

This Directors' Circular is important and requires your immediate attention. If you are in doubt as to how to respond to the Offer described in this Directors' Circular, please consult your investment dealer, broker, lawyer or other professional advisor.



DIRECTORS' CIRCULAR

RECOMMENDING

ACCEPTANCE

OF THE OFFER BY

FGL ACQUISITIONCO LIMITED

a corporation wholly-owned by

CANADIAN TIRE CORPORATION, LIMITED

TO ACQUIRE ALL OF THE OUTSTANDING CLASS "A" SHARES OF

THE FORZANI GROUP LTD.

not already owned by Canadian Tire Corporation, Limited or any of its affiliates

FOR \$26.50 IN CASH PER SHARE

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT SHAREHOLDERS ACCEPT THE OFFER
AND DEPOSIT THEIR SHARES TO THE OFFER**

May 20, 2011

Notice to Shareholders in the United States

This Directors' Circular has been prepared by the Company in accordance with disclosure requirements under applicable Canadian law. Non-resident Shareholders should be aware that these requirements may be different from those of the United States or other jurisdictions. The enforcement by investors of civil liabilities under securities laws of jurisdictions outside Canada may be adversely affected by the fact that the Company is organized under the laws of the Province of Alberta, Canada, that a majority of its officers and directors are residents of Canada, that some or all of the experts named in this Directors' Circular are residents of Canada, and that a significant portion of the assets of the Company are located in Canada.

GENERAL INFORMATION

Certain capitalized terms used in this Directors' Circular that are not otherwise defined have the respective meanings set out in the "Glossary".

Currency

All dollar amounts in this Directors' Circular are in Canadian dollars unless otherwise indicated.

Notice Regarding Information

Certain information in this Directors' Circular has been taken from or is based on documents that are expressly referred to in this Directors' Circular. All summaries of, and references to, documents that are specified in this Directors' Circular as having been filed, or that are contained in documents specified as having been filed, on the system for electronic document analysis and retrieval ("**SEDAR**") are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, under the Company's profile at www.sedar.com. Shareholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from the Corporate Secretary of the Company at 824-41 Avenue N.E., Calgary, Alberta, T2E 3R3.

Information contained in this Directors' Circular concerning the Offeror, Canadian Tire and the Offer is based solely upon, and the Board of Directors has relied, without independent verification, exclusively upon information contained in the Bid Circular, provided to the Company by the Offeror or Canadian Tire, or that is otherwise publicly available. While the Board of Directors has no reason to believe that such information is inaccurate or incomplete, the Board of Directors does not assume any responsibility for the accuracy or completeness of the Bid Circular or any such information contained therein, or information provided to the Company by the Offeror or Canadian Tire, or that was obtained from publicly available sources. You are urged to read the Bid Circular carefully and in its entirety. The Bid Circular is available under the Company's profile at www.sedar.com.

Forward-Looking Information

Certain information in this Directors' Circular is "forward-looking information", which reflects expectations regarding the Offer or the future growth, results of operations, performance and business prospects and opportunities of the Company. In this Directors' Circular, the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate" and "expect" and similar expressions, as they relate to the Company, are often, but not always, used to identify forward-looking information. Such forward-looking information reflects management's and the directors' current beliefs and is based on information currently available to management and the directors. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not or the times at, or by which, such performance or results will be achieved. In particular, this Directors' Circular contains forward-looking information pertaining to the completion of the Offer and the general business strategies and plans of the Company.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, failure to satisfy the conditions to the Offer, including as a result of the failure to obtain the necessary regulatory approvals and third party consents or to otherwise satisfy the conditions of completing the Offer as described in the Bid Circular and all other factors discussed under the heading "Risk Factors" in the Company's Annual Information Form dated April 5, 2011. Although the forward-looking information contained in this Directors' Circular is based upon what management and the directors of the Company believe are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with this forward-looking information. If the assumptions underlying forward-looking information prove incorrect or if some of the risks or uncertainties materialize, actual results may vary materially from those described in this Directors' Circular as intended, planned, anticipated, believed, estimated or expected. This forward-looking information is made as of the date of this Directors' Circular, and the Company assumes no obligation to update or revise it to reflect new events or circumstances, except as required by applicable laws.

