee is currently comprised of four members: Gary Collins (Chair), R. John Butler, David Margolus and Jim Dinning. Mr. Dinning is an ex-officio member of the Committee (by virtue of his position as Chairman of the Corporation). Save for Mr. Dinning (who served as Interim Chief Executive Officer commencing August 31, 2012), all current members of the Compensation Committee are "independent" with the meaning of the Canadian Securities Administrator's National Policy 58-201 *Corporate Governance Guidelines* and no current member is an officer, employee or former officer or employee of the Corporation or any of its subsidiaries. In his capacity as an ex-officio member of the Compensation Committee, Mr. Dinning did not participate in any Committee matters that related directly or indirectly to his

compensation as Interim Chief Executive Officer of the Corporation nor did he participate in any in-camera meetings held by the independent members of the Committee.

All members of the Compensation Committee have had direct experience in executive compensation matters by virtue of their past executive and/or board positions with other companies (both public and private). Specifically, Mr. Collins, Chair of the Corporation's Compensation Committee, formerly served as the Chair of the Compensation Committee of Catalyst Paper Corporation. As Chair of this Committee, Mr. Collins was responsible for working with the Board of Directors to develop executive compensation philosophies and guidelines and for reviewing and approving annual executive compensation programs.

Independent Executive Compensation Consultant

Upon recommendation of the Compensation Committee, in September 2012 the Board of Directors engaged the services of Hugessen Consulting Inc. ("**Hugessen**") as executive compensation consultants to provide independent advice to the Committee and the Board on certain matters relating to executive compensation and the structure of compensation for executives of the Corporation. Working independently, Hugessen assessed the market competitiveness of compensation arrangements for the executive management of the Corporation and provided the Compensation Committee with data respecting the annual and long-term incentive pay practices of comparable public issuers and retail peers. Mr. Collins, Chair of the Compensation Committee, met with Hugessen without members of management present to discuss the information compiled by and recommendations made by Hugessen. Although engaged in 2012, Hugessen continued its engagement into 2013, including working with the Governance Committee to review the competitiveness of the Corporation's director compensation levels. Decisions made by the Compensation Committee and the Board of Directors related to executive compensation reflect factors and considerations other than information provided by Hugessen. 2012 was the first year the Corporation had utilized the services of Hugessen. In 2011 the Corporation had retained a different third-party consultant, Total Rewards Professionals, to perform similar services relative to executive compensation.

During the two most recently completed financial years, the fees paid by the Corporation to compensation consultants and advisors were as follows:

	<u>2012</u>	<u>2011</u>
Executive compensation-related fees ⁽¹⁾	\$45,070	\$18,895
All other fees ⁽²⁾	-	-
	<u>\$45,070</u>	<u>\$18,895</u>

Notes:

- (1) Executive compensation-related fees are fees for services related to determining compensation for the Corporation's executive officers and for assessing the competitiveness and practices of the Corporation's director compensation. Although engaged in 2012, Hugessen continued its engagement into 2013.
- (2) Neither Hugessen nor the Corporation's former executive compensation consultant, Total Rewards Professionals, provided any other services to the Corporation.

Executive Compensation Philosophy

The Compensation Committee's executive compensation philosophy is guided by its overall objective to obtain and retain executives critical to the success of the Corporation. Specifically, the Corporation's compensation philosophy is based upon the following three (3) fundamental principles:

1. *Compensation Programs Align with the Interests of Shareholders* – The Corporation aligns the goals of executive officers with the goal of creating long-term sustainable value for Shareholders;
2. *Performance Sensitive* – Compensation for executive officers should directly correlate to the operating performance of the Corporation and to the performance of executive officers on an individual-basis; and

3. *Offer Competitive Compensation to Attract and Retain Proficient Executives* – The Corporation is dedicated to providing market competitive pay relative to comparable companies involved in retail business operations in order to attract new executives, and retain and develop current executives who are performing to the highest industry standards.

The key objectives of the compensation program for the Corporation's executive officers were developed based on the above-mentioned compensation philosophy and are as follows:

- Attract and retain high calibre executives who are able to create value in a competitive economic environment;
- To align the interests of executive officers with the interests of Shareholders;
- To evaluate executive performance using strategic corporate objectives and goals;
- To reward executives for demonstrated leadership and the execution of business plans; and
- To arrive at an overall total compensation package for executive officers which targets the 50th percentile of comparable public companies.

In assessing comparative public issuers the Compensation Committee regularly reviews publicly-available data related to compensation levels and programs of numerous issuers that are either similar in size to the Corporation or operate within various sectors of the Canadian retail industry. The Corporation also requested that Hugessen analyze proxy materials and other publicly-available information to assist the Compensation Committee in developing a peer group for the purposes of assessing executive compensation.

The organizations that are used as the Corporation's primary peer group were chosen for the following reasons:

- all are publicly-traded companies headquartered in Canada;
- their businesses fall within the segmented industry categories of either "consumer discretionary" or "consumer staples" goods;
- all have annual revenues of between 1/3x to 3x the annual revenues of the Corporation; and
- they generally represent an appropriate group to assess the competitiveness of the Corporation's compensation practices.

In 2012 such comparative organizations included the following: North West Company Inc., The Brick Ltd., AutoCanada Inc., Reitmans Canada Ltd., Indigo Books & Music Inc., BMT Group Inc., Leon's Furniture Ltd., Glentel Inc., and Le Chateau Inc. In addition to the foregoing organizations, two (2) Canadian liquor manufacturers, Andrew Peller Limited and Corby Distilleries Limited, were added to the peer group because of their exposure to the liquor industry, their public-company status, and because they are the two (2) Canadian liquor manufacturers that are closest in size (revenues and market capitalization) to the Corporation.

Risk Mitigation

The Corporation and the Board of Directors recognize that certain compensation programs could promote unintended behaviours that may, in certain circumstances, be misaligned with the Shareholders' interests. Such behaviours could be problematic at any level of the organization; however, they could potentially have a greater impact on the entire organization if exhibited by executive officers of the Corporation. The Corporation seeks to ensure, through the structure of its compensation programs, that executive actions and decisions align with the interests of the Corporation and its Shareholders. There are

additional risks that the Corporation is typically subject to; however, this discussion focuses solely on risks linked to the Corporation's executive compensation programs.

Elements of the Corporation's mitigation of behavioural risk are embedded in its compensation processes and executive compensation design, described as follows:

Process Elements

- The Compensation Committee plays a key role in assessing behavioural risk mitigation by reviewing the Corporation's compensation program design, approving compensation awards and analyzing market data annually to ensure that the Corporation's compensation structure provides the intended behaviours. Members of the Compensation Committee (often with all members of the Board of Directors present) meet at least once per year to review both executive compensation and human resources issues generally.
- Employment by the Compensation Committee of a third party consultant (Hugessen) to review the Corporation's executive compensation programs adds additional third-party objectiveness and independent information.
- A regular informal internal review of proxy materials and compensation survey data analysis identifies whether the Corporation's compensation programs are deviating significantly from current market practices.
- Other than Chief Executive Officer (who makes recommendations to the Compensation Committee with respect to the compensation of NEO's, save for himself) no member of executive management is materially involved in the discussions or process by which the Corporation's executive compensation program is formulated.

Compensation Design Elements

- A portion of the Corporation's executive officer compensation package is comprised of an "at risk" element in the form of a short-term cash incentive and awards pursuant to the Corporation's Incentive Award Plan or Stock Option Plan (to the extent awarded by the Board of Directors). This "at risk" compensation aligns executive officer and Shareholder interests mainly because it is anticipated that achievement of the key financial metrics and goals that form the basis for compensation targets may lead to increased shareholder returns and because the underlying value of awards made pursuant to the Incentive Award Plan are reflective of the fair market value of the Common Shares.
- Pursuant to the Corporation's internal policies respecting trading in the Corporation's securities, directors and executive officers are not permitted to purchase financial instruments (including, for greater certainty, puts, options, calls, prepaid variable formal contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a change in the market value of Common Shares or other securities of the Corporation held by a director or an executive officer.

Executive Compensation Components

Guided by the aforementioned philosophy and objectives (and taking into account the process and design elements cited above) the 2012 compensation for the Corporation's core executive team was comprised of the following three (3) components: i) base salary; ii) an annual discretionary bonus (cash); and iii) an award pursuant to the Corporation's Incentive Award Plan.

Prior to his resignation on August 31, 2012, Mr. Crook, former President and Chief Executive Officer, had a compensation package that was comprised of a base salary and annual discretionary bonus (cash). However, his total compensation for 2012 also reflects certain payments and other benefits conferred on him in connection with his departure. Mr. Dinning's compensation as Interim Chief Executive Officer was comprised of a base salary only (no discretionary bonus or awards pursuant to the Incentive Award Plan). Although Mr. Rempel is an NEO for the purposes of this Information Circular, his compensation is determined and paid using a different set of factors. Each of Mr. Crook's, Mr. Dinning's and Mr. Rempel's

compensation will be discussed in detail under “Additional NEO Compensation” and general references herein to the compensation program for NEO’s shall not refer to either Mr. Crook, Mr. Dinning, Mr. Rempel or their compensation. Save for these three (3) individuals, descriptions of the key attributes of the components of compensation for executive NEO’s are as outlined below:

Base Salary – Base salaries are compensation for discharging position responsibilities and generally reflect the level of skills, expertise, and capabilities the executive demonstrates in executing his duties. The Compensation Committee and the Board of Directors review and approve the salaries of the Named Executive Officers on an annual basis. The base salary review (and any salary adjustments arising therefrom) for each executive NEO is based on numerous factors, including current market competitive conditions, compensation levels of comparative corporate peers, individual effectiveness, and anticipated performance of the executive NEO. During this process comparative data from the Corporation’s peer group (as compiled by Hugesen) is considered and analyzed. As noted above, one of the key objectives of the Corporation’s compensation program is that the base salary for executive NEO’s be in the 50th percentile of comparable public companies. In determining the base salaries for each of the Senior Vice President and Chief Financial Officer, Chief Operating Officer, and Senior Vice President, Business Development and General Counsel, the Compensation Committee considers recommendations presented by the President and Chief Executive Officer.

Annual Discretionary Bonus (Cash) – To motivate executives to achieve short-term corporate goals, each executive employment agreement contains provisions for a maximum annual discretionary cash bonus. Pursuant to the executive employment agreements, 2012 potential bonuses were capped at a maximum of 50% of base salary for the positions of Senior Vice President & Chief Financial Officer, Chief Operating Officer, and Senior Vice President, Business Development and General Counsel.

The Board of Directors, in consultation with the Compensation Committee and the President and Chief Executive Officer, set certain individual and corporate performance objectives during the year. In 2012, these principal objectives included:

- Achievement of specific objective financial results;
- Achievement of department-specific growth targets (for certain NEO’s); and
- Completion of certain internal corporate projects and professional development initiatives relative to an individual NEO’s job responsibilities.

Of the foregoing principal objectives, financial targets comprised between 30% - 40% of the potential maximum bonus for each NEO, between 40% - 45% of each potential maximum bonus was based upon departmental corporate projects and targets that were specific to an NEO’s individual job responsibilities, and between 25% - 30% of each potential maximum bonus was based upon the discretion of the Board (and such discretion included the Board’s assessment of an NEO’s completion of professional development activities). The Board of Directors also retains the ultimate discretion to increase or decrease a bonus award as they deem appropriate.

