AutoCanada

NOTICE OF MEETING
2016 MANAGEMENT INFORMATION CIRCULAR

March 24, 2017

Management Information Circular

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Invitation to Shareholders

Dear Fellow Shareholders,

On behalf of AutoCanada's Board of Directors, management and employees, I invite you to attend the 2017 Annual General Meeting of Shareholders. The meeting will be hosted at:

WHERE: Hilton Doubletree West Edmonton Hotel
Room SBCC #7
16615 – 109 Avenue
Edmonton, Alberta

WHEN: Friday, May 5, 2017
10:00 a.m. (Mountain Time)

At the meeting, we will report on AutoCanada's financial and operating performance of 2016. In addition, you will have an opportunity to meet with our Board of Directors and management to discuss items of interest to you.

The business items to be dealt with are described in the notice of meeting and management information circular. We value the views of our shareholders and appreciate the time you spend understanding and voting on the formal items of business to be considered at the meeting.

Our Annual Report and management information circular and related proxy materials, along with additional documentation and information concerning AutoCanada, is available on our website at www.autocan.ca. You will also find recently filed corporate disclosure documents under the "Investors" section on our website.

If you are unable to attend the Annual General Meeting in person, or if you hold your shares in the name of a nominee, such as your brokerage firm, I encourage you to vote your proxy by any of the means available to you. We look forward to your continued support.

Sincerely,

Patrick J. Priestner

Chair
AutoCanada Inc.

Notice of Annual Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of the holders (the "Shareholders") of common shares (the "Shares") of AutoCanada Inc. (the "Company" or "AutoCanada") will be held at the Hilton Doubletree West Edmonton Hotel, Room SBCC #7, 16615 – 109 Avenue, Edmonton, Alberta on Friday, May 5, 2017 at 10:00 a.m. (Mountain time) for the following purposes:

1. **TO RECEIVE the audited consolidated financial statements for the year ended December 31, 2016, together with the report of the auditor thereon;**
2. **TO FIX THE NUMBER OF DIRECTORS to be elected by the Shareholders at seven;**
3. **TO ELECT the directors of the Company for the ensuing year;**
4. **TO APPOINT PricewaterhouseCoopers LLP as the independent auditor of the Company and authorize the Board of Directors of the Company to fix their remuneration; and**
5. **TO TRANSACT such other business as may properly come before the Meeting or any postponement or adjournment thereof.**

As a Shareholder, you are entitled to attend the Meeting and to cast one vote for each Share of the Company that you own. The specific details of all matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting.

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose to our transfer agent, Computershare Trust Company of Canada ("Computershare"), as follows:

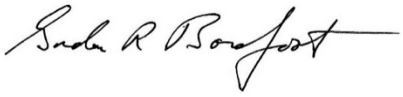
1. **By mail to Computershare, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5;**
2. **By hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;**
3. **By fax to 1-416-263-9524 or 1-866-249-7775; or**
4. **By internet at www.investorvote.com.**

All proxies, to be valid, must be received by Computershare, at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy.

If you are a non-registered beneficial Shareholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your shares. The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting.

DATED at Edmonton, Alberta this 24th day of March, 2017.

BY ORDER OF THE BOARD OF DIRECTORS



Gordon R. Barefoot, Lead Director

About this Information Circular and Related Proxy Materials

The management ("Management") of AutoCanada Inc. ("AutoCanada" or the "Company") is providing this management information circular ("Information Circular") and related proxy materials to you in connection with the solicitation of proxies by Management for use at the annual general meeting of holders ("Shareholders") of common shares of the Company ("ACI Shares") scheduled to be held at the Hilton Doubletree West Edmonton Hotel, Room SBCC #7, 16615 – 109 Avenue, Edmonton, Alberta, on Friday, May 5, 2017 at 10:00 a.m. (Mountain time) or at any adjournments or postponements thereof (the "Meeting"), for the purposes set forth in the accompanying Notice of Meeting.

This Information Circular describes the business of the Meeting, resolutions to be voted upon and the voting process, and provides information about the members ("Directors") of AutoCanada's board of directors (the "Board") and senior management, the Directors nominated for the 2017 year, our corporate governance practices and our executive compensation philosophy.

As a Shareholder, you are invited to attend the Meeting. If you are unable to attend in person, you may still vote. Please see the "How Do I Vote?" section for an explanation of how you can vote on the matters to be considered at the Meeting.

Unless otherwise indicated, the information contained herein is given as at March 24, 2017.

Solicitation, Appointment, and Revocation of Proxies

VOTING INFORMATION

What will I be voting on?

You may vote on the following matters at the Meeting:

1. To fix the number of Directors to be elected by Shareholders at seven;
2. To elect our Directors; and
3. To appoint our auditor and authorize the Directors to set their remuneration.

Who can vote?

Shareholders of record on March 24, 2017 (the "Record Date") are entitled to vote at the Meeting. To vote any ACI Shares you acquire subsequent to the Record Date, you must, not later than ten days before the Meeting:

(a) **Request through our transfer agent, Computershare, to the attention of Proxy Department at 886-732-8683, that we add your name to the voting list; and**

(b) **Produce properly endorsed Share certificates or otherwise establish that you own the ACI Shares.**

How many votes are required to approve matters?

All matters to be addressed at the Meeting must be approved by a simple majority of the votes cast by Shareholders, either by proxy or in person at the Meeting.

How many votes do I have?

You are entitled to one vote for every ACI Share that you are entitled to vote at the Meeting.

How will meeting materials be delivered?

We are using notice and access to deliver the Information Circular to both our registered and non-registered shareholders. This means that the Company will post the management Information Circular online for Shareholders to access electronically on the Company's profile at www.sedar.com and on the Company's website at www.autocan.ca. You will receive a package in the mail with a notice (the "Notice") explaining how to access and review the circular electronically, and how to request a paper copy at no charge. You will also receive a form of proxy or a voting instruction form in the mail so you can vote your shares. All applicable meeting related materials will be indirectly forwarded to non-registered Shareholders at the Company's expense. The Company will provide papers copies of the Information Circular to Shareholders who have standing instructions to receive, or for whom the Company has otherwise received a request to provide, paper copies of materials.

Notice and access is an environmentally friendly and cost effective way to distribute the Information Circular because it reduces printing, paper and postage.

How many ACI Shares can vote?

AutoCanada is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As of the Record Date, there are 27,459,683 ACI Shares issued and outstanding and no preferred shares issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of ACI Shares are entitled to one vote for each ACI Share held.

To the knowledge of the directors and the executive officers of the Company, as at the Record Date, no person or entity beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of our outstanding shares, including the ACI Shares.

Who counts the votes?

Proxies and votes of Shareholders attending the Meeting are counted by Computershare, who will act as scrutineer of the Meeting. Following the Meeting, a report on the voting results will be filed under AutoCanada's profile on SEDAR at www.sedar.com.

What is the deadline for proxy voting?

We encourage you to submit your proxy as soon as possible to ensure that your vote is counted. Proxies must be received by Computershare not later than 10:00 a.m. (Mountain time) on Wednesday, May 3, 2017, or if the Meeting is adjourned or postponed,

48 hours before such adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). The time limit for the deposit of proxies may be waived by the Board without notice. If you are a non-registered Shareholder exercising voting rights through a nominee, you should consult the voting instruction form from your nominee as they may have different and earlier deadlines.

HOW DO I VOTE?

You should first determine whether you are a registered Shareholder or a non-registered Shareholder.

- You are a registered Shareholder if your name appears on your Share certificate or if you hold your ACI Shares under your name on the records of Computershare.
- You are a non-registered Shareholder if your ACI Shares are not held in your name but are held in the name of a nominee or intermediary such as a bank, trust company, securities broker, trustee or other custodian.

I am a registered Shareholder. How do I vote by proxy?

You can use the enclosed instrument of proxy ("Instrument of Proxy") to appoint your proxyholder and to indicate how you want your ACI Shares voted. The persons named in the Instrument of Proxy are Directors or officers of AutoCanada. However, you can choose another person to be your proxyholder, including someone who is not a Shareholder. If you choose this option, you should cross out the names printed on the Instrument of Proxy and insert another person's name in the blank space provided, or by completing another appropriate proxy form.

You may vote by proxy even if you plan to attend the Meeting.

Registered Shareholders have four ways to submit a completed Instrument of Proxy:

1. By fax, by completing and signing the enclosed Instrument of Proxy and forwarding it by fax to the attention of Computershare at 1-416-263-9524 or 1-866-249-7775;
2. By internet, by completing and submitting an Instrument of Proxy at www.investorvote.com, to 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 Instrument of Proxy. If Shareholders vote by internet, their vote must be received not later than 10:00 A.M. (Mountain Time) on Wednesday, May 3, 2017 or 48 hours prior to the time of any adjournment of the Meeting. The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their Instrument of Proxy and/or voting direction, prior to the deadline noted above. When resubmitting an Instrument of Proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last Instrument of Proxy is submitted by the deadline noted above;
3. By mail, by completing and signing the enclosed Instrument of Proxy and mailing it in the envelope provided; or
4. By hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

The ACI Shares represented by your Instrument of Proxy will be voted or withheld from voting in accordance with your instructions indicated on the Instrument of Proxy. Unless contrary instructions are provided, the ACI Shares represented by proxies received by Management will be voted FOR each matter to be presented at the Meeting.

Beneficial Shareholders

I am a non-registered Shareholder. How do I vote?

Shareholders who hold their ACI Shares through their nominee (brokers, intermediaries, trustees or other persons), or who otherwise do not hold their ACI Shares in their own name ("Non-registered Shareholders") should note that only proxies deposited by Shareholders who appear on the records maintained by the Company's registrar and transfer agent as registered holders of ACI Shares will be recognized and acted upon at the Meeting.

You should have received the Notice from your nominee, together with a voting instruction form. Please contact your nominee if you did not receive a voting instruction form. Each nominee has its own signing and return instructions, which you should follow carefully to ensure that your votes are tabulated. Your nominee is required to seek your instructions as to the manner in which to vote your ACI Shares. If you do not complete a voting instruction form, your nominee cannot vote your ACI Shares.

If ACI Shares are listed in an account statement provided to a Non-registered Shareholder by a broker, those ACI Shares will, in all likelihood, not be registered in the Shareholder's name. Such ACI Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-registered Shareholders in order to ensure that their ACI Shares are voted at the Meeting. The form of proxy supplied to a Non-registered Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-registered Shareholder. If you have any questions respecting the voting of ACI Shares held through a broker or other intermediary, please contact that broker or nominee well in advance of the Meeting for assistance.

You can appoint a person other than the Directors or officers of AutoCanada named on the voting instruction form as your proxyholder. This person does not have to be a Shareholder. Indicate the name of the person you are appointing in the space provided on the voting instruction form and complete the remainder of the form in accordance with the instructions provided by your nominee.

I am a Non-registered Shareholder. Can I vote in person?