Availability of Disclosure Documents

The Company is a reporting issuer or the equivalent in all of the provinces of Canada and files its continuous disclosure documents with the Canadian securities regulatory authorities. Such documents are available under the Company's profile at www.sedar.com.

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GLOSSARY

In this Directors' Circular, unless the subject matter or context is inconsistent therewith, the following terms have the meanings set out below.

“**ABCA**” means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto;

“**Acquiring Parties**” means each of Canadian Tire and the Offeror;

“**Acquisition Proposal**” means, other than the transactions contemplated by the Support Agreement, any offer, proposal, expression of interest, or inquiry from any Person (other than the Offeror, Canadian Tire and their respective Affiliates) made after the date of the Support Agreement relating to:

- (a) any acquisition or sale, direct or indirect, whether in a single transaction or a series of related transactions, of (a) the assets of the Company and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Company and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of the Company or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Company and its subsidiaries;
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Company;
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Company and its subsidiaries;
- (d) any transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the consummation of the Contemplated Transactions; or
- (e) any public announcement of an intention to do any of the foregoing;

“**Affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario);

“**Bid Circular**” means the take-over bid circular accompanying the Offer and forming a part thereof;

“**Board of Directors**” means the board of directors of the Company;

“**Business Day**” means any day except a Saturday, Sunday or statutory or civic holiday in Toronto, Ontario or Calgary, Alberta;

“**Canadian Tire**” means Canadian Tire Corporation, Limited;

“**Change in Recommendation**” means, if the Board of Directors or any committee thereof withdraws, amends or modifies in any manner adverse to the Offeror or the Board of Directors fails to publicly recommend or reaffirm its approval of the Offer and recommendation that Shareholders tender all of the Common Shares under the Offer within five (5) Business Days of (a) the public announcement of any Acquisition Proposal that the Board of Directors has determined is not a Superior Proposal or (b) the written request by the Offeror that the Board of Directors make such a recommendation or reaffirmation;

“**Commissioner of Competition**” means the Commissioner of Competition appointed pursuant to the Competition Act and any person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition;

“**Common Shares**” means the Class “A” shares of the Company, including all Class “A” shares of the Company issued on the exercise, exchange or conversion of any Convertible Securities prior to the Expiry Time, together with the associated rights issued under the Shareholder Rights Plan;

“**Company**” means The Forzani Group Ltd., a corporation amalgamated under the laws of the Province of Alberta;

“Company’s Directors’ Share Unit Plan” means the directors’ share unit plan of the Company, adopted with effect as of March 21, 2005, as amended from time to time;

“Company Public Disclosure Record” means all prospectuses, circulars, reports, schedules, forms, agreements, news releases and other filings (including any exhibits and documents incorporated by reference and any amendments thereto) filed by the Company between January 1, 2008 and May 8, 2011 on the System for Electronic Document Analysis and Retrieval (SEDAR) under the name of the Company and not marked private;

“Company’s Stock Option Plan” means the stock option plan of the Company, amended on June 9, 2010, as amended from time to time;

“Company’s Stock Unit Plan” means the stock unit plan of the Company amended on April 9, 2008, as amended from time to time;

“Competition Act” means the Competition Act (Canada), as amended, and the regulations thereunder;

“Competition Act Clearance Conditions” means (i) the Commissioner of Competition shall have issued an advance ruling certificate under Section 102 of the Competition Act in respect of the Contemplated Transactions, or (ii) the applicable waiting period(s) under Part IX of the Competition Act, including any timing agreement, shall have expired, been terminated, or have been waived in accordance with the Competition Act and the Commissioner of Competition shall have notified the Parties in writing (which notification shall not have been rescinded or amended) that she does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the Contemplated Transactions;

“Compulsory Acquisition” means an acquisition by the Offeror of all Common Shares not tendered to the Offer utilizing the provisions of Section 195 of the ABCA;

“Confidentiality Agreement” means the confidentiality agreement made as of the 23rd day of March, 2011, between Canadian Tire and the Company, as it may be amended;

“Contemplated Transactions” means the making of the Offer, the entering into of the Lock-Up Agreements and the consummation of the transactions contemplated in the Support Agreement, including the Offer, the take-up of Common Shares under the Offer, any Compulsory Acquisition and any Subsequent Acquisition Transaction;