Following the end of the fiscal year, the President and Chief Executive Officer (and in the case of 2012, the Interim Chief Executive Officer) presents the Compensation Committee with an assessment of overall job performance and an opinion as to the attainment of bonus criteria for each of the Senior Vice President and Chief Financial Officer, Chief Operating Officer, and Senior Vice President, Business Development and General Counsel, and provides a bonus recommendation to the Compensation Committee. Although the Compensation Committee and Board take into account these assessments and recommendations, the determination as to whether an identifiable target has been met is ultimately made by the Board of Directors, and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. In addition to the above, the Chief Executive Officer often sets certain goals relative to NEO individual professional development initiatives and will also take this into consideration in assessing appropriate bonuses for NEOs (and the Compensation Committee does the same with respect to the Chief Executive Officer).

Although certain financial targets (including key store-level financial indicators such as in-store profitability and labour costs) and certain department-related targets constitute a component of bonus objectives for each executive NEO, Liquor Stores does not disclose these targets because it believes doing so would seriously prejudice the Corporation's interests in the retail markets in which the Corporation operates (as these metrics constitute strategic confidential information). The setting of the performance metrics is a critical component of Liquor Stores' confidential business planning and budgeting process that generally covers periods in excess of one financial year, so that even historical targets have the potential to reveal key components of the Corporation's longer term objectives. In light of the foregoing (and in light of the fact that the North American retail liquor industry is generally dominated by very few organizations), these undisclosed metrics, and their associated targets and results, are generally described rather than specifically disclosed in the relevant sections below. Although the financial targets utilized for bonus purposes are based upon the Corporation's budgeting and both short-term and long-term strategic planning (and the assumptions and financial modeling underlying same), the potential exists that the Corporation may not achieve such targets and as such it is difficult to assess in advance the likelihood of an NEO achieving a specific target.

The Corporation recognizes that "distributable cash per share" does not have a standardized meaning as prescribed by *Generally Accepted Accounting Principles* (GAAP), however, for the purposes of incentive plan objectives the Board of Directors calculates and measures "distributable cash per share" as the Corporation's "cash flow from operating activities before changes in non-cash working capital, plus pre-opening expenses and adjusting items, less the amortization of finance charges and non-growth capital expenditures, all divided by the weighted average of shares of the Corporation outstanding for the year".

2012 Bonus Objectives Analysis – Mr. Pat de Grace, Senior Vice President, Chief Financial Officer

The Compensation Committee utilized the following criteria in determining Mr. de Grace's 2012 bonus (with a reference to the percentage amount of Mr. de Grace's eligible bonus attributable to each criteria component):

Distributable Cash Per Share Target (30%) – Bonus criteria for all NEO's contained an identical distributable cash per share target for 2012, being the achievement of \$1.75 in distributable cash on a per share basis. The Corporation had distributable cash of \$1.75 per share and Mr. de Grace was awarded the entire amount of his bonus attributable to this factor.

Board of Directors and Chief Executive Officer Discretion (30%) – The Board and CEO considered the following factors when exercising their discretion relative to Mr. de Grace's bonus (with no particular weighting attributable to a particular factor): continued implementation of a professional development plan, overachieving financial targets, internal financial department targets, overall market conditions, and completing of the hiring of a new Vice-President, Finance. In light of Board's and the Interim Chief Executive Officer's assessment of the achievement of these objectives, Mr. de Grace was awarded 1/3 of the amount of his bonus attributable to Board discretion.

Finance-related Targets and Finance Department Structure (40%) – Mr. de Grace's 2012 goals included implementing additional internal structure and defined processes to the Finance Department and improving internal communication. Mr. de Grace's bonus was also partially dependent upon the achievement of certain internal projects to be completed by the Corporation's Finance Department, such projects primarily related to the implementation of new inventory management and internal control processes as well as the integration of certain information-technology-related finance tools. Liquor Stores does not disclose the particulars of these finance department projects because it believes doing so would seriously prejudice the Corporation's interests in the markets in which the Corporation operates (as the implementation of similar projects by competitors of the Corporation could affect certain of the Corporation's competitive advantages.) Mr. de Grace was partially successful in achieving these targets and consequently the Board awarded him 2/3 of the 15% of his bonus attributable to these factors.

In light of the foregoing assessment and achievements in 2012, the Board of Directors awarded Mr. de Grace a bonus of \$70,750 (representing 50% of his total eligible bonus).

2012 Bonus Objectives Analysis – Mr. Scott Morrow, Chief Operating Officer

The Compensation Committee utilized the following criteria in determining Mr. Morrow's 2012 bonus (with a reference to the percentage amount of Mr. Morrow's eligible bonus attributable to each criteria component):

Distributable Cash Per Share Target (30%) – Bonus criteria for all NEO's contained an identical distributable cash per share target. The Corporation achieved the distributable cash per share target and akin to other NEO's Mr. Morrow was awarded the entire amount of his bonus attributable to this factor.

Board of Directors and Chief Executive Officer Discretion (25%) – The Board and the Interim Chief Executive Officer took the following factors into considering when exercising their discretion relative to Mr. Morrow's bonus (with no particular weighting attributable to a particular factor): professional development initiatives (including completion of an executive coaching program), overachieving financial & operational targets (including improving in-store profitability and the opening and integration of new stores in Canada and the United States), and overall market conditions. After careful consideration the Board and Chief Executive Officer awarded Mr. Morrow 100% of his bonus attributable to Board discretion. Mr. Morrow completed several professional development initiatives, special internal projects as assigned by the Chief Executive Officer were completed on time, in-store profitability and other financial targets improved on a year-over-year basis, and numerous new stores in Canada and the United States were opened and integrated into the organization successfully.

New Concept Store Project (15%) – Mr. Morrow had specified goals relative to opening and developing the Corporation's new "Wine and Beyond" large-format new concept destination liquor stores (each store in excess of 17,000 sq ft). In addition to opening the two (2) new Wine and Beyond locations in the Edmonton-area, the goals related to creation of online training programs for Wine and Beyond store staff, the development & implementation of new large-format training manuals, and the creation of new store merchandising planograms. The two (2) Wine and Beyond locations opened in October 2012 in Edmonton, Alberta and Sherwood Park, Alberta and Mr. Morrow was instrumental in ensuring these new stores had the proper operational & retail processes to develop into successful businesses. Mr. Morrow achieved all of the targets associated with this project and was awarded 100% of his bonus attributable to this component. Similar to specific financial targets, Liquor Stores does not disclose the particulars of goals related to this new store concept because it believes doing so would seriously prejudice the Corporation's interests in the retail markets in which the Corporation operates (as this metric constitute strategic confidential information).

Same Store Sales Growth (10%) – The Corporation achieved significant same store sales growth in Canada for the year-ended December 31, 2012. Overall Canadian same store sales in 2012 increased by 3.02% over the year-ended December 31, 2011. This increase exceeded the same store sales bonus targets established by the Compensation Committee and as such Mr. Morrow was awarded 100% of his bonus attributable to this factor.

Information Technology Integration Improvements (20%) – Mr. Morrow was tasked with developing new Information Technology (IT) processes to appropriately improve the Corporation's IT integration of sales, purchase orders, and inventory. He achieved this target and was awarded 100% of his bonus attributable to this factor.

In addition to the above, the Board of Directors exercised their discretion and awarded Mr. Morrow an additional \$14,300 bonus in acknowledgement of the additional interim duties and responsibilities Mr. Morrow had assumed following Mr. Crook's resignation as Chief Executive Officer on August 31, 2012.

In light of the foregoing assessment and achievements in 2012, the Board of Directors awarded Mr. Morrow an aggregate bonus of \$157,300 (representing 110% of his total eligible bonus).

2012 Bonus Objectives Analysis – Mr. Craig D. Corbett, Senior Vice President, Business Development and General Counsel

Mr. Corbett's previous position with the Corporation was Vice-President, Legal & General Counsel and he assumed his new position in November 2012. The Compensation Committee utilized the following criteria in determining Mr. Corbett's 2012 bonus (with a reference to the percentage amount of Mr. Corbett's eligible bonus attributable to each criteria component):

Distributable Cash Per Share Target (20%) – Bonus criteria for all NEO's contained identical distributable cash per share targets. The Corporation achieved the distributable cash per share target and Mr. Corbett was awarded the entire amount of his bonus attributable to this factor.

Board of Directors and Chief Executive Officer Discretion (25%) – The Board and CEO considered the following factors when exercising their discretion relative to Mr. Corbett’s bonus: continued professional development activities regarding business, management & leadership and completion of certain retail-related executive courses; implementation of an online portal for the Corporation’s board meeting materials and improved board reporting; continued responsibilities relative to investor relations & media relations; and assistance to the Chairman and the Board on special projects. Mr. Corbett reached all stated goals and was awarded 100% of his bonus attributable to these measures.

Government Relations & Business Development (30%) – For 2012 Mr. Corbett was directed to increase his responsibilities with respect to increasing the Corporation’s presence in the government relations sphere in both Canada and the United States, and was tasked with developing certain skills necessary to assume leadership of the Corporation’s Real Estate & Business Development Department (in addition to the Legal Department). Mr. Corbett was the Corporation’s key government relations contact in 2012 and acted as the liaison between government and the Corporation on industry matters in the many jurisdictions in which it operates. From a real estate & business development perspective, in addition to on-site strategic reviews of the Corporation’s business operations in Alberta, British Columbia, Kentucky, and Alaska, Mr. Corbett joined the Corporation’s Real Estate Advisory Committee and assumed leadership over the Corporation’s Real Estate & Business Development Department. In light of the foregoing achievements, the Board awarded Mr. Corbett 100% of his bonus attributable to these factors.

Re-Financing of Convertible Debentures (15%) – A portion of Mr. Corbett’s bonus was dependent upon Mr. Corbett successfully leading the process to re-finance the Corporation’s convertible debentures. In April 2012 the Corporation completed an offering of \$67,500,000 aggregate principal amount of 5.85% convertible debentures (the net proceeds of which were used, in part, to redeem the Corporation’s then-outstanding 6.75% convertible debentures). In light of this successful offering and debenture redemption, Mr. Corbett was awarded 100% of his bonus attributable to this factor.

Completion of New Credit Agreement & Lending Syndicate Relationship Maintenance (10%) – In February 2012, led by Mr. Corbett and Mr. de Grace the Corporation completed its negotiations on a new Canadian credit agreement in the principal amount of \$150,000,000. Mr. Corbett was also a primary contact for the Canadian lending syndicate for lender-creditor issues throughout 2012. Mr. Corbett was awarded the full amount of his bonus attributable to this target.

In light of the foregoing assessment and achievements in 2012, the Board of Directors awarded Mr. Corbett a bonus of \$105,500 (representing 100% of his total eligible bonus).