Unless your nominee has appointed you as proxyholder, we have no record of your shareholdings or of your entitlement to vote. If you are a non-registered Shareholder and wish to vote in person at the Meeting, please fill in your name in the space provided on the voting instruction form sent to you by your nominee. In so doing, you are instructing your nominee to appoint you as proxyholder. Again, if you are a Non-registered Shareholder and wish to vote in person at the Meeting, please refer to the voting instruction form you received or contact your nominee well in advance of the Meeting to determine how you can do so. If you are a Non-registered Shareholder who has voted and want to change your mind and vote in person, contact your nominee to obtain information on the procedure to follow, where possible.

PROXY INFORMATION

How are proxies solicited?

Proxies are solicited primarily by mail or by any other means Management may deem necessary. Members of Management receive no additional compensation for these services, but are reimbursed for any expenses incurred by them in connection with these services. Arrangements may also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of ACI Shares registered in the names of these persons, and AutoCanada may reimburse them for their reasonable transaction and clerical expenses. Costs of solicitation of proxies are borne by AutoCanada.

I have elected to vote by proxy. How are my voting rights exercised?

On the Instrument of Proxy, you have two choices: (a) you can indicate how you want your proxyholder to vote your ACI Shares; or (b) you can let your proxyholder decide for you. If you have specified on the Instrument of Proxy how you want your ACI Shares to be voted on a particular matter, then your proxyholder must vote your ACI Shares accordingly in the case of either a vote by show of hands or a vote by ballot. If you have chosen to let your proxyholder decide for you, your proxyholder can then vote in accordance with his or her judgment.

The ACI Shares represented by your Instrument of Proxy will be voted or withheld from voting in accordance with your instructions indicated on the Instrument of Proxy. Unless contrary instructions are provided, the ACI Shares represented by proxies received by Management will be voted FOR each matter to be presented at the Meeting.

What if there are amendments to the resolutions or if other matters are brought before the Meeting?

The Instrument of Proxy delivered in connection with the Meeting gives the persons named the authority to use their discretion and judgment in voting on amendments or variations to matters identified in the Notice of Meeting or any other matter duly brought before the Meeting.

As of the date of this Information Circular, Management is not aware of any amendments to the matters set out in the Notice of Meeting or of other matters to be presented at the Meeting. However, if other matters duly come before the Meeting, the persons named on the enclosed Instrument of Proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the Instrument of Proxy with respect to such matters.

Can I revoke my proxy if I change my mind?

You can revoke your proxy at any time before it is exercised. To do this if you are a registered Shareholder, you must deliver an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized to Computershare not later than Wednesday, May 3, 2017 at 10:00 a.m. (Mountain time), or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner prescribed by law.

If you are a Non-registered Shareholder who has voted and you want to change your mind or revoke your voting instructions, contact your nominee to obtain information on the procedure to follow, where possible.

If you are a registered Shareholder and have already submitted an Instrument of Proxy and you plan to attend personally at the Meeting, you may revoke the proxy at the Meeting and vote in person.

Matters to be acted upon at the Meeting

BUSINESS OF THE MEETING

1. Consolidated Financial Statements

The consolidated financial statements of AutoCanada for the year ended December 31, 2016 and the auditor's report thereon have been delivered, either by mail or electronically, to all registered Shareholders and also to Non-registered Shareholders who requested such documents. These financial statements will be presented to the Shareholders at the Meeting and no vote is required with respect to this matter. The Directors have approved these financial statements. A copy of the audited consolidated financial statements can also be accessed electronically on the Company's profile at www.sedar.com and on our website at www.autocan.ca.

2. Number of Directors

According to its Articles of Incorporation, AutoCanada may have between three and ten Directors. There are presently seven Directors of AutoCanada. The term of office of each of the present Directors expires at the close of the Meeting.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution to fix the number of Directors to be elected by Shareholders at seven.

Unless contrary instructions are indicated on the Instrument of Proxy or the voting instruction form, the persons designated in the accompanying Instrument of Proxy or voting instruction form intend to vote FOR fixing the number of Directors to be elected by Shareholders at seven.

3. Election of Directors

Management is not aware of any reason why any of the nominees named herein would be unable or unwilling to serve as a Director. However, if a nominee is not available to serve at the time of the Meeting, and unless otherwise specified (including by a Shareholder direction to withhold a vote), the persons designated in the Instrument of Proxy may vote in favour of a substitute nominee or nominees selected by the Board.

The following are the names of the seven proposed nominees for election as Directors of AutoCanada:

1. Gordon Barefoot
2. Michael Ross
3. Dennis DesRosiers
4. Barry James
5. Maryann Keller
6. Arlene Dickinson
7. Steven Landry

The Board has adopted a policy which requires that any nominee for election as a director who receives a greater number of votes "withheld" than votes "for" his or her election as a director shall submit his or her resignation to the Board for consideration forthwith following the Meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected. The Board shall consider the resignation and determine whether or not to accept the resignation within 90 days of the applicable meeting and a news release shall be issued by the Company announcing the Board's determination. Any director who tenders his or her resignation shall not participate in any meetings to consider whether the resignation shall be accepted.

Detailed information about these nominees is contained in this Information Circular in the "Information Concerning the Director Nominees" section.

At the Meeting, it is proposed that Shareholders elect each of the nominees listed above to serve as a Director of AutoCanada and to hold such office until the earlier of our next annual meeting of Shareholders or until his or her successor is elected. **Unless contrary instructions are indicated on the Instrument of Proxy or the voting instruction form, the persons designated in the accompanying Instrument of Proxy or voting instruction form intend to vote FOR the election of each of the above-named nominees.**

4. Appointment of Independent Auditor

During the seven previous financial years ended December 31, 2016, PricewaterhouseCoopers LLP has served as the auditor to AutoCanada, and previously to AutoCanada Income Fund, predecessor to the

Company. Representatives of the auditor will be present at the Meeting and will be given the opportunity to speak and to answer any questions.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve an ordinary resolution to reappoint PricewaterhouseCoopers LLP to serve as the auditor of AutoCanada until the next annual meeting of Shareholders and to authorize the Directors to fix their remuneration.

Fees payable for the years ended December 31, 2016 and December 31, 2015 to PricewaterhouseCoopers LLP were $909,618 and $1,265,896, respectively, as detailed in the following table:

Fee category	2016	2015
Audit fees [1]	$493,118	$628,455
Audit-related fees [2]	$325,357	$389,720
Tax fees [3]	$91,143	$162,721
All other fees [4]	$0	$85,000
Total	$909,618	$1,265,896

[1] *Audit fees and acquisition related testing.*
[2] *Audit-related fees include all fees paid to PricewaterhouseCoopers LLP for the review of the interim consolidated financial statements and other services in connection with regulatory filings.*
[3] *Tax fees includes all fees paid to PricewaterhouseCoopers LLP for tax compliance matters.*
[4] *All other fees includes all fees paid to PricewaterhouseCoopers LLP for securities offerings and other assurance review engagements.*

Information Concerning the Director Nominees

The following information relating to the nominees as Directors is based partly on our records and partly on information received from each nominee, and is current as of the date of the Information Circular. All information is presented as at March 24, 2017. Each Director elected at the Meeting will hold office until the earlier of our next annual meeting of Shareholders or until his or her successor is elected.

GORDON R. BAREFOOT

Age: 65

Vancouver,
British Columbia, Canada

Director since: 2006

Independent

Current occupation:
Corporate Director

Previous occupation:
President, Cabgor Management Inc.

Senior Vice-President and Chief Financial Officer, Terasen Inc., a natural gas distributor

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board (Lead Director)	9 of 9	100%	135,500
Audit	4 of 4	100%	

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets Requirements
2016	9,000	6,507	15,507	358,522	160,000	Yes
2015	9,000	4,393	13,393	429,532	160,000	Yes
2014	9,000	2,889	11,889	529,061	160,000	Yes

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
Corix Infrastructure Inc.	Private	Board Chair, Audit Committee Chair, Compensation Committee Chair
Institute for Health System Transformation & Sustainability	Private	Board Director, Audit Committee Chair
FWS Group Inc.	Private	Board Director, Audit Committee Chair

MICHAEL ROSS

Age: 66

Edmonton, Alberta, Canada

Director since: 2007

Independent

Current occupation:
President, M. H. Ross Management Ltd.

Previous occupation:
Chief Executive Officer,
Conroy Ross Partners

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board	9 of 9	100%	129,750
Governance and Compensation (Chair)	5 of 5	100%	

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets Requirements
2016	17,000	7,713	24,714	571,388	160,000	Yes
2015	17,000	5,913	22,913	553,349	160,000	Yes
2014	17,000	4,897	21,897	974,417	160,000	Yes

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
Fountain Tire	Private	Board Director
Camex Equipment Sales and Rentals Inc.	Private	Lead Director
Norseman Group Ltd.	Private	Board Director
FYi Doctors	Private	Lead Director
G2 Integrated Solutions Holdings, LLC	Private	Board Director
Imagine Health Centres	Private	Board Director

DENNIS DESROSIERS

Age: 66

Tornoto Ontario, Canada

Director since: 2007

Independent

Current occupation:
President, DesRosiers Automotive Consultants Inc.

Previous occupations:
N/A

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board	9 of 9	100%	106,500
Governance and Compensation	5 of 5	100%	

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets Requirements
2016	4,500	10,677	15,177	350,892	160,000	Yes
2015	4,500	6,385	10,885	262,873	160,000	Yes
2014	4,500	3,426	7,926	352,707	160,000	Yes

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
None		

BARRY L. JAMES

Age: 58

Edmonton, Alberta, Canada

Director since: 2014

Independent

Current occupation:
President, Barry L. James Advisory Services Ltd.

Previous occupation:
Managing Partner, PricewaterhouseCoopers LLP (Edmonton)

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board	9 of 9	100%	
Audit (Chair)	4 of 4	100%	123,750
Governance and Compensation	5 of 5	100%	

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets[2] Requirements
2016	1,372	2,633	4,005	92,596	160,000	Yes
2015	1,372	970	2,342	56,559	160,000	On Track
2014	712	Nil	712	31,684	160,000	On Track

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
Corus Entertainment	Public (TSX)	Board Director, Audit Committee Chair
ATB Financial	Crown Corporation	Board Director, Audit Committee Chair, Risk Committee Member
University of Alberta	Crown Corporation	Board Governor, Senator
Government of the Province of Alberta	N/A	Audit Committee Chair

MARYANN N. KELLER

Age: 73

Riverside, Connecticut, USA

Director since: 2015

Independent

Current occupation:
Principal, Maryann Keller & Associates

Previous occupation:
N/A

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board	9 of 9	100%	
Audit	4 of 4	100%	106,500
Governance and Compensation	5 of 5	100%	

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets Requirements
2016	1,500	7,200	8,700	201,144	160,000	Yes
2015	-	1,808	1,808	43,663	160,000	On Track

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
DriveTime Automotive Group	Private	Board Director, Audit Committee Member, Compensation Committee Member, Governance Committee Member
Dollar Thrifty Automotive Group	Public (NYSE)	Board Director, Audit Committee Chair, Compensation Committee Member

STEVEN J. LANDRY

Age: 58

Edmonton, Alberta, Canada

Director since: 2016

Not Independent

Current occupation:
Chief Executive Officer, AutoCanada Inc.