“Convertible Securities” means any securities of the Company exercisable, convertible or exchangeable for Common Shares or other securities of the Company or otherwise evidencing a right to acquire any Common Shares or other securities of the Company (excluding the associated rights issued under the Shareholder Rights Plan) and including, without limitation, any put or call option and the Options;

“DSUs” means deferred share units issued pursuant to the Company’s Directors’ Share Unit Plan;

“Effective Time” means the time that the Offeror shall have first taken up Common Shares pursuant to the Support Agreement;

“Expiry Date” means the date on which the Expiry Time occurs;

“Expiry Time” means the time at which the Offer is no longer open for acceptance, which shall be (i) not earlier than 5:00 p.m. (Toronto time) on the day that is 36 days from the date the Bid Circular is mailed to securityholders of the Company, subject to the right of the Offeror in its sole discretion to extend from time to time the period during which Common Shares may be deposited under the Offer if the conditions to the Offer are not satisfied on the expiry date of the Offer as it may be extended; and (ii) not later than the Outside Date;

“Fairness Opinion” means the fairness opinion from the Financial Advisor to the effect that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by the Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates), the written form of which is attached hereto as Appendix “A”;

“**Financial Advisor**” means Greenhill & Co. Canada Ltd., the financial advisor to the Board of Directors;

“**Fully-Diluted Basis**” means, with respect to the number of outstanding Common Shares at any time, such number of Common Shares calculated assuming that all Convertible Securities are exercised, exchanged or converted, as the case may be, for Common Shares;

“**GAAP**” means generally accepted accounting principles in Canada, applicable to such entity at the relevant time, in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants, consistently applied, or International Financial Reporting Standards, as applicable, consistently applied;

“**Lock-Up Agreements**” means each of the lock-up agreements dated May 8, 2011 between Canadian Tire and each of the Locked-Up Shareholders;

“**Locked-Up Shareholders**” means each of Albrecht W.A. Bellstedt, Q.C., Roman Doroniuk, Henri Drouin, John M. Forzani, Jay Peters, Robert Sartor, Paul S. Walters, Donald E. Gass, Thomas G. Quinn, Michael Lambert, Richard Burnet, Richard White, Matthew Handford, John Hould, Keith Lambert and Jean-Stephane Tremblay;

“**Material Adverse Effect**” means any change, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, effects, events, circumstances, facts or occurrences, is or would reasonably be expected to be material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), prospects, operations or results of operations of the Company and its subsidiaries, taken as a whole; provided that no change, effect, event, circumstance, fact or occurrence resulting from or relating to any of the following shall be deemed, either alone or in combination, and shall not be taken into account in determining whether there has been, or there would reasonably be expected to be, a Material Adverse Effect:

- (a) any fact, circumstance, change, effect, event or occurrence relating to or affecting the general economic, political or business conditions or securities, capital, credit, financial, banking or currency markets (including changes in interest or exchange rates), or any worsening thereof, including in Canada and the United States;
- (b) any fact, circumstance, change, effect, event or occurrence relating to or affecting the Canadian, United States and United Kingdom retail sporting goods industry in general;
- (c) any change in the trading price or volume of Common Shares of the Company, either:
 - (i) related to the Support Agreement or the Offer or the announcement thereof; or
 - (ii) to the extent that it results from a change, effect, event, circumstance, fact or occurrence excluded from this definition of Material Adverse Effect;
- (d) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company or any of its subsidiaries with any of its customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers relating to the execution, announcement, performance or consummation of the Support Agreement or the transactions contemplated hereby;
- (e) any change, prospective change in, or interpretation of, application or non-application of applicable laws, regulatory conditions, policies or government programs, GAAP or accounting principles or standards applicable to the industry in which the Company or its subsidiaries operate;
- (f) any failure of the Company or any of its subsidiaries to meet any public projections, forecasts or estimates of revenues or earnings made as of May 8, 2011 (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);
- (g) any acts of terrorism or any outbreak of hostilities, or war or declaration of national emergency (or any escalation or worsening thereof) or any natural disaster;
- (h) any suit, claim, action or proceedings brought, asserted or threatened by or on behalf of any holder or holders of Common Shares, arising out of or relating to the Support Agreement or the transactions contemplated by the Support Agreement; or
- (i) any action taken by the Company or its subsidiaries at the written request of the Offeror or Canadian Tire;