Annual Option-Based Awards & Incentive Award Plan Awards – In addition to base-salary and an annual discretionary bonus, the Corporation has the further flexibility to add to overall total compensation of its executive officers (and other employees) through the use of annual option-based awards issued pursuant to the Corporation’s share option plan (“**SOP**” or “**Stock Option Plan**”) or restricted and/or performance awards made pursuant to the Corporation’s incentive award plan (“**IAP**” or “**Incentive Award Plan**”). Awards made pursuant to these two (2) plans are made at the sole discretion of the Compensation Committee and the Committee takes into account numerous factors when assessing whether or not to make such awards. With respect to 2012, the Compensation Committee primarily took into account industry trends, the Corporation’s compensation philosophy, and the recommendations contained in the executive compensation review prepared by Hugessen. In order to arrive at total compensation packages for Messrs. de Grace, Morrow and Corbett that were representative of the Corporation’s compensation philosophy of arriving at an overall total compensation package for executive officers which targets the 50th percentile of comparable public companies (and taking into account the fact that the Committee had not granted any form of long-term incentive plan awards in the prior year), the Committee deemed it prudent to issue Messrs. de Grace, Morrow and Corbett restricted awards (“**Restricted Awards**”) pursuant to the Corporation’s Incentive Award Plan in an award with a value equivalent to 50% of the annual discretionary cash bonus awarded to each individual. Consequently, Mr. de Grace received Restricted Awards with a grant-date value of \$35,375, Mr. Morrow received Restricted Awards with a grant-date value of \$78,650, and Mr. Corbett received Restricted Awards with a grant-date value of \$52,570. Please see “Incentive Plan Awards” for further information on the Incentive Award Plan. No awards were issued in respect of the 2012 financial year pursuant to the SOP.

At the present time the Corporation is undergoing a comprehensive review of its executive compensation policies and overall compensation structure and the potential exists that it may make certain material changes to its compensation policies

and practices for the 2013 fiscal year, including but not limited to placing a greater emphasis on awards issued pursuant to the Corporation's Stock Option Plan and Incentive Award Plan.

Additional Named Executive Officer Compensation

As noted above under "Executive Compensation Components", certain individuals who qualify as NEO's have different compensation arrangements than those set forth above for the Corporation's core executive officers.

Mr. Rick Crook – former President & Chief Executive Officer

Mr. Crook tendered his resignation as President and Chief Executive Officer and director on August 31, 2012. Until his departure the structure of Mr. Crook's compensation was similar in nature to that described above for the Corporation's other NEO's, that is, it consisted of a base salary and a potential for an annual discretionary cash bonus (and to the extent awarded by the Board, a grant of options under the SOP). In Mr. Crook's case the discretionary bonus was up to a maximum of 100% of his base salary. In connection with his resignation Mr. Crook received a retirement allowance in the amount of \$2,290,930, which amount was determined based upon, among other things, Mr. Crook's average total annual remuneration over the preceding three years, 100% of his pro-rated cash bonus for 2012, and the loss of benefits. Following his resignation, the Corporation entered into a consulting arrangement with Mr. Crook which provides for a monthly retainer of \$5,000 (to assist in the Corporation's transition to a new President and Chief Executive Officer). Such consulting arrangement may be terminated by the Corporation upon 30 days advance written notice to Mr. Crook.

Please see the "Summary Compensation Table" for additional information on Mr. Crook's 2012 compensation.

Mr. Jim Dinning – Interim Chief Executive Officer

Currently serving as the Chairman of the Board, the Board of Directors appointed Mr. Dinning as Interim Chief Executive Officer upon the cessation of employment of Mr. Crook in August 2012. It is anticipated that Mr. Dinning will serve in this capacity until the appointment of Mr. Bebis as President and Chief Executive Officer which is anticipated to occur on May 7, 2013. In addition to the compensation Mr. Dinning receives for his role as Chairman of the Board, Mr. Dinning receives a salary for his responsibilities as Interim Chief Executive Officer. He is not eligible to receive a discretionary cash bonus. Mr. Dinning's compensation for this interim executive role was determined by and recommended for Board approval by each of the Governance Committee and the Compensation Committee, and was based upon their informal assessment of the current pay practices of similar-sized public issuers, the interim nature of Mr. Dinning's role, as well as Mr. Dinning's previous management experience as a senior executive at other organizations.

Please see the "Summary Compensation Table" for additional information on Mr. Dinning's compensation for this interim position and as director/Chairman of the Corporation.

Mr. Kerry Rempel – Vice President Real Estate & Acquisitions, United States

Mr. Rempel is not an officer of the Corporation nor a member of executive management and consequently his compensation program is structured on a substantially different basis than the structure described above for the executive officer NEO's.

Mr. Rempel is the Corporation's Vice President, Director of Real Estate & Acquisitions – United States and in addition to general real estate-related duties, Mr. Rempel's primary responsibilities for the Corporation include developing new markets and acquiring and facilitating the building of new liquor stores in the United States. During portions of 2012 Mr. Rempel was also responsible for certain aspects of the Corporation's Canadian Real Estate Department. Mr. Rempel reports to the Senior Vice President, Business Development and General Counsel (Mr. Corbett) and Mr. Rempel's overall compensation program is developed, reviewed and approved on an annual basis by this individual. Prior to Mr. Crook's departure in August 2012, Mr. Rempel reported to the President & Chief Executive Officer and his compensation was determined by the President & Chief Executive Officer. Neither the Compensation Committee nor the Board of Directors is involved in developing or approving Mr. Rempel's compensation and the Senior Vice President, Business Development and General Counsel assesses Mr. Rempel's

compensation on a multitude of factors, including but not limited to market trends, competitive concerns, employee retention issues, and Mr. Rempel's individual job performance and success during the year.

Mr. Rempel's compensation is comprised of a base salary and non-discretionary cash bonus award. Mr. Rempel's base salary is determined on an annual basis by the Senior Vice President, Business Development and General Counsel prior to the commencement of the year.

Mr. Rempel's cash bonuses are awarded to him based upon the following objective criteria (with reference to his 2012 bonus awards in each category):

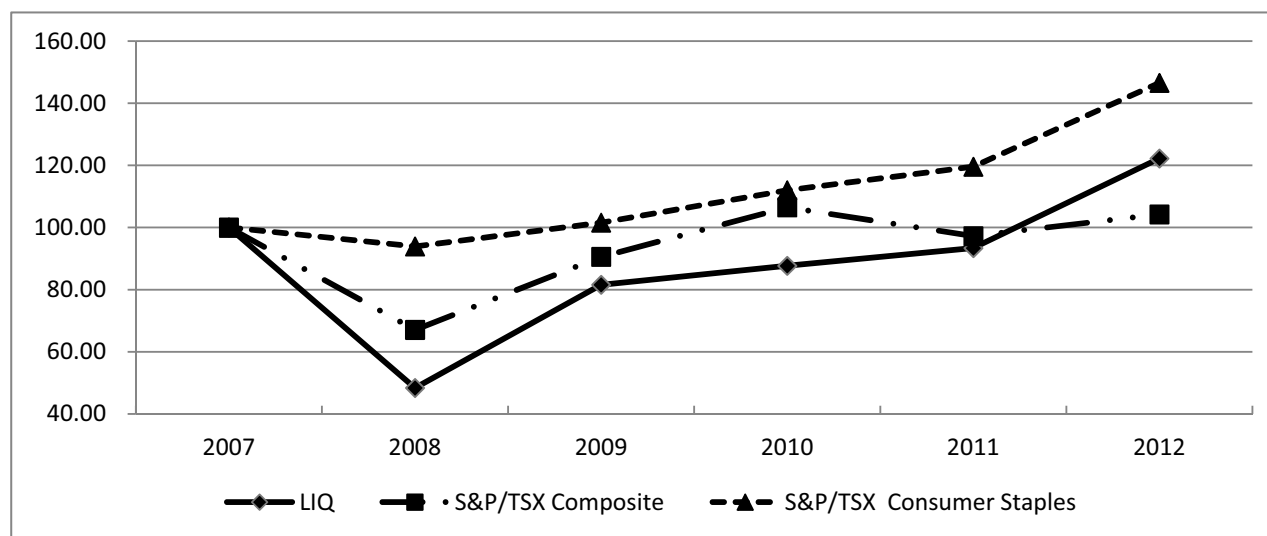
- For each liquor store the Corporation builds or acquires in excess of 15,000 sq ft in size (referred to herein as a "large format store"), Mr. Rempel receives a bonus of \$25,000 for the first two (2) locations in a new market and a bonus of \$12,500 for a new location in a market in which the Corporation already operates. In 2012 Mr. Rempel received an aggregate of \$50,000 in bonuses for this category, comprised of: i) \$12,500 for each of two (2) new-build large-format liquor stores in Kentucky; and ii) \$12,500 for each of two (2) new-build large-format liquor stores in Alberta;
- For each liquor store the Corporation builds or acquires that is less than 15,000 sq ft in size (referred to herein as a "small format store"), Mr. Rempel receives a bonus of \$10,000 per location. In 2012 Mr. Rempel received an aggregate of \$50,000 in bonuses for this category, comprised of: i) \$10,000 for the acquisition of one (1) small-format liquor store in Kentucky; ii) \$10,000 for the acquisition of one (1) small-format liquor store in Alberta; iii) \$10,000 for each of two (2) new-build small format liquor stores in Alberta; and iv) \$10,000 for one (1) new-build small format liquor store in Kentucky;
- For acquisitions comprising a chain of associated retail liquor stores, Mr. Rempel receives \$15,000 for the first location and \$5,000 per subsequent location (regardless of the size of the store premises). No chains were acquired by the Corporation in 2012 and consequently no bonuses were awarded for this category; and
- For liquor store relocations of under-performing stores, Mr. Rempel receives \$2,500 per relocation. In 2012, Mr. Rempel received an aggregate of \$5,000 in bonuses for this category, comprised of a \$2,500 bonus for the relocation of one (1) liquor store in Alaska and a further \$2,500 bonus for the relocation of one (1) liquor store in Alberta.

Mr. Rempel did not receive any awards pursuant to the IAP.

Please see the "Summary Compensation Table" for additional information on Mr. Rempel's compensation.

Performance Graph

The Common Shares of the Corporation trade on the Toronto Stock Exchange (the "TSX"). The following chart compares the cumulative total shareholder return, including the reinvestment of dividends (or distributions in the case of the Fund), for the previous five financial years of the Corporation (including the Fund, for the period 2007 – 2010) for \$100 invested in the Common Shares of the Corporation (or trust units of the Fund, as applicable), with the cumulative total return from the S&P/TSX Consumer Staples Index and the S&P/TSX Composite Index:



Performance Graph Values	Base Period					
	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
Liquor Stores N.A. Ltd. (Total Return)	\$100.00	\$48.38	\$81.57	\$87.67	\$93.38	\$122.22
S&P/TSX Composite Index	\$100.00	\$67.06	\$90.56	\$106.51	\$97.23	\$104.22
S&P/TSX Consumer Staples Index	\$100.00	\$93.92	\$101.56	\$112.00	\$119.57	\$146.58

No specific material relationship exists between executive compensation and the cumulative total Shareholder return over the time period represented by the foregoing performance graph. This arises as a result of several factors: i) the Corporation is of the view that during its period as an income trust, the market price of the Fund's trust units during the period illustrated had, at times, been materially affected by extraneous factors and as such did not appropriately track to the performance of the Fund or its management team during such period; ii) the market price of the Corporation's common shares has never been utilized as a benchmark for executive compensation; iii) although executive officers of the Corporation were awarded equity-based awards by the Board of Directors in 2006, 2007, and 2011 pursuant to the Corporation's long-term incentive plans (and as such the value of these securities fluctuated along with the market price of the Common Shares), these equity-based awards comprised a relatively minor component of overall total compensation for executive officers during these periods. Despite there not being a specific material relationship between executive compensation and cumulative total Shareholder return, during this period the aggregate amount of compensation paid to the Corporation's NEO's (excluding 'All Other Compensation' paid to Mr. Crook in 2012 and compensation paid to Mr. Dinning for his services as Chairman of the Board decreased by a cumulative 27.74% (and total Shareholder return during this period was a cumulative 22.22%).