Previous occupations:
Chief Development Officer, ATCO Group Inc.
Executive Vice-President, Chrysler LLC
President & Chief Executive Officer, DaimlerChrysler Canada Inc.

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
Board	6 of 6	100%	Not eligible

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	RSUs (#)	Total Shares and RSUs (#)	Total Market Value of Shares and RSUs ($)	Minimum SOG ($)	Meets Requirements
2016	25,000	-	25,000	578,000	N/A	N/A

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
None		

ARLENE DICKINSON

Age: 60

Calgary, Alberta, Canada

Director since: N/A

Independent Nominee

Current occupation:
Chief Executive Officer,
Venture Communications Ltd.

Previous occupations:
N/A

Board/Committee Membership as at December 31, 2016	2016 Attendance	2016 Attendance (Total)	Value of Total Compensation Earned in 2016 ($)
N/A	N/A	N/A	N/A

Securities Held[1] as at December 31, 2016 (at Market Value of $23.12 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs ($)	Minimum SOG ($)	Meets Requirements
2016	-	-	-	-	N/A	N/A

Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
FYi Doctors	Private	Governance Committee
Alberta Innovates	Crown	Audit Committee Member
NeutriSci	Public (TSX-V)	Board Director
Magniware	Private	Lead Director
Blue Goose	Private	Compensation Committee
OMG's Candy	Private	Board Director
Anchor Capital Corporation	Public (TSX-V)	Board Director, Audit Committee Member
Aphria Inc.	Public (TSX)	Board Director

(1) *This information has been based upon information furnished by the individual and upon reports filed on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca.*

(2) *As at record date, Barry James has met the minimum share ownership guidelines.*

Cease Trade Order, Bankruptcies, Penalties or Sanctions

In the ten year period preceding the date of this Information Circular, AutoCanada is not aware of any proposed director of the Company who had been a director, chief executive officer or chief financial officer of any company which was subject to an order that was issued while the director was acting in such capacity, or that was issued after the director ceased to be acting in such capacity and which resulted from an event that occurred while the director was acting in such capacity.

Other than as described below, in the ten year period preceding the date of this Information Circular, AutoCanada is not aware of any proposed director of the Company who had been a director or executive officer of any company which, while that person was acting in that capacity or within a year of ceasing to act in that capacity, became bankrupt or 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.

Mr. Barefoot was a Director of EarthFirst Canada Inc. until November 2009. EarthFirst Canada Inc. sought creditor protection in

November 2008 and through a court approved process successfully settled with creditors in November 2009. Effective March 2, 2010, EarthFirst Canada Inc. amalgamated with Maxim Power Corp.

In addition, Mr. Barefoot was previously a Director of ISE Limited and resigned from this position in February 2011. ISE Limited was a Cayman Island corporation with an operating company in San Diego, USA. In 2010, ISE Limited was delisted as it sought creditor protection under Chapter 11. The assets of ISE Limited have since been sold and the corporation is in the process of being dissolved.

No proposed director has, within 10 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 such proposed director.

To the knowledge of the AutoCanada Directors, no proposed Director, or a holding company of such proposed Director, has been subject to: (i) any penalties 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed Director.

Compensation Discussion and Analysis

Introduction

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Company's three most highly compensated executive officers (other than the CEO and CFO) whose total compensation exceeds $150,000 (the "NEOs").

The compensation discussion and analysis ("CD&A") is intended to provide Shareholders with an understanding of the Company's approach to compensation, including a description of the decisions and processes involved, the different components of the Company's program, what the Company paid NEOs for the financial year ended December 31, 2016, and why. The NEOs for the financial year ended December 31, 2016 were:

- Patrick (Pat) Priestner, Executive Chair (the "Executive Chair")[1]
- Steven Landry, President & Chief Executive Officer (the "CEO")[2]
- Thomas (Tom) Orysiuk, President (the "President")[3]
- Christopher (Chris) Burrows, Vice President and Chief Financial Officer (the "CFO")
- Stephen (Steve) Rose, Chief Operating Officer (the "COO")[4]
- Erin Oor, Vice-President, Corporate Development and Administration (the "VPCDA")

(1) *Pat Priestner retired as Executive Chair on May 5, 2016*
(2) *Steven Landry was appointed CEO on April 1, 2016*
(3) *Tom Orysiuk resigned effective March 17, 2017*
(4) *Steve Rose retired effective September 30, 2016*

For purposes of this Compensation Discussion and Analysis, members of the "senior leadership team" consist of these officers, unless otherwise specified.

In 2013, the Governance and Compensation Committee (the "Committee") engaged Mercer, an external executive compensation consultant, to provide information and advice on the Company's executive compensation program.

The following represents the scope of work performed by Mercer as part of their review:

1. Assess the competitiveness of current compensation arrangements provided to senior executive positions;
2. Conduct a review of AutoCanada's short-term incentive plan; and
3. Complete a review of AutoCanada's long-term incentive plan.

In assessing the competitiveness of the current compensation arrangements, Mercer utilized a benchmarking group of companies.

To maintain objectivity, the Committee did not direct Mercer to perform the above services in any particular manner or under any particular method. The Committee has evaluated the consultant report as part of its annual work plan. As well, the Committee Chair reviewed and approved all invoices from the consultant. During the 2013 through 2014 fiscal years, a total of $47,946 was paid in fees to Mercer associated with this assignment.

All of the recommendations and decisions regarding the amount and form of executive and director compensation are the Committee's responsibility and may reflect factors and considerations other than the information and advice provided by Mercer.

Executive Compensation Philosophy

The Company recognizes the critical importance that a highly engaged leadership team plays in the creation of sustained shareholder value. Through its compensation programs, the Company is able to attract, motivate and retain the caliber of executives needed in a highly competitive marketplace. The Company's current executive compensation programs are designed to:

- attract and retain high caliber executives who can advance the Company's strategy in a competitive environment;
- motivate executives to act in the best interests of the shareholders and other key stakeholders through performance-based compensation;
- reward executives for demonstrated leadership and the achievement of

strategic corporate objectives; and

- provide market competitive compensation for delivering on the Company's goals with increased compensation opportunity for exceptional results.

The Committee is responsible for reviewing the implications of risks associated with the Company's compensation policies and practices and reporting any identified risks that are reasonably likely to have a material adverse effect on the Company. The Committee considers the balance between long term objectives and short term financial goals incorporated into the Company's executive compensation program and whether or not executives are potentially encouraged to expose the Company to inappropriate or excessive risk. The Company's executive compensation program has been structured similarly among all of the members of the Company's senior leadership team and the Board has the discretion to award incentives based on long-term objectives that may have an impact on short-term financial targets. Furthermore, the Company's executive compensation program includes a maximum annual payout limit. As at the date of this management Information Circular, the Committee has not identified any risks relating to the Company's compensation policies that are reasonably likely to have a material adverse effect on the Company.

Trading Policy

The Company maintains a comprehensive disclosure and trading policy ("Joint Disclosure, Confidentiality, Trading and Anti-Hedging Policy"). The Joint Disclosure, Confidentiality, Trading and Anti-Hedging Policy specifically restricts any policy participant from purchasing financial instruments, including, for greater clarity, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of AutoCanada securities or share-based or option-based awards granted by AutoCanada as compensation or held, directly or indirectly, by the policy participant. In addition, subject to certain limited exceptions, the *Canada Business Corporations Act* prohibits a director or officer of AutoCanada or its subsidiaries or a person employed or retained by AutoCanada from knowingly selling securities of AutoCanada, directly or indirectly, where such person does not own or has not fully paid for the securities being sold or from knowingly selling a call or buying a put in respect of securities of AutoCanada.

Role and Composition of the Governance and Compensation Committee

The Board of Directors of the Company has delegated to the Governance and Compensation Committee (the "Committee") responsibility for setting and implementing compensation policy for the Company's senior leadership team. The Committee consists of four independent directors of AutoCanada. The Committee is comprised of Michael Ross, Chair of the Committee, Dennis DesRosiers, Barry James and Maryann Keller all of whom are independent Directors of the Company within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Board of Directors believes that the Committee collectively has the knowledge, experience and background in executive compensation and human resources matters required to fulfill its mandate. The Committee has a formal mandate and a detailed annual work plan, both of which are reviewed and updated annually.

The CEO and CFO assist the Chair in developing and presenting to the Committee all of management's recommendations and supporting material pertaining to the compensation of the senior leadership team. In addition, the CEO and CFO work with the Chair of the Committee to prepare materials for each meeting of the Committee. The Committee met five times during the fiscal year, and submitted its recommendations with respect to compensation for the Company's senior leadership team to the Board of Directors.

Executive Compensation

The focus of the compensation framework is to reflect the company's pay-for-performance philosophy, with a portion of annual compensation at-risk. The senior leadership team has the opportunity to receive a competitive level of total compensation provided that the Company achieves its performance targets.

To determine the appropriate compensation mix, the Committee considers the executive's ability to affect the Company's results over the longer term, the compensation mix for similar positions in the Company's comparator groups, and local market practice. At the senior leadership team level, a much higher proportion of total compensation is at-risk and

tied to the Company's mid to long-term performance.

Annual Compensation Review Process

Each year, the Committee reviews the total compensation for the Company's senior leadership team. The determination of performance-based compensation for the senior leadership team begins with a review of the performance against objectives as set out at the beginning of the fiscal year and the competitive market data for each role. The Chair/Lead Director assesses the sustained individual performance and anticipated future potential of each member (other than himself) of the senior leadership team and recommends the appropriate compensation package for each of these members. The Committee then reviews these recommendations. When the Committee is satisfied that the appropriate pay-for-performance linkage has been achieved, it recommends the compensation awards to the full Board of Directors for approval.

The Chair of the Committee reviews the performance and market data for the Chief Executive Officer and develops a recommendation that is then reviewed and discussed with the Committee. The Committee submits its recommended compensation package for the Chief Executive Officer to the full Board of Directors of AutoCanada Inc. for approval. At no point in the process does the Chief Executive Officer have a role in recommending his own compensation.

Components of Executive Compensation

To ensure the Company's compensation programs are competitive to the market and its peer group, the Company engaged an external consulting firm, Mercer, to provide information in support of the annual executive compensation review. Mercer provides data on the total compensation offered for similar positions in companies of similar size and scope to the Company. On March 20, 2014, the Board approved a revised executive compensation program which was effective January 1, 2014. The components of the Company's compensation package for the senior leadership team, and the descriptions of the key attributes of the programs are outlined below. Only members of the senior leadership team participate in the Hybrid Incentive Plan ("HIP").

Base Salary - Compensates executives for the leadership and specific skills needed to fulfill their responsibilities.

Hybrid Incentive Plan - Rewards executives for their contribution to the achievement of annual financial and non-financial goals by providing performance-based bonuses and links the long term interests of executives and shareholders by rewarding executives for achieving the goals of the Company by awarding long-term equity-based incentives.