provided, however, that such change, effect, event, circumstance, fact or occurrence referred to in clauses (a), (b), (e) or (g) above does not have a materially disproportionate adverse effect on the Company and its subsidiaries taken as a whole, compared to comparable companies operating in the industry in which the Company and its subsidiaries operate. The Parties agree that the fact of (i) a decrease in the market price of the Common Shares or (ii) any seasonal fluctuation in the financial condition of the Company, and its subsidiaries, taken as a whole, shall not, as the case may be, in and of itself, constitute a Material Adverse Effect, unless such seasonal fluctuation is inconsistent with either (i) the Company's typical experience with seasonal fluctuations; or (ii) seasonal fluctuations typical of the retail sporting goods industry in Canada and otherwise constitutes a Material Adverse Effect;

"Minimum Tender Condition" means the condition of the Offer that there shall have been validly deposited together with any Common Shares owned or controlled by the Offeror and its Affiliates at least 66 2/3% of the outstanding Common Shares (on a Fully-Diluted Basis);

"Offer" means the offer to purchase all of the outstanding Common Shares made to Shareholders subject to the terms set forth in the Bid Circular, as the same may be amended from time to time;

"Offer Price" means the consideration offered per Common Share under the Offer, being \$26.50 in cash;

"Offeror" means FGL AcquisitionCo Limited, a wholly-owned subsidiary of Canadian Tire;

"Options" means the outstanding options to purchase Common Shares granted under or otherwise subject to the Company's Stock Option Plan;

"Outside Date" means the date that is 150 days after the date of the Offer; provided, however, that if the Offeror's take up and payment for Common Shares deposited under the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, or (ii) the Offeror not having obtained any regulatory waiver, consent, approval, or clearance, including the Competition Act Clearance Conditions, that is necessary to permit the Offeror to take up and pay for Common Shares deposited under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent, approval, or clearance is being actively sought, as applicable, the Outside Date shall be extended, in the case of clause (i) above, until the tenth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable and, in the case of clause (ii) above, in the sole discretion of the Offeror, acting reasonably, for up to an additional 30 days and, following any such initial extension period, upon the written agreement of both parties acting reasonably, such agreement to be dated no later than the last day of any such initial extension period, for up to an additional 90 days (in 30-day increments) if any regulatory waiver, consent, approval, or clearance, including the Competition Act Clearance Conditions, have not been obtained and have not been denied by a non-appealable decision of a governmental entity, by giving notice, in either case, to the other Party to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than five days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Parties, provided that in no event shall the Outside Date be later than 270 days from the date of the Support Agreement;

"Parties" means the Company, the Offeror and Canadian Tire, and **"Party"** means any of them;

"Person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any governmental entity) or any other entity, whether or not having legal status;

"Preferred Shares" means the preferred shares of the Company, issuable in series;

"Proposed Agreement" means a definitive agreement between the Company and any third party providing for an Acquisition Proposal, if the Board of Directors determines such Acquisition Proposal is a Superior Proposal;

"PSUs" means all performance stock units issued or granted by the Company pursuant to the Company's Stock Unit Plan;

"Representatives" means, collectively, in respect of a Person, (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist the

Person in connection with the transactions contemplated in the Support Agreement, and (b) the Person's affiliates and subsidiaries and the directors, officers, employees, agents and representatives and advisors thereof;

"Required Consents" means (i) those consents, waivers and approvals identified by the Company to the Offeror in writing; (ii) a minimum of (A) a specified percentage of any consents, waivers and approvals, including waivers of rights of termination, and (B) a specified percentage of any waivers of certain restrictions, each as relating to those Leases identified by the Company to the Offeror in writing, the absences of which would, upon completion of the Offer, restrict, hinder, impair or limit the ability of the Company or a subsidiary of the Company to conduct the business of the Company or any of its subsidiaries as and where it is now being conducted;