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation paid to the Named Executive Officers during the last three completed financial years.

Name and Principal Position	Year	Salary	Non-Equity Incentive Plan Compensation				Pension Value	All Other Compensation ⁽⁸⁾	Total Compensation
			Share-Based Awards ⁽⁷⁾	Option-Based Awards ⁽⁵⁾	Annual Incentive Plans ⁽⁶⁾	Long-Term Incentive Plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Richard J. Crook ⁽¹⁾ Former President & Chief Executive Officer	2012	316,667	-	-	-	-	-	2,290,930 ⁽²⁾	2,607,597
	2011	453,000	-	212,440	419,025	-	-	-	1,084,465
	2010	375,000	-	-	187,500	-	-	-	562,500
Patrick J. de Grace Senior Vice President & Chief Financial Officer	2012	283,000	35,375	-	70,750	-	-	-	389,125
	2011	271,500	-	122,423	81,420	-	-	-	475,343
	2010	236,000	-	-	59,000	-	-	-	295,000
Scott Morrow ⁽³⁾ Chief Operating Officer	2012	286,000	78,650	-	157,300	-	-	-	521,950
	2011	271,500	-	122,423	135,700	-	-	-	529,623
	2010	187,917	-	-	51,250	-	-	50,000 ⁽⁴⁾	289,167
Craig Corbett Senior Vice President, Business Development and General Counsel	2012	211,000	52,750	-	105,500	-	-	-	369,250
	2011	200,000	-	93,618	100,000	-	-	-	393,618
	2010	150,000	-	-	42,000	-	-	-	192,000
Kerry Rempel Director of Real Estate & Acquisitions	2012	88,271	-	-	105,000	-	-	-	193,271
	2011	82,750	-	36,007	75,000	-	-	-	193,757
	2010	80,340	-	-	73,500	-	-	-	153,840
Jim Dinning ⁽⁹⁾ Interim Chief Executive Officer and Chairman of the Board	2012	213,333	45,339	-	-	-	-	-	258,672
	2011	95,667	36,809	-	-	-	-	-	132,476 ⁽¹⁰⁾
	2010	90,000	6,566	-	-	-	-	-	96,566 ⁽¹⁰⁾

Notes:

- (1) Effective August 31, 2012, Mr. Crook resigned as President, Chief Executive Officer and Director of the Corporation.
- (2) In connection with Mr. Crook's resignation, Mr. Crook received a retirement allowance in the amount of \$2,290,930, which amount was determined based upon, among other things, Mr. Crook's average total annual remuneration over the preceding three years, 100% of his pro-rated cash bonus for 2012, and the loss of benefits. Mr. Crook was a member of the Board of Directors of the Corporation until August 31, 2012 and received no additional compensation for such directorship.
- (3) Mr. Morrow commenced employment with the Corporation in February 2010, with a 2010 annual salary of \$205,000.
- (4) Mr. Morrow received a one-time signing bonus of \$50,000 upon his commencement of employment with the Corporation. Such bonus was paid to Mr. Morrow primarily to replicate the estimated bonus he was due to receive from his previous employer.
- (5) Based on the grant date fair value of the options granted under the Stock Option Plan, which was estimated using a Black-Scholes option pricing model using the following assumptions: (i) 6.96% dividend yield; (ii) expected volatility of 24.50%; (iii) annual risk-free rate of 2.70%; and (iv) an expected life of five years. This methodology was selected due to its acceptance as an appropriate valuation model generally used by public companies.
- (6) Annual discretionary cash bonuses. See "Compensation Discussion & Analysis – Annual Discretionary Bonus (Cash)".
- (7) Grant-date cash value of Restricted Awards issued pursuant to the Corporation's Incentive Award Plan. The amount shown for compensation purposes reflects the value granted as determined by the Board of Directors, which was converted into units using the five-day weighted average closing price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date, which was \$18.30.
- (8) With the exception of the additional compensation provided to Mr. Morrow and the amounts paid to Mr. Crook upon his resignation, each as disclosed above, the value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for each financial year disclosed above.
- (9) Amounts were paid to Elbow Holdings Inc., an entity that Mr. Dinning beneficially owns, or exercises control or direction over, directly or indirectly, 100% of the outstanding shares. Mr. Dinning received \$93,333 in salary for his service as Interim Chief Executive Officer and \$120,000 in salary for his service as Chairman of the Board. The share-based awards, Deferred Share Units, were issued to Mr. Dinning in connection with his service as Chairman of the Board. The share-based award for compensation purposes reflect the five-day weighted average closing price of the Common Shares

on the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date, which was \$15.11. Please see "Director Compensation – Director Fees and Deferred Share Plan" for a detailed description of the Deferred Share Plan.

(10) The compensation received by Mr. Dinning in fiscal 2011 and 2010 was for his services provided as a Director of the Corporation.

INCENTIVE PLAN AWARDS

Share Option Plan

The Fund adopted a unit option plan in 2009. In connection with the Reorganization, the unit option plan (now the Corporation's share option plan) was adopted by the Corporation and amended to reflect the Reorganization, the exchange of the Trust Units of the Fund for Common Shares of the Corporation, certain consequential amendments related thereto and certain amendments made in relation to changes in tax laws. A copy of the SOP is available upon request by contacting the Senior Vice President and Chief Financial Officer of the Corporation. The SOP is intended to aid in attracting, retaining and motivating directors, officers, employees and other eligible service providers of the Corporation and its subsidiaries, and to provide such persons with an incentive to continue in the long term service of the Corporation and its subsidiaries, and to create in such persons a direct interest in the future success of the operations of the Corporation and its subsidiaries by tying incentive compensation to increases in the value of the Common Shares of the Corporation. The following is a summary of key features of the SOP:

- Under the SOP, the maximum number of the Common Shares issuable on exercise of outstanding options at any time is limited to 10% of the issued and outstanding Common Shares, less the number of Common Shares issuable pursuant to all other security based compensation arrangements of the Corporation. Any increase in the issued and outstanding Common Shares will result in an increase in the number of the Common Shares that may be issued on exercise of options outstanding at any time and any exercise of options makes new grants available under the SOP.
- Options that are cancelled, terminated or expire prior to the exercise thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the SOP.
- Options granted pursuant to the SOP will have a term not exceeding five years and vest in such manner as determined by the Board, provided if no such determination is made at the time of grant, the Options shall vest as to one-third on each of the first, second and third anniversaries of the date of grant. Under the SOP, the Board may at any time, at its sole discretion, accelerate or provide for the acceleration of vesting of options previously granted. Options granted under the SOP are non-assignable. The exercise price of options granted will be determined by the Board at the time of grant, provided that in no event shall the exercise price be less than the last closing price of the Common Shares on the TSX preceding the time of grant.
- Under the SOP, the number of the Common Shares reserved for issuance to any one optionee may not exceed 5% of the issued and outstanding Common Shares. In addition, the number of the Common Shares under all security based compensation arrangements of the Corporation: (i) issuable to insiders at any time shall not exceed 10% of the issued and outstanding Common Shares; and (ii) issued to insiders within any one year period shall not exceed 10% of the issued and outstanding Common Shares. Also, the maximum number of Common Shares issuable on exercise of options outstanding at any time held by directors of the Corporation who are not officers or employees of the Corporation is limited to 1.0% of the issued and outstanding Common Shares.
- In case of death of an optionee, options terminate on the date determined by the Board which may not be more than 12 months from the date of death. If the optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other service provider to, the Corporation or any of its subsidiaries (other than by reason of death or termination for cause), his or her options terminate on the expiry of a period not in excess of six months as determined by the Board at the time of grant. In the event an optionee is terminated for cause, his or her options shall terminate immediately. The number of Common Shares that an optionee (or his or her heirs or successors) is entitled to purchase until such date of termination: (i) shall in the case of death of the optionee, be all of the Common Shares that may be acquired on exercise of the options held by such optionee (or his or her heirs or successors) whether or not previously vested and the vesting of all such options shall be accelerated on the date of death for such purpose; and (ii) in any case

other than death or termination for cause, shall be the number of Common Shares which the optionee was entitled to purchase on the date the optionee ceased to be a service provider.

- Subject to the provisions of the SOP, in the event of a "change of control" (as defined in the SOP) all issued and outstanding options become exercisable (whether or not they are vested) immediately prior to the time such change of control takes place and terminate on the 90th day after the occurrence of the change of control or at such earlier time as may be established by the Board before the change of control takes place. A "change of control" includes: (i) a successful takeover bid pursuant to which the offeror would as a result of such takeover bid beneficially own, directly or indirectly, in excess of 50% of the outstanding Common Shares; (ii) an acquisition of ownership or control of more than 30% of the outstanding voting securities of the Corporation together with a change in the majority of the Board, (iii) the winding-up of the Corporation or the sale of all or substantially all of the assets of the Corporation, and (iv) any determination by a majority of the Board that a change of control has occurred or is about to occur.
- In the event: (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below the then five-day weighted average trading price of the Common Shares on the TSX; or (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities, then the Board may make such adjustments to the SOP and to any outstanding options as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to an optionee.
- Except if not permitted by the TSX, if any options may not be exercised due to any Black-Out Period at any time within the three business day period prior to the normal expiry date of such options (the "**Restricted Options**"), the expiry date of all Restricted Options shall be extended for a period of seven business days following the end of the Black-Out Period (or such longer period as permitted by the TSX and approved by the Board). A "**Black-Out Period**" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an option.
- An optionee may, under the terms of the SOP, make an offer (the "**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the optionee to the Corporation (and the termination thereof) of any options for an amount (not to exceed the weighted average trading price of the Common Shares on the TSX for the five consecutive trading days immediately preceding the date of such offer less the exercise price of the options) specified in the Surrender Offer and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any required regulatory approval.
- The Board may amend or discontinue the SOP at any time without the consent of a holder of options, provided that such amendment shall not alter or impair any options previously granted under the SOP (except as otherwise permitted under the SOP). In addition, the Board may, by resolution, amend the SOP and any options granted under it without Shareholder approval other than: (i) to increase the maximum number of Common Shares issuable pursuant to the SOP; (ii) to reduce the exercise price of an option held by an insider; (iii) to extend the term of an option held by an insider; or (iv) in any other circumstances where TSX and Shareholder approval is required by the TSX.

In 2011 the Board of Directors awarded 675,000 options pursuant to the SOP. These options were awarded in March 2011 to certain employees of the Corporation (including NEO's) as a component of their compensation for the 2011 fiscal year. The Board of Directors did not issue any options pursuant to the SOP in 2012. As of the date of this Information Circular there are 309,750 options outstanding.