Base Salary

Individual executive salaries are typically set with a view towards offering market-competitive fixed compensation in order to attract and retain leaders with the appropriate skill sets. The Committee, following discussions with the Chief Executive Officer makes an annual recommendation to the Board for each member of the senior leadership team's annual salary, taking into consideration market comparators for the executive's position, the experience, knowledge and performance of the executive and the total compensation packages of the executives. There are no annual inflationary or automatic adjustments to executive salaries; however executive salaries will continue to be reviewed on an annual basis to ensure alignment with the market.

Hybrid Incentive Plan

The Hybrid Incentive Plan provides the senior leadership team with appropriate short-term and long-term incentives in connection with achieving performance-based goals outlined in the plan. The HIP uses a performance curve to determine the amount of performance-based compensation to award each member of the senior leadership team, based on achieving and exceeding annual targets set by the Board.

The following table displays the target incentive in 2016 for the senior leadership team, based on achieving the corporate performance targets determined by the Board:

NEO	Annual Incentive Plan	Equity-Based Incentive Plan
Pat Priestner[1]	80% of base salary	40% of base salary
Steven Landry[2]	80% of base salary	40% of base salary
Tom Orysiuk	80% of base salary	40% of base salary
Steve Rose[3]	80% of base salary	40% of base salary
Chris Burrows	80% of base salary	40% of base salary
Erin Oor	40% of base salary	20% of base salary

(1) *Pat Priestner retired as executive chair on May 5, 2016*
(2) *Steven Landry was appointed CEO on April 1, 2016*
(3) *Steve Rose retired effective September 30, 2016*

The incentive amount paid to executives can range between 0% of the target incentive, if performance is below the minimum level, 100% of the target incentive if the performance meets the targeted level, and 200% of the target incentive when the performance exceeds the maximum level. The target incentive is determined based on a weighted scale of corporate performance targets.

As noted above, the incentive awards for each member of the senior leadership team are split between an annual cash payout and an equity incentive component. These two components of the HIP are referred to as the Annual Incentive Plan (the "AIP") and the Equity-Based Incentive Plan (the "EIP") and are described in further detail below.

Annual Incentive Plan – The annual incentive plan aims to enhance the link between pay and performance by aligning the financial and operational interest and motivations of the Company's senior leadership team with the annual financial returns of the Company. It is designed to motivate management to work toward common annual performance objectives while acknowledging and rewarding individual goal achievement. The plan provides total cash compensation to the senior leadership team that is greater than the median of the companies of similar size and scope where exceptional performance in excess of target objectives is attained. The plan also provides total cash compensation to the senior leadership team that is below the market median in cases where performance objectives are not attained. Details of the senior leadership team's performance under the AIP are discussed under "2016 Incentive Plan Performance".

The following table displays the weighting for corporate performance targets under the AIP for the 2016 fiscal year for the senior leadership team as determined by the Committee:

Component	Weighting
Adjusted free cash flow per share	40%
Adjusted gross profit	30%
Discretionary	30%

Equity-Based Incentive Plan – The equity-based incentive compensation plan is designed to recognize and reward the impact of longer-term strategic actions undertaken by the senior leadership team and align the interests of the Company's senior leadership team and its shareholders. The program is designed to focus management on successfully implementing the continuing strategic plan of the Company, improve retention of key members of the senior leadership team and attract talented individuals to the Company. In 2011, the Committee formalized an appropriate equity-based incentive compensation plan referred to as the Share Unit Plan for Employees of AutoCanada or the "Share Unit Plan". The Share Unit Plan allows for the Committee to grant performance-based share units ("PSUs") or restricted share units ("RSUs") to employees of AutoCanada. As such, for the equity-based incentive portion of the executive compensation plan, the senior leadership team receives RSUs equal to the total award for the fiscal year divided by the market price of ACI Shares on the date of grant. The RSUs vest evenly on each anniversary of the grant date over three years of continuous employment by each member of the senior leadership team. Executives may elect to receive up to 40% of the award in cash at the vesting date, but will receive a minimum of 60% of the award in the form of ACI Shares. In 2012, the Company established a share purchase trust ("Trust") to purchase

ACI Shares from the market prior to vesting of RSUs in order to reduce the risk of share price appreciation or depreciation between the time of grant and the time of settlement. Upon vesting, the Company will direct the Trust to settle the RSU awards in ACI Shares with the executives. RSUs are entitled to accumulate dividends until they vest. Additional RSUs earned by executives as dividends are paid based on the amount of dividend per AutoCanada Share multiplied by the number of unvested RSUs at the date the dividends are paid. Dividends earned on the RSUs by executives are reinvested to purchase more RSUs.

The following table displays the weighting for corporate performance targets under the EIP for the 2016 fiscal year for the senior leadership team as determined by the Committee:

Component	Weighting
Adjusted earnings per share	70%
Discretionary	30%

2016 Incentive Plan Performance

The table below details the targeted compensation for the senior leadership team for the 2016 fiscal year as determined by the Committee:

NEO	Base Salary[4]	AIP Target %	AIP Target Bonus[4]	EIP Target%	EIP Target Bonus[4]	Total Target Compensation[4]
Steven Landry[1]	675,000	80%	540,000	40%	270,000	1,485,000
Pat Priestner[2]	650,000	80%	520,000	40%	260,000	1,430,000
Tom Orysiuk	650,000	80%	520,000	40%	260,000	1,430,000
Steve Rose[3]	450,000	80%	360,000	40%	180,000	990,000
Chris Burrows	260,000	80%	208,000	40%	104,000	572,000
Erin Oor	250,000	40%	100,000	20%	50,000	400,000

(1) *Steven Landry was appointed CEO on April 1, 2016*
(2) *Pat Priestner retired as Executive Chair on May 5, 2016*
(3) *Steven Rose retired effective September 30, 2016*
(4) *Represents annualized amounts. Officers serving a portion of the 2016 fiscal year are entitled to the prorated portion of the above.*

In 2016, if 100% of the corporate performance targets were achieved and 100% of the discretionary component was awarded by the Committee, the senior management team would be entitled to the total target compensation above. As noted previously, a performance curve is used to determine payouts and can range between 0% and 200% of the target incentive amount based on under or over achievement of the corporate performance targets.

The adjusted free cash flow per share component is based on the Company's adjusted free cash flow (as defined in our Management's Discussion and Analysis for the year ended December 31, 2016 available on www.sedar.com and on our Company's website at www.autocan.ca). For purposes of the Hybrid Incentive Plan, the adjusted free cash flow amount excludes amounts accrued under the Hybrid Incentive Plan and removes compensation expense related to the Hybrid Incentive Plan, share-based payments, amortization of prepaid rent, and net income from non-controlling interests from the calculation of "cash flow from operating activities before changes in non-cash working capital". For purposes of the Hybrid Incentive Plan, the Committee had set a blended target of $1.76 for the 2016 fiscal year. Management achieved $1.80 adjusted free cash flow per share as calculated under the Hybrid Incentive Plan or 102% of target.

The adjusted gross profit growth component is based on the Company's gross profit (as defined in our Management's Discussion and Analysis for the year ended December 31, 2016 available on www.sedar.com and on our Company's website at www.autocan.ca). For purposes of the Hybrid Incentive Plan, the adjusted gross profit growth amount excludes gross profit from non-controlling interests. For purposes of the Hybrid Incentive Plan, the Committee had set a target of $443,729,000 adjusted gross profit growth for the 2016 fiscal year. Management achieved $437,440,000 adjusted gross profit growth as calculated under the Hybrid Incentive Plan or 99% of target.

The adjusted earnings per share component is based on a three year rolling average of

performance to adjusted earnings per share. The adjusted earnings per share component is based on the Company's earnings per share (as defined in our Management's Discussion and Analysis for the year ended December 31, 2016 available on www.sedar.com and on our Company's website at www.autocan.ca). For purposes of the Hybrid Incentive Plan, the adjusted earnings per share amount removes compensation expense related to the Hybrid Incentive Plan, and share-based compensation attributed to changes in share price (net of tax) from the calculation of earnings. For purposes of the Hybrid Incentive Plan, the Committee had set a target of $1.41 adjusted earnings per share for the 2016 fiscal year. Management achieved $1.60 adjusted earnings per share calculated under the Hybrid Incentive Plan or 113% of target. The three year rolling average payout was 110%.
The discretionary components are awarded by the Committee based on a number of non-financial factors. Based on the performance of management against these factors, the Committee awarded varying percentages of the discretionary component to the Executive Chair, CEO, President, CFO, COO and VPCDA. The range of discretionary awards was between 25% and 50% of the target incentive amount.

As discussed above, the fiscal 2016 financial results of the Company did not exceed the targets set by the Committee, which resulted in compensation earned by the NEOs to be below the targeted compensation. The following table outlines the achievement levels of each target and the resulting payout percentage used in determining the Hybrid Incentive Plan amount for the Executive Chair, CEO, President, COO, CFO, and VPCDA.

Component	Achievement to Target	Payout %	Weighting	Weighted Average Payout %	Total EIP HIP Payout %
Adjusted Free Cash Flow per Share	102%	108%	40%	43%	
Adjusted Gross Profit Growth	99%	93%	30%	28%	79-86%
Discretionary	N/A	25%-50%	30%	8-15%	

Component	Achievement to Target	Payout %	Weighting	Weighted Average Payout %	Total EIP HIP Payout %
Adjusted Earnings Per Share	113%	110%	70%	77%	
Discretionary	N/A	25%-50%	30%	8-15%	85-92%

Based on the financial performance in 2016 and achievement of results below targets, the senior leadership team earned the following under the executive compensation plan:

NEO	Base Salary	AIP Payout % (rounded)	AIP Bonus Earned	EIP Payout % (rounded)	EIP Bonus Earned	Total Compensation under Plan
Steven Landry[1]	506,250	79%	318,452	85%	171,722	996,424
Pat Priestner[2]	216,667	79%	136,292	85%	73,494	426,454
Tom Orysiuk	650,000	79%	408,876	85%	220,483	1,279,359
Steve Rose[3]	337,500	79%	212,301	85%	114,481	664,282
Chris Burrows	260,000	86%	179,150	92%	95,993	535,143
Erin Oor	250,000	83%	83,130	89%	44,651	377,781

(1) *Steven Landry was appointed CEO on April 1, 2016*
(2) *Pat Priestner retired as Executive Chair on May 5, 2016*
(3) *Steve Rose retired effective September 30, 2016*
(4) *Officers serving a portion of the 2016 fiscal year are entitled to the prorated portion which is reflected above.*

AutoCanada Stock Option Plan

Effective December 31, 2009, as part of the conversion to a corporation, the Company established the AutoCanada Option Plan under which options ("Options") may be granted to our directors, officers, employees and consultants ("Participants"), in order to provide an opportunity for these individuals to increase their proprietary interest in our long-term success.