"Response Period" means the period commencing from the time the Company provides the Offeror and Canadian Tire with a Superior Proposal Notice and ending at the time the Company proposes to execute a Proposed Agreement, which in each case shall be not less than five Business Days;

"RSUs" means all restricted stock units and performance stock units issued or granted by the Company pursuant to the Company's Stock Unit Plan;

"Shareholder Rights Plan" means the amended and restated shareholder rights plan agreement entered into between the Company and Computershare Trust Company of Canada, as rights agent, dated as of June 11, 2008, as amended or amended and restated from time to time;

"Shareholders" means the registered and beneficial holders of the outstanding Common Shares from time to time;

"Special Committee" means a special committee created by the Board of Directors composed of Messrs. Bellstedt, Droniuk, Forzani and Walters;

"Subsequent Acquisition Transaction" means any proposed arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or similar transaction involving the Company and the Offeror or an Affiliate of the Offeror to be completed after completion of the Offer, which, if successfully completed, will result in the Offeror owning, directly or indirectly, all of the Common Shares and/or all of the assets of the Company and provides for consideration per Common Share that is at least equal in value to, and is in the same form as, the consideration per Common Share offered under the Offer;

"Superior Proposal" means a *bona fide* unsolicited written Acquisition Proposal made after the date of the Support Agreement that:

- (a) did not result from a breach of the non-solicitation covenants or obligations by the Company or its Representatives;
- (b) relates to the acquisition of 100% of the outstanding Common Shares (other than the Common Shares owned by the Person making the Acquisition Proposal together with its Affiliates) or all or substantially all of the consolidated assets of the Company and its subsidiaries;
- (c) is reasonably capable of being completed without undue delay, taking into account, to the extent considered relevant by the Board of Directors, all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal;
- (d) is not subject to any financing condition and in respect of which the Board of Directors has concluded, in good faith and after receiving the advice of its outside legal and financial advisors, there is a reasonable likelihood that any required financing has been obtained or will be obtained without undue delays;
- (e) is not subject to any due diligence and/or access condition that would allow greater access to the books, records or personnel of the Company or its subsidiaries than was made available to the Offeror or Canadian Tire prior to the date of the Support Agreement and is not, in any event, subject to a due diligence or similar condition when it is made to the Company or the Shareholders in definitive contractual or statutory takeover bid form; and
- (f) in respect of which the Board of Directors determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that:

- (i) failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with its fiduciary duties under applicable law; and
- (ii) having regard to all of its terms and conditions, such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Shareholders from a financial point of view than the Offer;

“**Superior Proposal Notice**” means written notice from the Company to the Offeror and Canadian Tire that the Board of Directors has determined that it has received a Superior Proposal, which identifies the party making the Superior Proposal, and provides the Offeror and Canadian Tire with a copy of any Proposed Agreement, in each case not less than five Business Days prior to the proposed execution of such Proposed Agreement by the Company;

“**Support Agreement**” means the acquisition support agreement dated as of May 8, 2011 among Canadian Tire, the Offeror and the Company;

“**Take-Up Date**” means the date that the Offeror first takes up Common Shares pursuant to the Offer;

“**Termination Payment**” means the amount of \$15,000,000;

“**Termination Payment Event**” means an event entitling the Offeror to a Termination Payment; and

“**TSX**” means the Toronto Stock Exchange.

DIRECTORS' CIRCULAR

This Directors' Circular dated May 20, 2011 (the "**Directors' Circular**") is issued by the Board of Directors of the Company (the "**Company**") in connection with the Offer made by FGL AcquisitionCo Limited (the "**Offeror**"), a wholly-owned subsidiary of Canadian Tire Corporation, Limited ("**Canadian Tire**") to purchase all of the issued and outstanding Common Shares (excluding Common Shares owned by or on behalf of the Offeror or Canadian Tire) for cash consideration of \$26.50 per Common Share, upon the terms and subject to the conditions of the Offer set forth in the Offeror's take-over bid circular dated May 20, 2011 (the "**Bid Circular**"). The Offer is being made pursuant to the terms and conditions of the Support Agreement, which is available under the Company's profile at www.sedar.com.