Incentive Award Plan

In an effort to further align the Corporation's executive pay practices with the interests of the Corporation's shareholders, upon a recommendation of the Compensation Committee, on March 28, 2013 the Board of Directors adopted a new incentive award plan (the "**IAP**" or the "**Plan**"). The Plan permits the Compensation Committee, pursuant to the authority granted to it by the Board of Directors to administer the Plan, to grant awards ("**Awards**") of restricted units ("**Restricted**

Awards") and performance units ("**Performance Awards**") (each Award being a "**Unit**") to employees, officers, consultants and other service providers of the Corporation and its affiliates(each a "**Grantee**").

The purpose of the IAP is to: i) enhance the ability of the Corporation (and its affiliated entities) to attract and retain officers, employees, consultants and other service providers whose training, experience and ability will promote the interests of the Corporation; ii) to promote a proprietary interest in the Corporation by those individuals and to encourage such individuals to remain in the employee or service of the Corporation and put forth maximum efforts for the success of the affairs and business of the Corporation; and iii) to focus management of the Corporation on operating and financial performance and the growth and profitability of the Corporation. In 2013 the Compensation Committee granted Restricted Awards pursuant to the IAP to certain NEO's as a component of their 2012 compensation Please see "Annual Option-Based Awards & Incentive Award Plan Awards" for additional information on those awards.

Certain key features of the IAP are summarized below:

- Each Restricted Award will entitle the Grantee to be paid on the applicable vesting or payment date a cash amount equal to the volume weighted average trading price of the Common Shares on the TSX for the five trading days preceding such date (the "**VWAP**"), with adjustments to reflect the payment and reinvestment of dividends on the Common Shares following the grant of the Award.
- Each Performance Award will entitle the Grantee to be paid on the applicable vesting or payment date a cash amount equal to the product of the VWAP multiplied by a payout multiplier. The payout multiplier is determined by the Compensation Committee based on an assessment of the achievement of pre-defined corporate performance measures in respect of the applicable period as determined by the Compensation Committee. Corporate performance measures may include: absolute or relative total shareholder return; the market price of the Common Shares; the financial performance or results of the Corporation or a business unit or division thereof; other operational or performance criteria relating to the Corporation or a business unit or division thereof; activities related to the growth of the Corporation or a business unit or division thereof; the execution of the Corporation's strategic plan; other performance criteria relating to the Grantee; and such additional measures as the Compensation Committee shall consider appropriate in the circumstances. The payout multiplier may not be less than 0% or more than 200%. Adjustments will also be made to the settlement amount to reflect the payment and reinvestment of dividends on the Common Shares following the grant of the Award.
- Unless otherwise determined by the Compensation Committee at the time of grant, both the Restricted Awards and the Performance Awards will vest or payment therefor will be made as to one-third on each of the first, second and third anniversaries of the date of grant.
- At the discretion of the Compensation Committee the Compensation Committee may elect to settle the value of the Incentive Award in Common Shares of the Corporation purchased through the facilities of the Toronto Stock Exchange.
- In the event of a change of control of the Corporation (as such term in the Plan), the vesting or payment date for all outstanding Awards shall be accelerated to the date immediately prior to the change of control.
- Subject to TSX approval, if required, the Board of Directors may from time to time amend or terminate the terms and conditions of the Plan.

For 2012 the Board of Directors awarded NEO's an aggregate grant-date value of \$166,775 in Restricted Awards pursuant to the IAP. Please see "Annual Option-Based Awards and Incentive Award Plan Awards" for further information.

Outstanding Option-Based Awards and Share-Based Awards

At the year-ended December 31, 2012, the following option-based awards and share-based awards of the Named Executive Officers were outstanding.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options ⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽²⁾ (\$)
Jim Dinning	-	-	-	-	7,942	147,404
Patrick J. de Grace	76,500	15.52	March 24, 2016	232,560	-	-
Scott Morrow	51,000	15.52	March 24, 2016	155,040	-	-
Craig D. Corbett	39,000	15.52	March 24, 2016	118,560	-	-
Kerry Rempel	15,000	15.52	March 24, 2016	45,600	-	-
Rick Crook	-	-	-	-	-	-

Notes:

- (1) The value of unexercised in-the-money Options was calculated based on the difference between the market value of the underlying Common Shares at December 31, 2012 and the exercise price of the Option. The market value is equal to the December 31, 2012 closing price of the Common Shares of \$18.56.
- (2) Calculated assuming the payment date in respect of the deferred Common Shares was December 31, 2012, on which the market price of Common Shares was \$18.56.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2012 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
Jim Dinning	-	20,276	-
Patrick J. de Grace	59,925	-	106,125
Scott Morrow	59,925	-	235,950
Craig D. Corbett	45,825	-	158,250
Kerry Rempel	17,625	-	30,000
Rick Crook	103,988	-	-

Notes:

- (1) The value of the vested option-based awards is based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the Options.
- (2) Amount is equal to the amount of the cash payment made to the director on the payment date in respect of his deferred Common Shares.

- (3) Non-equity incentive plan compensation consists of cash performance bonuses paid and awards issued under the Incentive Award Plan to Named Executive Officers.

Termination and Change of Control Benefits

Each of Jim Dinning, Patrick de Grace, Scott Morrow, Craig D. Corbett, and Kerry Rempel have entered into employment agreements with Liquor Stores GP Inc., general partner of Liquor Stores Limited Partnership, which also govern their employment with Corporation. For Mr. de Grace, Mr. Morrow, and Mr. Corbett, each written agreement provides for certain payments in connection with a "Change of Control" or termination without cause. Neither Mr. Dinning's nor Mr. Rempel's employment agreement provides for any termination or change of control benefits.

According to Mr. de Grace's employment agreement, a "Change of Control" means: (i) the acquisition by a person or group of persons (other than those individuals constituting the initial vendor group of the Liquor Stores Fund), acting in concert, of fifty (50%) percent or more of the Common Shares of the Corporation; or (ii) the receivership or bankruptcy of the Corporation.

In the event Mr. de Grace's employment is terminated without cause or within one year of a Change of Control (by either Mr. de Grace or the Corporation), the Corporation is required to pay Mr. de Grace an amount equal to one and one-half (1.5x) times Mr. de Grace's average annual remuneration (including salary, bonus, value of long term equity-based incentive plan awards and benefits) over the preceding three (3) years, which amount, as at December 31, 2012, is estimated to be \$562,047.

Mr. Corbett and Mr. Morrow's employment agreements vary slightly from Mr. de Grace's employment agreements. For the purposes of Mr. Corbett's and Mr. Morrow's agreements, a "Change of Control" means: i) a successful takeover bid of Liquor Stores; or ii) any change in the beneficial ownership or control of the outstanding securities of Liquor Stores which results in a person or group of persons acting "jointly or in concert" or an affiliate or associate of such person or group of persons, holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of Liquor Stores; or iii) the winding up or the sale or lease or transfer of all of substantially all of the directly or indirectly held assets of Liquor Stores to any other person or person (other than pursuant to an internal reorganization); or iv) any determination by a majority of the Board of Directors of Liquor Stores that a change of control has occurred or is about to occur.

With respect to Mr. Morrow, if the Corporation terminates Mr. Morrow's employment "without cause" (regardless of whether or not there is or was a Change of Control), the Corporation is required to pay Mr. Morrow an amount equal to one and one-half times (1.5x) Mr. Morrow's annual salary at the time of termination, one and one-half times (1.5x) Mr. Morrow's target bonus, and an amount equal to 25% of one and one-half times (1.5x) his annual salary in lieu of benefits and perquisites. This termination amount, as at December 31, 2012, is estimated to be \$750,750. Mr. Morrow is also entitled to an identical payment if, within twelve (12) months following a Change of Control, Mr. Morrow resigns or terminates his employment in the event there is: i) a material adverse change to Mr. Morrow's position, duties, or responsibilities; ii) a material adverse change in Mr. Morrow's reporting relationship that is inconsistent with his title or position; or iii) a reduction in base salary or target Bonus, and such change remains unremedied by the Corporation following Mr. Morrow's notice to the Corporation respecting same. As well, Mr. Morrow is entitled to a lump sum retention bonus equal to one (1x) his then annual salary if there is a Change of Control and Mr. Morrow remains employed with the Corporation for a period of three (3) months following the Change of Control. This retention bonus amount as at December 31, 2012 is estimated to be \$286,000.

With respect to Mr. Corbett, if the Corporation terminates Mr. Corbett's employment "without cause" (regardless of whether or not there is or was a Change of Control), the Corporation is required to pay Mr. Corbett an amount equal to one and one-half times (1.5x) Mr. Corbett's annual salary at the time of termination, one and one-half times (1.5x) Mr. Corbett's target bonus, and an amount equal to 25% of one and one-half times (1.5x) his annual salary in lieu of benefits and perquisites. This termination amount, as at December 31, 2012, is estimated to be \$553,875. Mr. Corbett is also entitled to this payment if, within twelve (12) months following a Change of Control, Mr. Corbett resigns or terminates his employment in the event there is: i) a material adverse change to Mr. Corbett's position, duties, or responsibilities; ii) a material adverse change in Mr. Corbett's reporting relationship that is inconsistent with his title or position; or iii) a reduction in base salary or target Bonus, and such change remains unremedied by the Corporation following Mr. Corbett's notice to the Corporation respecting same. As well, Mr. Corbett is entitled to a lump sum retention bonus equal to one (1x) his then annual salary if there is a Change of

Control and Mr. Corbett remains employed with the Corporation for a period of three (3) months following the Change of Control. This retention bonus amount as at December 31, 2012 is estimated to be \$211,000.

DIRECTOR COMPENSATION

Director Fees

In accordance with its mandate, the Governance Committee is entrusted with reviewing and recommending Board approval of the compensation program for directors (including the Chairman). Save for the compensation of the Chairman of the Board, the compensation for each non-employee member of the Board is comprised of the following:

- an annual cash retainer of \$40,000;
- an annual award of 1,000 deferred Common Shares under the Deferred Share Plan;
- annual fees for serving as a member of Board standing committees as follows: Audit Committee (\$6,000), Governance Committee (\$4,000), and Compensation Committee (\$4,000);
- the Chair of each Board standing committee receives an annual retainer as follows: Audit Committee Chair (\$12,000), Governance Committee Chair (\$8,000), and Compensation Committee Chair (\$8,000); and
- a per-meeting attendance and participation fee is paid to Board and Committee members as follows: in-person Board meetings (\$1,500), in-person Committee meeting (\$1,500), Board telephone meetings (\$1,000), and Committee telephone meetings (\$1,000).

The Chairman of the Board is to be paid an annual retainer of \$120,000 and receives an annual award of 3,000 deferred Common Shares under the Deferred Share Plan (and he receives no other remuneration for this Chairmanship). In 2012, Mr. Dinning received this compensation in addition to the compensation he received for serving as the Corporation's Interim Chief Executive Officer. Please see the "Summary Compensation Table" above for additional information on Mr. Dinning's compensation for his role as an interim executive of the Corporation.

The Board of Directors does not anticipate making any material changes to the compensation structure of the Board of Directors in 2013.