Pursuant to the Option Plan, AutoCanada may issue up to and including 10% of its issued and outstanding ACI Shares (on a non-diluted basis) as Options. The aggregate number of ACI Shares reserved for issuance to insiders pursuant to Options or other security based compensation arrangements of AutoCanada shall not at any time exceed 10% of the total number of ACI Shares then outstanding, and the aggregate number of ACI Shares reserved for issuance to any one person shall not at any time exceed 5% of the total number of ACI Shares then outstanding. The issuance of ACI Shares to insiders of AutoCanada pursuant to Options or any other security based compensation arrangements shall not exceed more than 10% of the total number of ACI Shares outstanding within a one year period and the issuance of ACI Shares to any one insider and such insider's associates shall not exceed more than 5% of the total number of ACI Shares outstanding within a one year period. The Option Plan is considered an "evergreen" plan, since the ACI Shares covered by options which have been exercised shall be available for subsequent grants under the Plan and the number of options available to grant increases as the number of issued and outstanding ACI Shares increases.

Pursuant to the Option Plan, the Board shall make all necessary or desirable determinations regarding the granting of Options to Participants and may take into consideration the present and potential contributions of a particular Participant to the success of AutoCanada and any other factors which it may deem proper and relevant. The exercise price of each Option is determined by the Board and shall not be lower than the closing price of the ACI Shares on the TSX immediately preceding the date of grant.

Subject to earlier termination as described below, each Option and all rights thereunder granted pursuant to the Option Plan shall expire on the date determined by the Board, provided that the duration of an Option shall not be less than one (1) year or exceed ten (10) years. Unless otherwise specified by the Board, Options will vest as to 1/3 after each of the first, second and third anniversaries of the grant of the Option.

Vested Options may be exercised no later than 120 days following the date a person ceases to be an eligible Participant, unless such person ceases to be an eligible Participant due to termination of employment for cause or due to the breach, expiry or termination of a consulting agreement, in which case no Options may be exercised following the date of termination. If the cessation of office, directorship, employment or consulting arrangement is by reason of death, vested Options may be exercised by the successors of the deceased within a maximum period of 120 days following such death, unless extended by the Board to a maximum of one year in total, subject to the expiry date of such Option. Where the Option expires or is deemed to expire during a black-out period (as determined by the policies of AutoCanada) or within ten (10) business days from the date that any black-out period ends, the Option shall not be deemed to expire until the day that is ten (10) business days from the last day of the black-out period. Options are non-transferable except to the extent the rights of an optionee pass to another person upon death by will or pursuant to the laws of descent and distribution.

The Option Plan provides Participants with a cash surrender right which entitles the Participant, subject to the Company's discretion, to surrender to the Company unexercised options that are vested and receive payment in cash of an amount equal to the excess of the fair market value of the ACI Shares that may be purchased pursuant to the surrendered Options over the exercise price of the Options.

The Board may in its discretion amend the Option Plan and may amend the terms and conditions of options granted pursuant to the Option Plan, without Shareholder approval. Without limiting the generality of the foregoing, the Board may amend the Option Plan without Shareholder approval if the amendment:

- is for the purpose of curing any ambiguity, error or omission in the Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with

any other provision of the Option Plan;

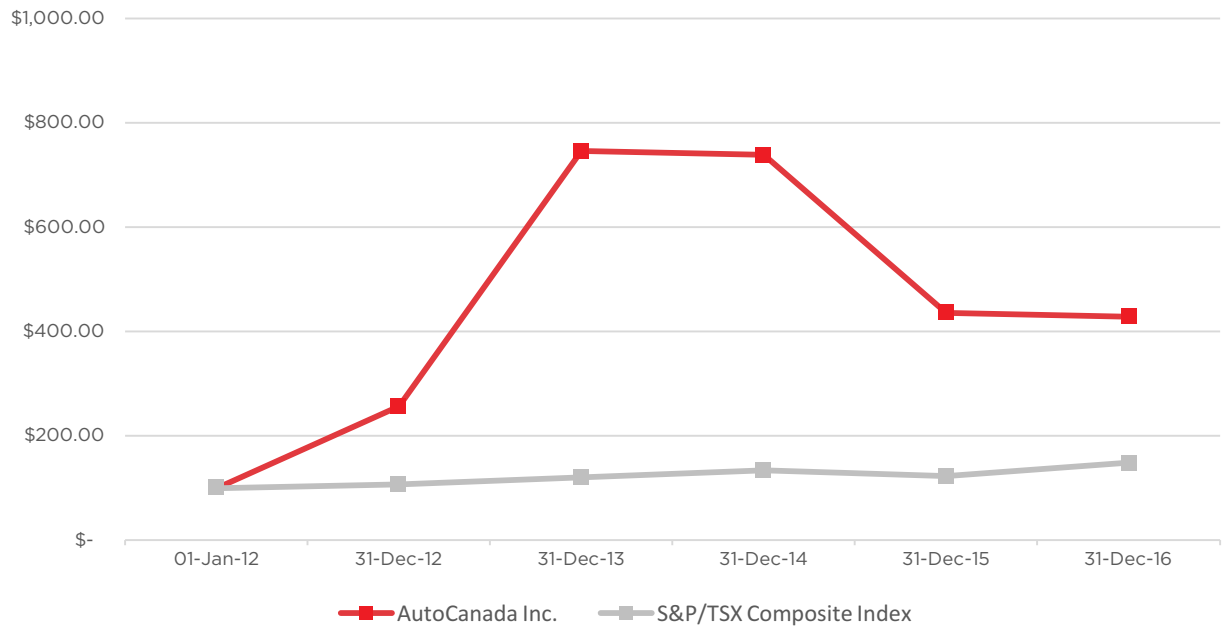
- is necessary to comply with applicable law or the requirements of any stock exchange on which the ACI Shares are listed;
- is an amendment to the Option Plan respecting administration and eligibility for participation under the Option Plan;
- changes the terms and conditions on which Options may be granted pursuant to the Option Plan including the provisions relating to vesting provisions and the period during which an Option may be exercised;
- changes the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date;
- is an amendment of the cashless exercise feature, payable in cash or securities which provides for a full deduction of the number of underlying securities from the Option Plan; or
- is an amendment to the Option Plan of a "housekeeping nature", provided that the amendment does not change the number of ACI Shares issuable under the Option Plan, add any form of financial assistance by the Company, change the class of eligible Participants to the Option Plan, extend the term of Options held by insiders or reduce the exercise price of Options held by insiders. Amendments are subject to any required approval of any regulatory authority or stock exchange.

There are currently an aggregate of 27,459,683 ACI Shares outstanding. Therefore, a maximum of 2,745,968 ACI Shares are reserved for issuance under the Option Plan. This number may increase if and as the issued and outstanding ACI Shares increases.

A one-time grant of Options was made in April 2016 to Messrs Landry, Orysiuk and Burrows. This one-time grant was made in connection with the hiring of Mr. Landry and was also intended to assist with the retention of all three NEOs. The Company does not have any plans to grant additional Options to any of NEOs at the current time. See "Outstanding Share Based Awards" for more details.

Performance Graph

The Board recognizes that in a cyclical industry such as the retail automotive industry, AutoCanada's focus is on long-term shareholder value growth. The following chart compares the cumulative total shareholder return, including the reinvestment of distributions, from January 1, 2012 to the end of the most recently completed financial year on December 31, 2016 for $100 invested in ACI Shares with the cumulative total return from the S&P/TSX Composite Index (Total Return). The Board believes that the trend in executive compensation as noted on the following page appropriately reflects the trend in performance of the Company.



Performance Graph Values	**1-Jan-12**	**31-Dec-12**	**31-Dec-13**	**31-Dec-14**	**31-Dec-15**	**31-Dec-16**
AutoCanada Inc.	$100.00	$256.72	$746.09	739.06	$436.72	$429.22
S&P/TSX Composite Index	$100.00	$107.19	$ 121.11	$133.90	$122.76	$148.64

Actual Values	**1-Jan-12**	**31-Dec-12**	**31-Dec-13**	**31-Dec-14**	**31-Dec-15**	**31-Dec-16**
AutoCanada Inc.	$ 6.40	$ 15.35	$ 45.89	$ 44.50	$ 24.15	$23.12
S&P/TSX Composite Index	11,955.09	12,433.53	13,621.55	14,632.44	13,009.95	15,287.59

Compensation Table for Named Executive Officers

The table below summarizes the compensation earned in respect of the last three fiscal years by the NEOs.

Name and Principal Position	Year	Base Salary ($)	Share-Based Awards ($)	Stock Options[9] ($)	Non-Equity Compensation: Annual Incentive Plans ($)	Non-Equity Compensation: Long-term Incentive Plans ($)	All other Comp.[7] ($)	Total Comp. ($)
Steven Landry[1] *Chief Executive Officer*	2016	506,250	171,722	2,411,965	318,452	-	1,444,758[8]	4,849,146
	2015	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-
Patrick Priestner[2] *Executive Chair*	2016	216,667	426,454	-	136,292	-	31,317	810,729
	2015	650,000	272,480	-	166,330	-	84,794	1,173,604
	2014	750,000	534,700	-	1,020,000	-	84,630	2,389,330
Thomas Orysiuk[3] *President*	2016	650,000	220,483	602,991	408,876	-	71,257	1,953,607
	2015	650,000	272,480	-	166,330	-	43,002	1,131,812
	2014	545,000	388,549	-	741,200	-	40,614	1,715,363
Stephen Rose[4] *Chief Operating Officer*	2016	337,500	114,481	-	212,301	-	945,272	1,609,554
	2015	450,000	188,640	-	115,150	-	52,101	805,891
	2014	380,000	270,915	-	516,800	-	41,894	1,209,609
Christopher Burrows[5] *Vice-President & Chief Financial Officer*	2016	260,000	95,993	120,592	179,150	-	59,237	714,973
	2015	260,000	108,990	-	49,900	-	42,164	461,054
	2014	86,667	202,800	-	76,800	-	11,409	377,676
Erin Oor[6] *Vice-President Corporate Development and Administration*	2016	250,000	44,651	-	83,130	-	20,584	398,365
	2015	250,000	-	-	20,000	-	19,897	289,897
	2014	141,506	-	-	15,000	-	13,878	170,384

(1) Steven Landry was appointed CEO on April 1, 2016, and President on March 17, 2017.

(2) Pat Priestner served as the Chief Executive Officer throughout fiscal 2014 and effective January 1, 2015 was appointed as the Executive Chair until May 5, 2016. Effective May 6, 2016, Mr Priestner succeeded to the non-executive Chair position.

(3) Tom Orysiuk served as the President & Chief Financial Officer from January 1 until September 1, 2014. From September 2 until December 31, 2014, Mr. Orysiuk served as the President. Effective January 1, 2015, the role of Chief Executive Officer was added to Mr. Orysiuk's responsibilities until March 31, 2016. Effective April 1, 2016, Mr. Orysiuk continued as the President. Mr. Orysiuk resigned his position effective March 17, 2017.

(4) Steve Rose served as the Senior-Vice President, Sales, Marketing & Corporate Operations throughout fiscal 2014 and effective January 1, 2015 was appointed as the Senior Vice-President and Chief Operating Officer. Mr. Rose retired effective September 30, 2016.