Information contained in this Directors' Circular concerning the Offeror, Canadian Tire and the Offer is based solely upon, and the Board of Directors has relied, without independent verification, exclusively upon information contained in the Bid Circular, provided to the Company by the Offeror or Canadian Tire, or that is otherwise publicly available. While the Board of Directors has no reason to believe that such information is inaccurate or incomplete, the Board of Directors does not assume any responsibility for the accuracy or completeness of the Bid Circular or any such information contained therein, or information provided to the Company by the Offeror or Canadian Tire, or that was obtained from publicly available sources. You are urged to read the Bid Circular carefully and in its entirety. The Bid Circular is available under the Company's profile at www.sedar.com.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Special Committee, after review and evaluation of the Offer and the Support Agreement, consultation with its legal advisors and the Financial Advisor and based, among other things, upon receipt of the Fairness Opinion, recommended to the Board of Directors that the Board of Directors determine that the consideration to be offered for Common Shares pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates), that it is in the best interests of the Company to support and facilitate the Offer and enter into the Support Agreement and recommend that Shareholders deposit their Common Shares to the Offer.

The Board of Directors determined unanimously, with Robert Sartor abstaining, that upon the recommendation of the Special Committee, and after consultation with the Company's legal advisors and the Financial Advisor, including the receipt of the Fairness Opinion, and based upon its review and evaluation of the Offer on the terms set forth in the Support Agreement, that the consideration to be offered for Common Shares pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates), that it is in the best interests of the Company to support and facilitate the Offer and enter into the Support Agreement and recommend that Shareholders deposit their Common Shares to the Offer.

<p>The Board of Directors therefore unanimously recommends that Shareholders ACCEPT the Offer and DEPOSIT their Common Shares to the Offer</p>

REASONS FOR RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors has reviewed and considered the Offer with the benefit of the recommendation of the Special Committee, and advice from the Financial Advisor and legal advisors. The following is a summary of the principal reasons for the unanimous recommendation of the Board of Directors that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares to the Offer:

- *Significant Premium for Shareholders.* The consideration offered for the Common Shares represents a 50% premium over the closing price of the Common Shares on May 6, 2011, the last trading day prior to public announcement of the Offer and a 50% premium over the volume weighted average price of the Common Shares over the last 20 trading days ending on such date.
- *Fairness Opinion.* The Financial Advisor delivered the Fairness Opinion, dated May 7, 2011, to the effect that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by the Shareholders pursuant to the Offer is fair, from a financial point of view,

to Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates). A copy of the written Fairness Opinion is attached as Appendix “A” hereto. Shareholders should read the Fairness Opinion in its entirety.

- *Form of Consideration.* The payment of cash as the form of consideration under the Offer will provide Shareholders with immediate liquidity and certainty of value that is not subject to market fluctuations.
- *Credibility of Canadian Tire.* Canadian Tire has the financial and operational experience to complete the acquisition of the Common Shares under the Offer. Canadian Tire is one of the largest general retailers in Canada and has a proven ability to complete acquisition transactions on agreed terms and knowledge of the Company and its business.
- *Review of Alternatives.* The Board of Directors believes, after a thorough review and after receiving the advice of the Financial Advisor and the recommendation of the Special Committee, that the immediate value offered to Shareholders under the Offer is more favourable to Shareholders than the potential value that might have resulted from other alternatives reasonably available to the Company, including remaining a stand-alone entity and pursuing the Company’s existing strategy, in each case taking into consideration the potential rewards, risks and uncertainties associated with those other alternatives.
- *Lock-Up Agreements.* The directors and senior officers of the Company, holding Common Shares and Options representing approximately 8.34% of the Common Shares (on a Fully-Diluted Basis), have entered into the Lock-Up Agreements pursuant to which they have agreed to deposit their Common Shares to the Offer. See “Intentions With Respect to the Offer – Lock-Up Agreements”.
- *Likelihood of Completion.* The transactions contemplated in the Support Agreement are expected to be completed given the limited number of conditions necessary for the completion of the Offer (including the fact that there is no financing condition or financing required), the limited range of termination rights under the Support Agreement, and the level of commitment to obtain regulatory approvals contained in the Support Agreement (including the covenant to use best efforts to obtain the Competition Act Clearance Conditions upon the terms and subject to the conditions set out in the Support Agreement).
- *Reasonableness of the Support Agreement.* The terms and conditions of the Support Agreement, which were reviewed by the Board of Directors in consultation with its legal advisors and the Financial Advisor, were determined to be fair and reasonable and were the result of arm’s-length negotiations between the Parties.
- *Superior Proposals.* Under the Support Agreement, the Board of Directors remains able to respond, in accordance with its fiduciary duties, to Superior Proposals that are more favourable to Shareholders than the Offer, subject to the payment, in certain circumstances, of the Termination Payment. The Termination Payment represents 1.9% of the equity value of the Company, on a Fully-Diluted Basis, at the Offer Price. The Board of Directors received advice with respect to the reasonableness of the Termination Payment in relation to the size of the proposed transaction and the circumstances in which it is payable.
- *Second Stage Transaction.* After the Offeror has paid for Common Shares deposited to the Offer, the Support Agreement requires that the Offeror use all commercially reasonable efforts to acquire the balance of the Common Shares not deposited to the Offer by way of a Compulsory Acquisition or Subsequent Acquisition Transaction at a consideration per Common Share not less than the consideration per Common Share paid pursuant to the Offer.