Deferred Share Plan

Certain features of the Deferred Share Plan are as follows:

- All non-employee Directors are eligible to participate in the Deferred Share Plan, the purpose of which is to enhance the ability of the Corporation to attract and retain non-employee Directors whose training, experience and ability will promote the interests of the Corporation and to align the interests of such non-employee Directors with the interests of Shareholders;
- The Deferred Share Plan is administered by the Governance Committee;
- The Deferred Share Plan is designed to permit such non-employee Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them. The Deferred Share Plan allows the Directors to elect to receive up to 100% of their cash compensation as an award of deferred Common Shares;
- A deferred Common Share means the right to receive an amount in cash equal to the aggregate current market value of the deferred Common Shares based on the weighted average closing price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately preceding the payment date (the Corporation also has the option to pay such amount in Common Shares acquired on the TSX or from treasury, or a combination thereof,

provided that the aggregate number of Common Shares that may be acquired on the TSX within any 12 month period shall not exceed 5% of the outstanding Common Shares as at the beginning of such period. The payment date in respect of a deferred Common Share is: (i) in the case of a deferred Common Share granted prior to December 31, 2010, the earlier of the third anniversary of the date of grant and the date the participant ceases to be a Director; and (ii) in the case of a deferred Common Share granted on or subsequent to December 31, 2010, the date the participant ceases to be a Director;

- The number of deferred Common Shares to which a participant is entitled shall be adjusted for the payment of dividends on the Common Shares in accordance with the Deferred Share Plan;
- In the event: (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below fair market value; or (iii) that, as a result of any recapitalization, merger, consolidation, or other transaction, the Common Shares are converted into or exchangeable for any other securities; then in any such case the Board may make adjustments to the Deferred Share Plan, to any awards made under the Deferred Share Plan and to any accounts held by Directors with respect thereto, as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants in the Deferred Share Plan;
- Further, in the event the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets would become the property of another trust, body corporate partnership, or other person, by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, the successor to the Corporation will execute all such instruments and do such things as the Corporation considers necessary to establish that upon the consummation of such transaction the successor will have assumed all covenants and obligations of the Corporation under the Deferred Share Plan and in respect of awards granted pursuant to the Deferred Share Plan in a manner that substantially preserves and does not impair the rights of the participants thereunder in any material respect;
- The right to receive deferred Common Shares is personal to Directors and may not be assigned (although Directors may request that settlement payments be issued to other individuals as the Directors may so direct); and
- The Corporation retains the right to amend from time to time or to terminate the terms and conditions of the Deferred Share Plan by resolution of the Board of Directors. Any amendments shall be subject to the prior consent of any applicable regulatory bodies.

As a means of further aligning the interests of the Directors with those of the Shareholders, the Board of Directors has a policy that Directors must hold a minimum of an aggregate of \$80,000 of Common Shares and deferred Common Shares. At the date hereof, all of the Directors hold in excess of this minimum requirement.

The Corporation also reimburses Directors for out-of-pocket expenses in connection with their attendance at board meetings. No directors' compensation is paid to Directors who are employees or members of management of the Corporation, save for Mr. Dinning, who, due to the unique and temporary nature of his service as Interim Chief Executive Officer, received compensation in 2012 for his dual role.

In 2013, the Governance Committee engaged Hugessen Consulting Inc. ("**Hugessen**") to review the competitiveness of the Corporation's Director compensation levels and mix as well as the guidelines for stock ownership guidelines. As part of this review Hugessen relied upon the same criteria and the same peer group utilized to assess the Corporation's compensation practices for its executive officers, with amendments to that group to reflect that: i) certain corporations closely-held by founders may have disproportionate director pay practices (namely Le Chateau Inc. and Leon's Furniture Ltd.); and ii) smaller public companies (such as Andrew Peller Inc. and Corby Distilleries Inc.) with lower revenues than the Corporation may have lower pay practices for their directors (possibly to reflect less director time involvement). Other publicly-listed organizations (Chorus Aviation Inc., Parkland Fuel Corporation, and Russel Metals Inc.) were added to the peer group because they share independent directors with the Corporation and are representative of other public issuers for whom the Corporation would

compete with to attract candidates to the Board. Further, Boardwalk REIT, a publicly-listed residential real estate investment trust, was added to the peer group to represent the importance of real-estate experience and expertise for the Corporation's directors. Consequently, the final peer group for directors was comprised of the following: AutoCanada Inc., BMTC Group Inc., Boardwalk REIT, Chorus Aviation Inc., Glentel Inc., Indigo Books & Music Inc., North West Company Inc., Parkland Fuel Corporation, Reitmans Canada Ltd., Russel Metals Inc., and The Brick Ltd. It was Hugessen's opinion this final peer group provided a fair representation of the competitive director talent market.

Directors' Summary Compensation Table

The following table sets forth, for the financial year ended December 31, 2012, the compensation paid and granted to the Directors of the Corporation (other than Directors who are also Named Executive Officers).

Name	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Total ⁽²⁾ (\$)
R. John Butler	87,000	15,113	102,113
Gary Collins	36,250	51,363	87,613
Robert S. Green	58,500	34,613	93,113
Irving Kipnes ⁽⁴⁾	74,000	15,113	83,113
Henry Bereznicki ⁽⁴⁾	68,500	15,113	89,113
David B. Margolus	71,000	15,113	86,113

Notes:

- (1) Based on the fair value of the Deferred Share Plan awards as at the date of grant. The amount shown is based on the weighted average closing price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date, which was \$15.11, multiplied by the number of share-based awards granted. The difference in total compensation paid and granted to Directors is due to elections made by them to receive up to 100% of their retainer in deferred Common Shares awarded pursuant to the Deferred Share Plan.
- (2) The Chairman of the Board, Mr. Dinning, was appointed Interim Chief Executive Officer of the Corporation on August 31, 2012. Accordingly, the compensation received by him for the most recently completed financial year in his capacity as Interim Chief Executive Officer and as Chairman of the Board is set forth above under "Summary Compensation Table".
- (3) Mr. Kipnes and Mr. Bereznicki each received \$18,000 in compensation for their services provided to the Corporation's Real Estate Advisory Committee.

Directors' Outstanding Share-Based Awards

The following table sets forth for each of the Directors of the Corporation, other than Directors who are also Named Executive Officers, all share-based awards outstanding at December 31, 2012:

Name	Share -Based Awards	
	Number of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽¹⁾ (\$)
R. John Butler	4,365	81,014
Gary Collins	11,004	204,234
Robert S. Green	8,080	149,965
Irving Kipnes	1,668	30,958
Henry Bereznicki	1,668	30,958
David B. Margolus	4,374	81,181

Notes:

- (1) Calculated assuming the payment date in respect of the deferred Common Shares was December 31, 2012, on which the market price of Common Shares was \$18.56.

Value Vested or Earned During the Year

The following table sets forth for each of the Directors of the Corporation other than Directors who are also Named Executive Officers, the value of deferred Common Shares which vested or were settled during the year ended December 31, 2012.

Name	Equity - based awards – Value vested during the year ⁽¹⁾ (\$)
R. John Butler	20,276
Gary Collins	64,604
Robert S. Green	39,060
Irving Kipnes	-
Henry Bereznicki	-
David B. Margolus	16,896

Notes:

- (1) Amount is equal to the amount of the cash payment made to the Director on the payment date in respect of his deferred Common Shares.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	316,500	\$15.52	1,975,959
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	316,500	Nil	1,975,959⁽²⁾

Note:

- (1) Information provided as at December 31, 2012.
- (2) Represents options available for issuance under the Corporation's Share Option Plan. As of the date of this Information Circular, the Board of Directors have awarded 675,000 options under the SOP. These options were awarded in March 2011 to certain employees of the Corporation (including NEO's) as a component of their compensation for the 2011 financial year. As of the date of this Information Circular there are 309,750 options outstanding. Please see "Annual Option Based Awards" for additional information on SOP awards made to NEO's.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

Other than "routine indebtedness", there is no indebtedness outstanding on the date hereof owed to (i) the Corporation or any of its subsidiaries, or (ii) another entity where that indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, by any present or former directors, executive officers and employees, as applicable, of the Corporation and its subsidiaries.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Since the commencement of the Corporation's most recently completed financial year, there has been no indebtedness (other than routine indebtedness) owed to (i) the Corporation or any of its subsidiaries, or (ii) another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, by any individual who is, or at any time during the Corporation's most recently completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed director.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, nor any proposed director, nor any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation or any of its subsidiaries that are to any substantial degree performed by a person other than the directors or executive officers, as applicable, of the Corporation or the subsidiary.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

The Directors know of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the officer designees named in the form of proxy accompanying this Information Circular to vote in respect thereof in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for the Corporation's most recently completed financial year. A copy of the Corporation's financial statements and management's discussion and analysis is available upon written request to the Senior Vice President & Chief Financial Officer of the Corporation at #300, 10508 – 82 Avenue, Edmonton, Alberta, T6E 2A4.

SCHEDULE "A"

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 52-110 *Audit Committees* (the "**CSA Audit Committee Rules**") includes requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters. Reference is made to the section entitled "Audit Committee" of the Annual Information Form of the Corporation for the year ended December 31, 2012, available on SEDAR at www.sedar.com and which may be obtained free of charge, on request, from the Corporate Secretary of the Corporation.

National Policy 58-201 *Corporate Governance Guidelines* (the "**CSA Governance Policy**") provides guidance on governance practices for Canadian issuers and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "**CSA Disclosure Instrument**") requires issuers to make prescribed disclosure regarding their governance practices. The Corporation believes that its corporate governance practices meet the requirements of the CSA Disclosure Instrument and the CSA Governance Policy, as illustrated in the disclosure made hereunder.

<u>Required disclosure under the CSA Disclosure Instrument</u>	<u>Does the Corporation align?</u>	<u>Corporate Governance Practices of the Corporation</u>
1) Board of Directors of the Corporation		
a) Disclose the identity of directors who are independent.	Yes	Of the seven (7) current members of the Board of Directors of the Corporation, five (5) directors are "independent" within the meaning of the CSA Disclosure Instrument. They are R. John Butler, Gary Collins, Robert S. Green, David Margolus, and Irving Kipnes. Mr. Margolus is counsel to and a partner of Witten LLP, which is one firm of several that receives fees for legal services provided to the Corporation and its subsidiaries. The Directors have concluded, however, that this relationship cannot reasonably be expected to interfere with the exercise of independent judgement by Mr. Margolus and accordingly that Mr. Margolus is "independent" within the meaning of the CSA Disclosure Instrument.
b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Yes	One (1) of the directors, Mr. Dinning, is a current (albeit temporary) executive officer of the Corporation, as he was appointed as Interim Chief Executive Officer of the Corporation in August 2012 following the resignation of the Corporation's President and Chief Executive Officer. As a result of this appointment Mr. Dinning therefore does not qualify as "independent" within the meaning of the CSA Disclosure Instrument. It is anticipated that Mr. Stephen Bebis will be appointed as President and Chief Executive Officer of the Corporation on May 7, 2013 and following such appointment Mr. Dinning would cease his role as Interim Chief Executive Officer and thus regain his independent status. Mr. Bereznicki does not qualify as "independent" because in 2011 Mr. Bereznicki acted in the capacity as a real estate consultant to the Corporation (and he received in excess of \$75,000 for his services in this regard).