(5) Chris Burrows joined the Company on September 2, 2014 and was appointed as the Vice-President & Chief Financial Officer. Mr. Burrows' base salary for 2014 represents the amount paid by the Company from September 2 to December 31, 2014.

(6) Erin Oor joined the company on June 1, 2014 as the General Counsel and Vice-President Administration. Mr. Oor's base salary represents the amount paid by the Company from June 1, 2014 to December 31, 2014. Effective January 1, 2015, Mr. Oor was appointed the Vice-President, Corporate Development and Administration. Mr. Oor was not a participant of the HIP plan until April 1, 2016.

(7) Represents fees paid on account of healthcare plans and the taxable benefit related to the usage of Company vehicles.

(8) Includes hiring bonus ($650,000) and relocation costs ($743,030) along with club membership allowance, fees paid on account of healthcare plans, and the taxable benefit related to the usage of company vehicles.

(9) The fair value at grant date is determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the expected life of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield of the underlying share, and the risk free interest rate for the term of the option.

The table below summarizes the share-based awards earned in respect of the last three fiscal years by the NEOs.

NEO	Fiscal Year Of Award	Grant Date	RSUs Granted (#)	Market Value of AutoCanada Inc. Shares[1] ($)	Share-Based Awards ($)
Steven Landry	2016	16-Mar-17	7,155	$24.00	171,722
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Pat Priestner	2016	16-Mar-17	17,769	$24.00	426,454
	2015	17-Mar-16	14,201	$19.19	272,480
	2014	19-Mar-15	12,511	$42.74	534,700
Tom Orysiuk	2016	16-Mar-17	9,187	$24.00	220,483
	2015	17-Mar-16	14,201	$19.19	272,480
	2014	19-Mar-15	9,091	$42.74	388,549
Steve Rose	2016	16-Mar-17	4,770	$24.00	114,481
	2015	17-Mar-16	9,832	$19.19	188,640
	2014	19-Mar-15	6,339	$42.74	270,915
Chris Burrows	2016	16-Mar-17	4,000	$24.00	95,993
	2015	17-Mar-16	5,680	$19.19	108,990
	2014	19-Mar-15	1,235	$42.74	52,800
Erin Oor	2016	16-Mar-17	1,860	$24.00	44,651
	2015	N/A	-	-	-
	2014	N/A	-	-	-

(1) *Value is calculated based on the average closing trading price of the ACI Shares on the TSX during the immediately preceding seven trading days prior to the Grant Date.*

The table below summarizes the stock options earned in respect of the last three fiscal years by the NEOs.

NEO	Fiscal Year Of Award	Grant Date	Stock Options Granted (#)	Fair Value of Stock Option ($)	Share-Based Awards ($)
Steven Landry	2016	1-Apr-16	400,000	6.03	2,411,965
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Pat Priestner	2016	N/A	-	-	-
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Tom Orysiuk	2016	1-Apr-16	100,000	6.03	602,991
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Steve Rose	2016	N/A	-	-	-
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Chris Burrows	2016	1-Apr-16	20,000	6.03	120,592
	2015	N/A	-	-	-
	2014	N/A	-	-	-
Erin Oor	2016	N/A	-	-	-
	2015	N/A	-	-	-
	2014	N/A	-	-	-

(1) *The fair value at grant date is determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the expected life of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield of the underlying share, and the risk free interest rate for the term of the option.*

Incentive Plan Awards

Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2016 to the NEOs of the Company.

NEO	Number of shares underlying unexercised option (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of share-based awards that have not vested (#)	Market value of share-based awards that have not vested ($)	Market value of vested share-based awards not paid out or distributed ($)
Steven Landry	400,000	18.68	March 31, 2026	2,411,965	Nil	Nil	Nil
Pat Priestner	Nil	N/A	N/A	N/A	Nil	Nil	290,275
Tom Orysiuk	100,000	18.68	March 31, 2026	602,991	23,537	544,187	Nil
Steve Rose	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Chris Burrows	20,000	18.68	March 31, 2026	120,592	6,626	153,226	Nil
Erin Oor	Nil	N/A	N/A	N/A	Nil	Nil	Nil

(1) *Market value for RSUs is calculated based on the closing price of the ACI Shares on the TSX on December 31, 2016 of $23.12 per share.*

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Company's financial year ended December 31, 2016 in respect of share-based awards and non-equity incentive plan compensation for NEOs of the Company.

NEO	Option-based awards - Value vested during the year ($)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Steven Landry	Nil	Nil	318,452
Pat Priestner	Nil	325,230	136,292
Tom Orysiuk	60,299	135,255	408,876
Steve Rose	Nil	302,864	212,301
Chris Burrows	Nil	4,894	179,150
Erin Oor	Nil	Nil	83,130

Termination of Employment, Change in Responsibilities and Employment Contracts

Steven Landry, Chief Executive Officer. The employment agreement with Mr. Landry is for an indefinite term but may be terminated by Mr. Landry on three months' notice. Effective April 1, 2016, Mr. Landry is paid an annual salary of $675,000 plus incentive awards determined under the Hybrid Incentive Plan discussed previously. In the event we terminate the employment of Mr. Landry without cause, we will pay Mr. Landry, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Landry will be entitled to continued employment benefits for a term of 24 months. The employment agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Landry which will continue for 24 months after such person ceases to be employed by us.

Pat Priestner, Executive Chair. The employment agreement with Mr. Priestner was for a five year term ending on May 31, 2019, and could be terminated by Mr. Priestner upon three months' notice. Effective May 6, 2016,

Mr. Priestner retired from the Executive Chair position and succeeded into the non-executive Chair position as a Director. The Company has no continuing obligations or post-retirement benefits due to Mr. Priestner. The former employment agreement contains confidentiality, non-solicitation and non-competition covenants by Mr. Priestner, which continue for three years after such person retires.

Tom Orysiuk, Former President. The employment agreement with Mr. Orysiuk was for an indefinite term but could be terminated by Mr. Orysiuk on three months' notice. Mr. Orysiuk was paid an annual salary of $650,000 plus incentive awards determined under the Hybrid Incentive Plan discussed previously. In the event we terminated the employment of Mr. Orysiuk without cause, we would pay Mr. Orysiuk, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Orysiuk would be entitled to continued employment benefits for a term of 24 months. The employment agreement contained confidentiality, non-solicitation and non-competition agreements by Mr. Orysiuk which continue for 24 months after such person ceases to be employed by us.

Steve Rose, Former Senior Vice-President and Chief Operating Officer. On April 29, 2016, Mr. Rose and the Company agreed to a retiring agreement effective September 30, 2016 where a retiring allowance of $900,000 would be paid in equal monthly installments over 24 months. The retiring agreement also provides for the pro-rata eligibility within the Hybrid Incentive Plan. Mr. Rose is entitled to continued employment benefits, including demonstrator vehicles, healthcare plans, and training allowances for a term of 24 months. The retiring agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Rose which will continue for 24 months after such person ceases to be employed by us.

Chris Burrows, Vice-President and Chief Financial Officer. The employment agreement with Mr. Burrows is for an indefinite term but may be terminated on three months' notice. In the event we terminate the employment of Mr. Burrows without cause, we will pay Mr. Burrows, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Burrows will be entitled to continued employment benefits for a term of 24 months. The employment agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Burrows which will continue for 24 months after such person ceases to be employed by us.

Erin Oor, Vice-President, Corporate Development and Administration. The employment agreement with Mr. Oor is for an indefinite term but may be terminated on three months' notice. In the event we terminate the employment of Mr. Oor without cause, we will pay Mr. Oor, for 3 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination.

The following table summarizes the payments that would be received by each NEO in each circumstance where the NEO ceases to be employed by AutoCanada on December 31, 2016. The amounts are in excess of the amount currently payable to executives under the Annual Incentive Plan for the fiscal 2016 year. The amounts shown in the table are calculated based on positions held, and the terms applicable, as at December 31, 2016.

Name	Termination for Cause ($)	Termination Other than for Cause ($)	Change of Control ($)	Retirement ($)	Resignation ($)	Death or Disability ($)
Steven Landry						
Lump-sum Payment	-	1,350,000	1,485,000	-	-	-
Accelerated RSU Vesting	-	-	-	-	-	-
Total	-	1,350,000	1,485,000	-	-	-
Tom Orysiuk						
Lump-sum Payment	-	1,300,000	1,184,084	-	-	-
Accelerated RSU Vesting	-	248,370	544,187	399,287	-	544,187
Total	-	1,548,370	1,728,271	399,287	-	544,187
Chris Burrows						
Lump-sum Payment	-	390,000	-	-	-	-
Accelerated RSU Vesting	-	54,424	153,226	104,005	-	153,226
Total	-	444,424	153,226	104,005	-	153,226
Erin Oor						
Lump-sum Payment	-	62,500	125,000	-	-	-
Accelerated RSU Vesting	-	-	-	-	-	-
Total	-	62,500	125,500	-	-	-

Except as described above, there is no compensatory plan, contract or arrangement where a NEO is entitled to receive any payment from us or our subsidiaries, including periodic payments or instalments, in the event of the resignation, retirement or any other termination of the NEO's employment, a change of control of us or any of our subsidiaries or a change in the NEO's responsibilities following a change in control.

Compensation of Directors

The following table sets forth the compensation paid to Directors for the year ended December 31, 2016:

Position/Description	Compensation per Director	Frequency
Board Director	$60,000	per year
Board Chair	$150,000	per year[1]
Lead Director	$30,000	per year
Audit Committee Chair	$20,000	per year
Governance & Compensation Committee Chair	$20,000	per year
Meeting attended in person	$2,000	per meeting
Meeting attended by telephone if less than 4 hours	$500	per meeting
Meeting attended by telephone if more than 4 hours	$1,000	per meeting
Out of province travel stipend	$1,500	per occurrence

[1] *All-in amount with no additional compensation under the other categories.*

We reimburse Directors for out of pocket expenses for attending meetings. Directors also participate in our insurance and indemnification arrangements. No Director compensation is paid to Directors who are members of management of the Company. If deemed appropriate by the Directors, special committees of the Directors may be established for certain purposes, the compensation of the members thereof to be at the discretion of the Board. Each Director is an eligible participant in the Option Plan and may be awarded options as further compensation.

In 2012, the Board of Directors approved the Deferred Share Unit Plan ("DSU Plan") for eligible Directors. The DSU Plan allows the eligible Directors to elect to receive up to 100% of total Directors' compensation, excluding the Deferred Share Unit Retainer ("DSU Retainer"), in the form of Deferred Share Units ("DSUs"). The DSU retainer was approved by the Board of Directors in 2012, in addition to compensation noted above, to each eligible Director, which must be fully paid in the form of DSUs. The amount of the DSU retainer is $40,000 per eligible Director per year. The purpose of the DSU Plan and the DSU Retainer is to provide eligible Directors with the opportunity to participate in the long-term success of AutoCanada and to promote a greater financial interest of Directors in the Company.

The following table sets forth all compensation paid for the most recently completed financial year of the Company to each of the Directors, other than Directors who are classified as NEO's in the "Compensation Discussion and Analysis" section, in their capacities as Directors.