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Yes.	Five (5) of the Corporation's seven (7) current Directors are independent.
d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Yes	The reporting issuer directorships of all Director nominees are described in this Information Circular under "Matters to be Acted Upon at the Meeting - Election of Directors of the Corporation".
e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes	The independent Directors meet at each regularly-scheduled Board meeting without management or non-independent Directors present and often meet without management or non-independent Directors present at non-regularly scheduled meetings as well. Four (4) of such regular meetings of independent Directors were held in 2012. In addition, each standing Committee of the Board of Directors meets at each regularly-scheduled Committee meeting without management or non-independent Directors present. Each standing Committee held four (4) of such regularly-scheduled meetings in 2012.
f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	Yes	<p>Jim Dinning is the Chairman of the Board of Directors. Mr. Dinning was previously considered independent within the meaning of the CSA Disclosure Instrument however Mr. Dinning's appointment as Interim Chief Executive Officer on August 31, 2012 has rendered him not independent. As disclosed above the Corporation anticipates appointing Mr. Stephen Bebis as the new President & Chief Executive Officer effective May 7, 2013 and following his appointment. Mr. Dinning will cease being Interim Chief Executive Officer (and will remain as Chairman). Mr. Dinning will become independent at that time.</p> <p>Upon his appointment as Interim Chief Executive, Mr. Dinning ceased his ex-officio membership on the Audit Committee and stopped participating in all in-camera sessions of other standing committees of the Board of Directors. During those in-camera meetings of independent</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	Yes	<p>directors, the Chair of each Committee (all of whom are independent) provides the necessary leadership for its independent directors. It is expected that Mr. Dinning will be re-appointed as an ex-officio member of the Audit Committee following his departure from the role of Interim Chief Executive Officer.</p> <p>The record of attendance of Directors at Board and standing committee meetings during 2012 is set forth in Schedule "B" to this Information Circular.</p>
2) Board Mandate - Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	Yes	<p>The Board of Directors has adopted a formal board mandate, which is attached to this Information Circular as Schedule "C"</p> <p>The Board of Directors holds regular meetings to review the business and affairs of the Corporation and to make decisions relating thereto. The Board of Directors, in conjunction with management, participates in the strategic planning process, identifies the principal risks of the business and seeks to implement appropriate systems to manage these risks, as well as seeking to ensure the integrity of the internal controls and management information systems of the Corporation.</p>
3) Position Descriptions		
a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	Yes	<p>The Board of Directors has adopted formal terms of reference for the Chairman however it does not have written position descriptions for the chair of each board committee. The Chairman's primary role is (as it has been in the past) to work with the Chief Executive Officer of the Corporation and the directors of the Corporation, to ensure effective relations with Board members, shareholders, other stakeholders and the public. The Chairman shall maintain on-going communications with the CEO and the Board and co-ordinate CEO interaction with the Board (ensuring that the responsibilities of the CEO are well understood by the Board). The Chairman shall also manage the affairs of the Board (including chairing meetings of the Board), ensure the Board is organized properly, functioning effectively, and discharging its obligations and responsibilities. As Chairman, Mr. Dinning</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
<p>b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	Yes	<p>is an <i>ex officio</i> voting member of each standing Committee of the Board. The independent members of the Board of Directors meet regularly without management or non-independent directors present.</p> <p>Although there are no written terms of reference for each committee chair, the Board delineates the role and responsibilities of each committee chair with direct reference to the responsibilities of each committee as set forth in the written mandates for each committee. Each committee chair is looked upon to lead their respective committee's in discharging the duties and responsibilities of each committee. Similar to the responsibilities of the Board Chairman, each committee chair is expected to provide leadership to enhance committee effectiveness and oversee the committee's discharge of its duties and responsibilities. Committee chairs must report regularly to the Board of Directors on the business of their committee and the discharge of duties as set forth in the written committee mandates.</p> <p>The Board of Directors has adopted a formal position description for the President and CEO. According to the position description, the President & CEO's primary responsibilities include: (i) providing overall leadership and vision in developing, in concert with the Board, the strategic direction of the Corporation, (ii) providing overall leadership and vision in developing the tactics and business plans necessary to realize the objectives of the Corporation, and (iii) managing the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.</p> <p>The Board expects the President and CEO and his management team to be responsible for the management of the Corporation's strategic and operational agenda and for the execution of the decisions of the Board. The directors expect to be advised on a regular basis as to the results being achieved, and to be presented for approval alternative plans and strategies, in keeping with evolving business conditions. In addition to those matters which by law must be approved by the Board, the prior approval of the Board, or of a committee of the Board to which approval authority has been delegated by the Board, is</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
		<p>required for all matters of policy and all actions proposed to be taken by the Corporation which are not in the ordinary course of operations. In particular, the Board approves the appointment of all officers of the Corporation and the Board approves all material transactions.</p> <p>2012 was a unique year due to the resignation of the Corporation's President and CEO, Mr. Rick Crook. In past years (and in the future following the appointment of a permanent President and Chief Executive Officer), the Compensation Committee of the Corporation, together with the Chairman of the Board develop each year goals and objectives that the President & CEO is responsible for achieving. The Compensation Committee and the Chairman of the Board evaluate the President & CEO's performance in light of such goals and objectives and in consultation with and with approval of the Board of Directors establish the CEO's compensation based on this evaluation. The corporate objectives that the President & CEO is responsible for meeting, with the rest of management placed under his supervision, are determined by the strategic plans and the budget as they are approved each year by the Board.</p>
<p>4) Orientation and Continuing Education</p>		
<p>a) Briefly describe what measures the board takes to orient new directors regarding</p> <ul style="list-style-type: none"> i) the role of the board, its committees and its directors, and ii) the nature and operation of the issuer's business. 	<p>Yes</p>	<p>The Governance Committee is responsible for developing, monitoring and reviewing the Corporation's orientation and continuing education programs for Directors. The Governance Committee has developed the following orientation program:</p> <p>New Directors will be provided with extensive information on the Corporation's business, its strategic and operational business plans, key documents, its operating performance, its financial position and the governance system of the Corporation and its subsidiaries. In addition, new Directors will meet individually with the President & CEO and other senior executives to discuss these matters.</p> <p>The program is designed to ensure that prospective candidates understand the role of the Board, as applicable, their respective committees and the contribution that individual directors are expected to make, including, in particular, the personal commitment expected of directors.</p>
<p>b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing</p>	<p>Yes</p>	<p>The Chairman of the Board, in consultation with the Governance Committee, monitors and reviews the continuing education programs for directors and ensures that Directors have access to education and information on</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.		an ongoing basis and as required. Senior management makes regular presentations to the Board on the main areas of the Corporation's business. All Directors are members of the <i>Institute of Corporate Directors</i> and have access to educational tools provided by this organization
5) Ethical Business Conduct		
a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	Yes	The Corporation has adopted a Joint Code of Business Conduct (the " Code ").
i) disclose how a person or company may obtain a copy of the code;		The Code is accessible on the Corporation's website at www.liquorstoresna.ca and on SEDAR at www.sedar.com . A paper copy is also available upon request from the Corporate Secretary of the Corporation.
ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and		The Code is distributed to and signed by each of the Corporation's salaried employees when they are hired.
iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.		In addition, the Corporation conducts an annual certification process to monitor compliance with the Code (and other corporate policies) and the Chief Executive Officer reports the results of such process to the Board on an annual basis.
b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	Yes	In accordance with applicable law, when a conflict of interest arises, a Director is required to disclose his or her interest and abstain from voting on the matter. In addition, the Chairman may ask the Director or officer to leave the room during any discussion concerning such matter.
c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	Yes	In addition to monitoring compliance with the Code, the Corporation has adopted various corporate policies that enhance the awareness of the importance of ethical business conduct and provide both employees and non-employees with a mechanism for reporting unethical

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
		or questionable acts including the Joint Whistleblower Policy and the Joint Disclosure, Confidentiality and Trading Policy.
6) Nomination of Directors		
a) Describe the process by which the board identifies new candidates for board nomination.	Yes	The Governance Committee of the Board is responsible for developing, reviewing and monitoring criteria, as well as establishing procedures for selecting directors by regularly assessing the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the directors and the circumstances and needs of the Corporation and its subsidiaries. The committee identifies candidates qualified to become Board members and selects or recommends that the Directors select nominees for the next annual meeting of Shareholders.
b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	Yes	The Governance Committee is currently comprised of four (4) directors, three (3) of whom are "independent" within the meaning of the CSA Disclosure Instrument. In the event there was a nomination of a candidate for the Board of Directors, the Committee's non-independent member, Mr. Jim Dinning, would abstain from voting on that matter or participating in the process.
c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	Yes	<p>The Directors have adopted a formal charter for the Governance Committee.</p> <p>The charter of the Governance Committee with respect to governance matters provides that the committee is responsible for overseeing the functioning and assessment of the Board and the committees of the Board and for the development, recommendation to the Board, implementation, and assessment of effective governance principles. Among other things, the committee is responsible for monitoring the composition and performance of the Board and its committees. The committee identifies candidates qualified to become Board members and regularly assesses the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the Board members and the circumstances and needs of the Corporation. The committee also reviews annually the performance and effectiveness of the Board, its committees, committee chairs and Board members.</p>

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
7) Compensation		In 2013 the Governance Committee intends to complete a "gap analysis / skills matrix" to assess the skills and qualities it may wish to seek in new board candidates.
a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	Yes	The compensation of the Board of Directors is determined annually by the Board based on the reviews and recommendations of the Governance Committee, and the compensation of senior officer's is determined annually by the Board based on the reviews and recommendations of the Compensation Committee (and, with respect to the compensation of the President & Chief Executive Officer, based upon a recommendation from the Chairman). Please see "Compensation Discussion & Analysis" in the Information Circular for additional information.
b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	No.	Save for Mr. Dinning, all current members of the Compensation Committee are "independent" within the meaning of the CSA Disclosure Instrument. Mr. Dinning, as Chairman of the Board, is an ex-officio member of the Compensation Committee and upon his appointment as Interim Chief Executive Officer on August 31, 2012 he was no longer independent in accordance with applicable securities laws. Following this appointment Mr. Dinning ceased his participation in the in-camera meetings of the Compensation Committee, ensuring objectivity by the independent members.
c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Yes	As noted above, the Board has adopted a formal charter for the Compensation Committee.