Name	Cash Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	All other compensation	Total Compensation
Gordon Barefoot	95,900	39,600	-	-	-	135,500
Michael Ross	97,250	32,500	-	-	-	129,750
Maryann Keller	-	106,500	-	-	-	106,500
Barry James	91,250	32,500	-	-	-	123,750
Dennis DesRosiers	24,500	82,000	-	-	-	106,500
Pat Priestner	100,000	-	-	-	-	100,000

The aggregate amount earned by the Directors as compensation, in their capacity as such, during the financial year ended December 31, 2016 was $639,500. The aggregate amount we reimbursed the Directors for out of pocket expenses incurred to attend meetings during the financial year ended December 31, 2016 was $25,292.

Incentive Plan Awards

Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2016 to the Directors of the Company.

Name	Number of share-based awards that have not vested	Market value of share-based awards that have not vested	Market value of vested share-based awards not paid out or distributed
Gordon Barefoot	6,507	150,442	Nil
Michael Ross	7,714	178,348	Nil
Maryann Keller	7,200	166,464	Nil
Barry James	2,633	60,875	Nil
Dennis DesRosiers	10,677	246,852	Nil
Pat Priestner	-	-	Nil

(1) *Value is calculated based on the closing price of the ACI Shares on the TSX on December 31, 2016 of $23.12 per share.*

Incentive Plan Awards – Value Vested or Earned During the Year

There were no Incentive Plan Awards that vested or were earned during the Company's financial year ended December 31, 2016 in respect of share-based awards and non-equity incentive plan compensation for the Directors of the Company.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details on securities authorized for issuance under the Company's equity compensation plans as at December 31, 2016:

Plan Category	Securities to be issued upon exercise of outstanding options, warrants and rights		Weighted average exercise price of outstanding options, warrants and rights	Securities remaining available for future issuance under equity compensation plans		Aggregate to be issued upon exercise plus available for issuance	
	#	% of outstanding ACI shares		#	% of outstanding ACI shares	#	% of outstanding ACI shares
Equity compensation plans approved by securityholders (being the Option Plan)	520,000	1.9%	$18.68	2,225,968	8.1%	2,745,968	10.0%
Equity compensation plans not approved by security holders	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	520,000	1.9%	$18.68	2,225,968	8.1%	2,745,968	10.0%

See "Compensation Discussion and Analysis – AutoCanada Stock Option Plan" section for a description of the material features of the Plan.

Indebtedness of Directors and Executive Officers

No individual who is, or at any time during our most recently completed financial year was, a Director or executive officer, as applicable, of us, no proposed nominee for election as a Director of us, and no associate of any such Director, executive officer or proposed Director is, or at any time during our most recently completed financial year was, indebted to (i) us or any of our 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 us or any of our subsidiaries, other than routine indebtedness.

Interest of Informed Persons in Material Transactions

No informed person of the Company, 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 our last financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

Interest of Certain Persons or Companies in Matters to be Acted Upon

To the knowledge of the management of the Company, other than as set forth elsewhere in this Information Circular, no person who has been a Director or executive officer of the Company at any time since the beginning of our last financial year, nor any proposed nominee for election as a Director, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors or the appointment of the auditor.

Statement of Corporate Governance

A discussion of our governance system within the context of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* is attached to this Information Circular as Appendix “A”.

Audit Committee

For information about the Audit Committee, including a copy of the Audit Committee Charter, see "Audit Committee Information" in the Company's Annual Information Form for the year ended December 31, 2016 which can be found at www.sedar.com.

Other Business

As at the date hereof, the Directors are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote in respect of those matters in accordance with their judgment.

Additional Information

Additional information relating to the Company can be found at www.sedar.com or our website at www.autocan.ca. Additional financial information is contained in the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015, and the Company's annual management's discussion and analysis of financial condition and results of operations for fiscal 2016.

Copies of the Annual Information Form, the Company's Annual Report (including management's discussion and analysis and consolidated financial statements) and this Information Circular may be obtained by request to AutoCanada Inc., #200, 15511 – 123 Avenue, Edmonton, Alberta, T5V 0C3, Attention: Chief Financial Officer.

BOARD OF DIRECTORS APPROVAL

The contents and the sending of this Information Circular to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Edmonton, Alberta this 24th day of March, 2017.

APPENDIX A - Statement of Corporate Governance Practices

The Board considers good governance to be central to AutoCanada and our subsidiaries' effective and efficient operation and we are committed to reviewing and adapting our governance practices so that they meet AutoCanada, and our subsidiaries', changing needs and to ensure compliance with regulatory requirements.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
1.		Board of Directors	
	(a)	Disclose the identity of Directors who are independent.	Gordon Barefoot, Dennis DesRosiers, Michael Ross, Barry James Maryann Keller and Arlene Dickinson (director nominee) are all (or will be in the case on Ms. Dickinson) independent Directors of AutoCanada based on the definition of independence in *Multilateral Instrument 52-110 - Audit Committees.*
	(b)	Disclose the identity of Directors who are not independent, and describe the basis for that determination.	The Board has determined that Steven Landry is not an independent director, as independence is defined in *Multilateral Instrument 52-110 - Audit Committees*, as he is an officer of AutoCanada Inc.
	(c)	Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	A majority of the 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.	Directors who are presently a director of another reporting issuer are as follows:

Director	Name of Reporting Issuer
Gordon Barefoot	none
Dennis DesRosiers	none
Barry James	Corus Entertainment
Maryann Keller	none
Michael Ross	none
Arlene Dickinson (director nominee)	Aphria Inc., Anchor Capital Corp.
Steven Landry	none

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT		OUR CORPORATE GOVERNANCE PRACTICES
(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, isclose 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.	Mr. Landry, who is a member of management and is a non-independent director, is excluded from a portion of each regularly scheduled meeting of the Board.The Board held nine (9) regularly scheduled meetings in 2016.
(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.	Gordon Barefoot is the independent Lead Director of the Board of AutoCanada. The Lead Director's roles and responsibilities are outlined in our Terms of Reference for the Chair of the Board of Directors of AutoCanada and include working with the subsidiaries and various limited partnerships, monitoring investments of AutoCanada, including AutoCanada's investment in its subsidiaries and various limited partnerships, and managing relations with Shareholders, other stakeholders and the public.
(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.	The Directors held nine regular meetings in 2016. Meeting attendance is disclosed for each Director under the "Election of Directors" section.
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.	The text of the mandate of the Board of Directors of AutoCanada (entitled "Mandate for the Board of Directors of AutoCanada"), is attached to this Information Circular as Appendix "B".
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.	A written position description is included in the applicable Terms of Reference for the Chair of the Board of AutoCanada. No written position descriptions for chairs of our committees have been developed; however each such chair is aware that they are obliged to conduct the affairs of the Board or the committee, as the case may be, so as to meet their respective obligations

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
			pursuant to each of their separate mandates or charters.
	(b)	Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.	The Board and the President & Chief Executive Officer have developed terms of reference for the President & Chief Executive Officer, which include a written position description for the President & Chief Executive Officer.
4.		Orientation and Continuing Education	
	(a)	Briefly describe what measures the Board takes to orient new directors regarding	
		(i) the role of the Board, its committees and its directors, and	The Board has adopted a Directors Information Manual which contains, among other things, the mandates of the Board and committee charters for each of the committees of the Board. This manual has been reviewed by the directors, and a copy of the manual has been provided to each of the directors. New Board directors also attend a Board orientation session and an existing Board member will assist with the orientation process as an assigned first point of contact.
		(ii) the nature and operation of the issuer's business.	The President & Chief Executive Officer reviews with the Board at each meeting the nature and operations of our business. The Board meets with other members of our senior management periodically to review each of their specific operations.
	(b)	Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	Members of the Board are encouraged to participate in seminars and other continuing education programs for directors. The auditors periodically review at meetings of the audit committee the emerging standards for corporate governance, and the Board meets with our independent counsel to review the governance practices of the directors and the obligations of the Board.
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:	We have adopted a written code of ethical business conduct applicable to our directors, officers and employees, including the officers and employees of our related dealerships.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
(i) disclose how a person or company may obtain a copy of the code;	The code is available at the Canadian Securities Administrator's System for Electronic Dissemination and Retrieval (SEDAR) at www.sedar.com and on our website at www.autocan.ca. It is entitled Code of Conduct, AutoCanada Inc.
(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	A copy of the code of conduct is provided to each of our directors, officers and employees, including the officers and employees of our related dealerships, and each is requested to certify that he/she has read the code. A copy of the code is provided to each new director, officer or employee, including the new officers and employees of our related dealerships.
(iii) provide a cross-reference to any material change report(s) 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.	No material change reports have been filed by us since the beginning of our most recently completed financial year that pertains to the conduct of a director or executive officer that constitutes a departure from the code.
(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.	A director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any matter in respect of such transaction or agreement in which the director has an interest. The Board may request the director to recuse himself from the portion of any meeting at which such transaction or agreement is discussed. All non-management directors are subject to the Company's policy with respect to non-management director's interests in auto dealerships, whereby non-management directors shall not invest directly or indirectly in any automotive dealership enterprise without prior express approval of the Board. Any conflicts are declared prior to all meetings as they relate to the topics of discussion of the meeting.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
	(c)	Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	The Board encourages and promotes a culture of ethical business conduct by requiring the Chief Executive Officer to conduct himself in a manner that exemplifies ethical business conduct. In addition, our directors, officers and employees, including the officers and employees of our related dealerships are required to certify that they have read the code of conduct. The members of our committees are entitled to engage an outside advisor at our expense in appropriate circumstances.
6.		Nomination of Directors	
	(a)	Describe the process by which the Board identifies new candidates for Board nomination.	The Governance and Compensation Committee of AutoCanada surveys existing directors regarding new candidates as part of an annual assessment of the constitution of the Board. The Chair of the Governance and Compensation Committee meets with candidates in person or by phone and management meets in person with the candidates. Candidates are evaluated by the Governance and Compensation Committee and management based on the perceived needs of the current Board members. A skills matrix is utilized to ensure potential candidates complement the current Directors' skill sets.
	(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.	The Governance and Compensation Committee is composed of four independent directors.
	(c)	If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The charter of the Governance and Compensation Committee delineates the responsibilities, powers and operation of the committee when discharging its duties as a nominating committee. The committee meets regularly.
7.		Director Term Limits	
	(a)	Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term	The Company does not have a policy that limits the term of the directors on its board and has not provided other mechanisms of board renewal. The Board has determined that the term limit of the director's mandate or the mandatory retirement age is not essential. The Board is of the opinion however that the directors must understand