Required disclosure under the CSA Disclosure Instrument	Does the Corporation align?	Corporate Governance Practices of the Corporation
8) Other Board Committees — If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	No	<p>The charter of the Compensation Committee with respect to compensation matters provide that the committee's responsibilities include oversight of officer and employee remuneration and compensation, oversight of the evaluation of management of the Corporation, including the President & CEO and reviewing the effectiveness of the Corporation's human resources and development, succession planning and performance evaluation programs for senior executives. The committee recommends the appointment of officers, including the terms and conditions of their appointment and termination, and reviews the evaluation of the performance of the Corporation's officers, including recommending their compensation. In collaboration with the Executive Chairman of the Board, the committee also reviews the CEO's corporate goals and objectives and evaluates his performance in light of such goals and objectives. The committee also oversees management's implementation of appropriate human resources systems, such as hiring policies, training and development policies and compensation structures with a view to enabling the Corporation to attract, motivate and retain quality executives and personnel. The Compensation Committee reports its findings to the Board.</p> <p>The Board of Directors and has no standing committees other than the Audit, Compensation, and Governance Committees.</p>
9) Assessments — Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	Yes	<p>In 2012, an assessment of the performance and effectiveness of the Board, committees, the Chairman, committee chairs and individual directors was undertaken, led by the Governance Committee of the Board. These assessments are conducted on an annual basis and are structured as interviews with each member of the Board.</p>

SCHEDULE "B"

**RECORD OF ATTENDANCE BY DIRECTORS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Directors</u>	<u>Regular / Quarterly Directors Meetings</u>	<u>Special Directors Meetings⁽¹⁾</u>	<u>Standing Committees</u>
Henry Bereznicki	4 of 4	5 of 5	n/a
R. John Butler	4 of 4	5 of 5	13 of 13
Gary Collins	3 of 4	5 of 5	8 of 9
Jim Dinning ⁽²⁾	4 of 4	5 of 5	12 of 12
Robert S. Green	4 of 4	5 of 5	8 of 8
Irving Kipnes ⁽³⁾	3 of 4	5 of 5	2 of 2
David B. Margolus	4 of 4	5 of 5	9 of 9
Rick Crook ⁽⁴⁾	3 of 3	3 of 3	-

Summary Of Director And Standing Committee Meetings Held

Regularly / Quarterly Directors	4
Special Directors	5
Audit	4
Compensation	5
Governance	4

LIST OF 2012 STANDING COMMITTEE MEMBERS

AUDIT COMMITTEE - Robert S. Green, *Committee Chair*, R. John Butler, Gary Collins, Jim Dinning⁽²⁾

COMPENSATION COMMITTEE - Gary Collins, *Committee Chair*, R. John Butler, Jim Dinning, David B. Margolus, Irving Kipnes⁽³⁾,

GOVERNANCE COMMITTEE - R. John Butler, *Committee Chair*, Jim Dinning, David B. Margolus, Robert S. Green

- (1) Special meetings of the Board of Directors refer to formal meetings of the Board of Directors held in between regularly-scheduled quarterly meetings.
- (2) In his capacity as Chairman, Mr. Dinning was an ex-officio member of each Standing Committee of the Board of Directors. Upon his appointment as Interim Chief Executive Officer of the Corporation on August 31, 2012, Mr. Dinning ceased his ex-officio membership on the Audit Committee.
- (3) Mr. Kipnes was a member of the Compensation Committee until March 12, 2012.
- (4) Mr. Rick Crook resigned as President & Chief Executive Officer and director on August 31, 2012. He was not a member of any Standing Committee.

SCHEDULE "C"

LIQUOR STORES N.A. LTD. MANDATE FOR THE BOARD OF DIRECTORS

The term "**Corporation**" refers to Liquor Stores N.A. Ltd.; the term "**Board**" refers to the board of directors of the Corporation; the term "**GP**" refers to Liquor Stores GP Inc.; and the term "**LP**" shall refer to Liquor Stores Limited Partnership.

The Board is elected by the shareholders of the Corporation and is responsible for the stewardship of the affairs of the Corporation. The Board seeks to discharge such responsibility by reviewing and discussing the strategies and plans of management ("**Management**") of the Corporation and its subsidiaries and supervising Management and monitoring the performance of the Corporation and its subsidiaries. Further, each member of the Board acknowledges that in connection with his or her service to the Corporation, if required, he or she may also be asked to serve on the Board of Directors of the GP, and in serving in such capacity he or she shall exercise his or her voting and management rights respecting the GP (the general partner of the LP).

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of the Corporation and by overseeing and monitoring Management to ensure a culture of integrity is maintained. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of the senior management of the Corporation, and by overseeing and monitoring Management to ensure a culture of integrity is maintained.

Although directors may be nominated or elected by shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation and its shareholders must be paramount at all times.

Duties of Directors

The Board discharges its responsibilities directly and through its committees, the Compensation Committee, the Governance Committee and the Audit Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary role of overseeing the affairs of the Corporation (and its subsidiaries), principal duties include, but are not limited to the following categories:

Oversight Responsibility

1. The Board has the responsibility for approving the appointment of the Executive Chairman (as required), Chairman, Chief Executive Officer and any other officers of the Corporation (collectively, the "**Officers**"), and approving the compensation of the Executive Chairman (as required), Chairman, Chief Executive Officer and other officers and senior employees of the Corporation and the GP following a review of the recommendations of the Compensation Committee.
2. The Board has delegated authority to the Chief Executive Officer for the overall management and operations of the Corporation to ensure the long term success of the Corporation. The Board has also delegated the responsibility to ensure that the Limited Partnership Agreement governing the LP is complied with to the Chief Executive Officer. The Chief Executive Officer will work in conjunction with the Chairman on strategy related issues to ensure the long term success of the Corporation. This delegation is subject to the General Authority Guidelines in Appendix "A" that requires either prior authorization by the Board or periodic review by the Board in respect of specified matters.
3. The Board may from time to time delegate authority to the Corporation's Officers, subject to specified limits. Matters that are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.

4. The Board is responsible for monitoring the performance of Management with respect to the operations of the Corporation.

Monitoring of Financial Performance and Other Financial Reporting Matters

5. The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Corporation (and its subsidiaries, including but not limited to the GP and the LP).
6. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Corporation's business including insurance coverage, conduct of material litigation and the effectiveness of internal controls.
7. The Board is responsible for considering appropriate measures it may take if the performance of the Corporation falls short of their goals or other special circumstances warrant.
8. The Board shall be responsible for approving the unaudited financial statements and the notes of the Corporation and shall be responsible to review the consolidated financial statements of the Corporation, the GP and the LP and shall provide its recommendation for approval of such consolidated financial statements to the audit committee of the Corporation.
9. The Board is responsible for reviewing and approving material transactions involving the Corporation, the GP or the LP, and those matters which the Board is required to approve under its governing legislation, including the payment of dividends, acquisitions and dispositions of material assets by the GP or the LP and material expenditures by the Corporation, the GP or the LP.
10. As parent company of the GP, the Board is responsible for reviewing and directing how the GP will exercise its voting and managerial rights in respect of matters relating to the LP.
11. The Board has responsibility for effectively monitoring the principal risks of the Corporation (and its subsidiaries).

Board Organization

12. The Board will respond to recommendations received from the Compensation, Governance and Audit Committees, but retains the responsibility for managing its own affairs by giving approval for its composition, the selection of the Executive Chairman (as required), Chairman, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
13. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and Management, the approval of interim financial results, the conduct of performance evaluations and oversight of internal control systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Policies and Procedures

14. The Board is responsible for:
 - (a) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
 - (b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

- (c) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.

15. The Board has approved a Joint Disclosure Policy respecting communications to the public.

Communications and Reporting

16. The Board is responsible for:

- (a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, on a timely and regular basis;
- (b) overseeing that the financial results of the Corporation are reported fairly and in accordance with generally accepted accounting standards;
- (c) ensuring the integrity of the internal control and management information systems of the Corporation; and
- (d) taking steps to enhance the timely disclosure to the Corporation of any other developments that have a significant and material impact on the Corporation to enable the Corporation to comply with its timely disclosure obligations.

APPENDIX "A" TO SCHEDULE "C"

LIQUOR STORES N.A. LTD. GENERAL AUTHORITY GUIDELINES

AUTHORITY OF THE MANAGEMENT

The Corporation may have an Executive Chairman, Chairman and may have a Chief Executive Officer.

The Chief Executive Officer is responsible for overall management and operations of the Corporation. The Chief Executive Officer will work in conjunction with the Chairman on strategy related issues to ensure the long term success of the Corporation.

This responsibility is subject to the provisions of applicable law, the articles and by-laws of the Corporation, the Governance Agreements and any particular direction or resolution of the Board of Directors, except for the following matters that require the specific authorization of the Board or a Board committee. In addition, certain matters identified below will be subject to periodic review by the Board or a Board committee.

The delegation contemplated by these guidelines shall include the authority to establish areas of responsibility and limits of authority for members of management of the Corporation and its subsidiaries.

MATTERS REQUIRING DIRECTORS OR COMMITTEE OF DIRECTORS APPROVAL OR REVIEW

I. Organizational Changes and Policy

1. Subject to the discretionary limits set out in paragraphs 6, 7 and 8 below, approve major changes to the organization of the Corporation or its respective subsidiaries, such as the creation or divestiture of investments or acquisitions.
2. Approve the adoption of or changes to the Corporation's policies with application to the conduct of directors, including the Joint Disclosure Policy of the Corporation.
3. Review of adherence to the policies of the Corporation.
4. Approve any proposed changes to the Corporation's articles or by-laws.

II. Budgets, Plans and Commitments

5. Review and approve the annual budget of the Corporation, the LP and the annual budget for the GP, if any.
6. Approve any capital commitments in any year not contained in the approved budgets of the Corporation, the LP, and the GP over \$300,000 per occurrence.
7. Approve any single capital commitment for an acquisition or acquisitions exceeding \$3,000,000 (inclusive of related store development costs), in aggregate.
8. Approve any single divestiture of more than \$3,000,000.
9. Approve long range business planning in accordance with the policies of the Corporation.
10. Approve major agreements or long-term leases outside the ordinary course of business of the Corporation (and its subsidiaries), including, without limitation, approving all related party agreements and or related party leases.

III. Financial and Corporate

11. Approve the annual audited financial statements of the Corporation.
12. Approve the interim financial statements of the Corporation.
13. Approve the dividend policy of the Corporation.
14. Approve changes in authorized capital, issuance or repurchase of shares, debt securities and related prospectuses or trust indentures, if any.
15. Generally review operating and financial performance relative to budgets and objectives.
16. Review significant changes in accounting practices or policies.
17. Approve all borrowing, hedging, credit agreements, amendments to credit agreements, and the granting of guarantees and/or letters of credit outside the ordinary course of business or pursuant to related party agreements and/or leases.
18. Review significant changes in accounting practices or policies.

IV. External Auditors of the Corporation

19. Approve appointment of external auditors, establishment of their fees and annual audit plan.
20. Review independence of external auditors.
21. Review findings of external audit review and Management's response.
22. Review the Corporation's conduct of litigation that could materially affect the financial condition of the Corporation or its subsidiaries.
23. Review effectiveness of internal control procedures.

V. Insurance Matters

24. Risk Management.
25. Review the Corporation's risk management and insurance coverage.

VI. Management and Human Resources

26. Approve appointment or removal of any of the Corporation's Officers;
27. Confirm appointments of other officers.
28. Evaluate performance of the Executive Chairman, Chairman and the Chief Executive Officer.
29. Approve compensation for the Corporation's Officers.
30. Approve contracts of the Corporation's Officers including special termination provisions or payments.
31. Approve adoption of share purchase or other share-based compensation arrangements, if any.

32. Approve short-term and long-term incentive plan criteria, targets and awards, if any, in so far as such plans are a direct activity of the Corporation.
33. Review the Corporation's Officers succession plans.