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
		limits or other mechanisms of board renewal, disclose why it has not done so.	the business in which the Company operates and that a balance between long-term directors with in-depth knowledge of the Company and new directors who bring a different experience and new ideas is paramount.
8.		Policies Regarding the Representation of Women on the Board	
	(a)	Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	The Company has adopted a written diversity policy (the "Diversity Policy") relating to the identification and nomination of women directors and executive officers among other things.
	(b)	Disclose the following in respect of the Diversity Policy: a) short summary of its objectives and key provisions, b) the measures taken to ensure that the policy has been effectively implemented, iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and iv) whether and, if so, how the Board or its committees measure the effectiveness of the Diversity Policy.	The Diversity Policy aims to ensure there are a broad range of approaches, backgrounds, skills and experience represented on the Board to make appointments on merit and against objective criteria, including but not limited to, gender diversity. Board and committee members engaged in nominations are to conduct searches for potential board nominees so as to put forward a diverse range of candidates, including women candidates. Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain, however the Board has made a commitment to the recruitment of women by making the identification of women candidates as a key search criterion. The Diversity Policy was adopted on March 19, 2015 and one female Director has since joined the Board and an additional female Director has been nominated for election for 2017. The Governance and Compensation Committee will be required to annually report on and evaluate the effectiveness of the Diversity Policy in the boardroom and at the executive level.
	(c)	Disclosure whether or not the Board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election.	Board and committee members are to conduct searches for potential board nominees so as to put forward candidates with a broad range of approaches, backgrounds, skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
9.		Policies Regarding the Representation of Women in Executive Officer Appointments	
	(a)	Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	The Company plans to identify candidates for executive positions with a broad range of skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.
10.		Targets Regarding the Representation of Women on the Board and in Executive Officer Positions	
	(a)	Disclose whether the issuer has adopted a target regarding women on the issuer's Board and in Executive Officer Appointments. If the issuer has not adopted a target, disclose why it has not done so.	Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain. The Company believes that the Board needs to be able to assess a potential nominee's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits. The Company has not adopted a specific target regarding the representation of women in executive officer positions of the Company. The Company believes that recruiting for executive level positions should involve an assessment of a candidate's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.
11.		Number of Women on the Board and in Executive Officer Positions	
	(a)	Disclose the number and proportion (in percentage terms) of directors on the issuer's Board who are women.	The Company currently has one woman director, Maryann Keller, which represents 13% of the Board. Arlene Dickinson is up for election for 2017 and if elected will bring female representation on the Board to 29% of total directors and 33% of independents.
	(b)	Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	The Company current has zero women executive officers.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT			OUR CORPORATE GOVERNANCE PRACTICES
12.		Compensation	
	(a)	Describe the process by which the Board determines the compensation for the issuer's directors and officers.	The Board determined the compensation for the directors with reference to market rates for such services. The charter of the Governance and Compensation Committee includes responsibility to review and recommend adjustments for compensation to directors as warranted in the future. Compensation for the CEO and officers of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the Governance and Compensation Committee.
	(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.	The Governance and Compensation Committee of the Board is composed entirely of independent directors.
	(c)	If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The charter of the Governance and Compensation Committee of the Board delineates the responsibilities, powers and operation of the committee when discharging its duties as a compensation committee, and the committee has followed this charter in discharging its responsibilities, powers and operations. The committee meets regularly.
13.		Other Board Committees	
		If the Board has standing committees other than the audit, governance and compensation and nominating committees, identify the committees and describe their function.	AutoCanada has a disclosure committee, comprised of Chris Burrows and Erin Oor (Vice-President, Corporate Development and General Counsel). The function of the disclosure committee is to ensure that all written and oral communications to the public or to regulators are timely and accurate and to assist AutoCanada with its disclosure controls and procedures.
14.		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	Each individual director provides an annual self-assessment to the Chair of the Governance and Compensation Committee. The Chair then reviews the assessments and provides to each individual specific recommendation for improvement. Implementation of such recommendations is overseen by the Chair.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.	

APPENDIX B - Mandate for the Board of Directors of AutoCanada Inc.

The term "**ACI**" or the "**Company**" refers to AutoCanada Inc., the term "**Board**" refers to the board of directors of ACI and the term "**Governance Agreements**" refers to the corporate bylaws of ACI.

The Board is elected by the shareholders and is responsible for the stewardship of the affairs of the Company. The Board seeks to discharge such responsibility by reviewing and discussing the strategies and plans of management ("Management") of the Company and its subsidiaries and supervising Management, monitoring the performance of the Company.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of the Company 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 Company, 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 Company and its shareholders must be paramount at all times.

DUTIES OF DIRECTORS

The Board discharges its responsibilities directly and through its committees, the Audit Committee and the Governance and Compensation 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 Company, 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 Chief Executive Officer and any other officers of the Company (collectively, the "Officers"), and approving the compensation of the Chair of the Board, Chief Executive Officer and other officers and employees of the Company following a review of the recommendations of the Governance and Compensation Committee.
2. The Board has delegated authority to the Chief Executive Officer for the overall management and operations of the Company, to ensure the long term success of the Company. The Chief Executive Officer will work in conjunction with the Chair or Lead Director on strategy related issues to ensure the long term success of the Company. This delegation is subject to the General Authority Guidelines in Schedule "A" that require 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 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.

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 Company.
6. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Company'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 Company falls short of their goals or other special circumstances warrant.
8. The Board shall be responsible for approving the unaudited and audited

financial statements and the notes of the Company, and shall be responsible to review the consolidated financial statements of the Company and shall provide its recommendation for approval of such consolidated financial statements to the Audit Committee.

9. The Board is responsible for reviewing and approving material transactions involving the Company, including the payment of dividends, acquisitions and dispositions of material assets by the Company and material expenditures by the Company.

10. The Board is responsible for reviewing and directing how the Company will exercise its voting and managerial rights in respect of matters relating to the Company.

11. The Board has responsibility for effectively monitoring the principal risks of the Company.

Board Organization

12. The Board will respond to recommendations received from its committees but retains the responsibility for managing its own affairs by giving approval for its composition, the selection of the Chair of the Board, 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 Company is operated;

    b. approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

    c. Re-enforcing obligations of the directors respecting confidential treatment of the Company'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 Company to its shareholders, on a timely and regular basis;

    b. overseeing that the financial results of the Company 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 Company; and

    d. taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company and comply with its timely disclosure obligations.

SCHEDULE A to APPENDIX B

(MANDATE FOR THE BOARD OF DIRECTORS OF AUTOCANADA INC.)

AUTOCANADA INC.

GENERAL AUTHORITY GUIDELINE

AUTHORITY OF THE MANAGEMENT

The Company may have a Chair/Lead Director and may have a Chief Executive Officer.

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

This responsibility is subject to the provisions of applicable law, the articles and by-laws of the Company 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 Company 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, approve major changes to the organization of the Company, or their respective subsidiaries, such as the creation or divestiture of investments or acquisitions.
2. Approve the adoption of or changes to Company policies with application to the conduct of directors, including the Joint Disclosure Policy of the Company.
3. Review of adherence to the policies of the Company.
4. Approve any proposed changes to the Company's articles or by-laws.

II. Budgets, Plans and Commitments

5. Review and approve the annual budget of the Company.
6. Approve any capital commitments in any year not contained in the approved budget of the Company over $300,000 in aggregate.
7. Approve any single capital commitment for an acquisition or acquisitions exceeding $2,000,000 (inclusive of related store development costs), in aggregate.
8. Approve any single divestiture of more than $2,000,000.
9. Approve long range business planning in accordance with the policies of the Company.
10. Approve major agreements or long-term leases outside the ordinary course of business of the Company, 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 Company.
12. Approve the interim financial statements of the Company.
13. Approve the dividend policy of the Company, including approving declaration of dividends.
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 Company

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 Company's risk management and insurance coverage.

23. Review the Company's conduct of litigation that could materially affect the financial condition of the Company.

24. Review effectiveness of internal control procedures.

V. Management and Human Resources

22. Approve appointment or removal of the Chief Executive Officer, the President and the Chief Financial Officer ("**Senior Executives**");

23. Confirm appointments of other officers.

24. Evaluate performance of the Chief Executive Officer.

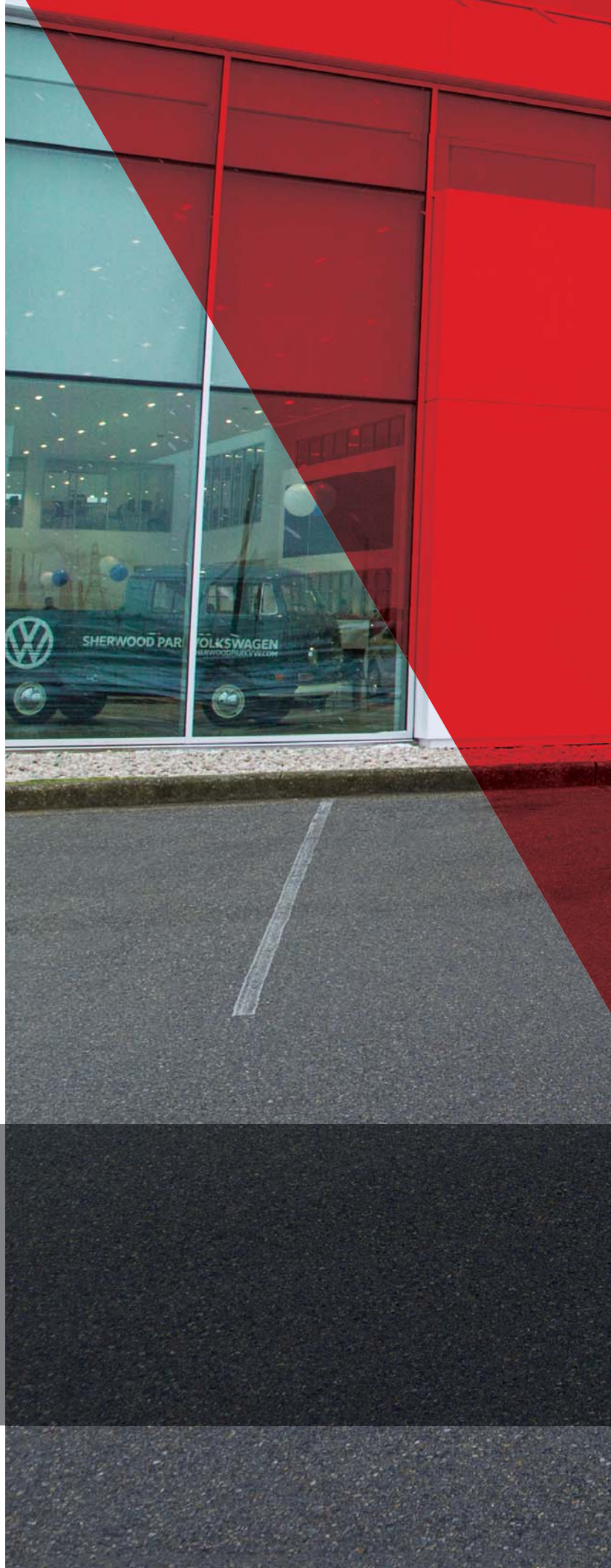
25. Approve compensation for the Chief Executive Officer and other Senior Executives and review performance.

26. Approve contracts with Senior Executives including special termination provisions or payments.

27. Approve adoption of share purchase or other share based compensation arrangements, if any.

28. 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 Company.

29. Review Senior Executive succession plans.



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