The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in reaching its conclusion and making its recommendation, but includes the material information, factors and analysis considered by the Board of Directors in reaching its conclusion and recommendation. The Board of Directors evaluated the various factors summarized above in light of its own knowledge of the business and industry, financial condition and prospects of the Company, and based upon the advice of its legal advisors and the Financial Advisor and the recommendations of the Special Committee. In view of the numerous factors considered in connection with its evaluation of the Offer, the Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its decision. In addition, individual members of the Board of Directors may have given different weights to different factors. The conclusion and unanimous recommendation of the Board of Directors was made after considering all of the information and factors involved.

THE FORZANI GROUP LTD.

The Company is a corporation existing under the ABCA. The Company's head office is located at 824 – 41st Avenue N.E., Calgary, Alberta, T2E 3R3, and its registered office address is at 3500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8. The Company maintains its franchise division office at 4855 Louis-B.-Mayer, Laval, Québec, H7P 6C8. The Company's website address is www.forzanigroup.com. The information contained in the Company's website is not incorporated by reference in this Directors' Circular.

The Company commenced operations in 1974 as "Forzani's Locker Room". On February 1, 1991, Forzani's Locker Room Ltd., Forzani Sun Sports Ltd., C.S. Athletic Products Ltd. and 304829 Alberta Ltd. amalgamated to form the Company. Effective June 28, 1993, the Company amalgamated with its largest shareholder, Forzani Investments Ltd. Effective January 31, 2000, the Company amalgamated with certain of its subsidiary companies, namely, Sports Experts Inc., Sport-Chek International Ltd. (which had, earlier on January 31, 2000, amalgamated with its own wholly-owned subsidiary, Nigel Hogarth Holdings Inc.) and 861338 Alberta Ltd. (formerly 2412071 Canada Inc.).

As of May 19, 2011, there were 28,603,566 Common Shares issued and outstanding (30,323,318 on a Fully-Diluted Basis).

The Company is a reporting issuer or the equivalent in all provinces of Canada and files its continuous disclosure documents with the Canadian securities regulatory authorities. Such documents are available under the Company's profile at www.sedar.com.

FGL ACQUISITIONCO LIMITED AND CANADIAN TIRE CORPORATION, LIMITED

The Offeror is a wholly-owned subsidiary of Canadian Tire. Canadian Tire was incorporated under the laws of the province of Ontario by letters patent dated December 1, 1927 and is governed by the *Business Corporations Act* (Ontario). Canadian Tire was amalgamated with four of its wholly-owned subsidiaries pursuant to Articles of Amalgamation which became effective January 1, 1980. Canadian Tire's articles were amended effective December 15, 1983 to reorganize the capital structure of Canadian Tire, among other things.

The registered and principal office of Canadian Tire is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario, M4P 2V8. Canadian Tire's corporate website address is www.corp.canadiantire.ca. The information contained in Canadian Tire's website is not incorporated by reference in this Directors' Circular.

BACKGROUND TO THE OFFER

The determinations by the Board of Directors that it is in the best interests of the Company to support and facilitate the Offer and enter into the Support Agreement and recommend that Shareholders deposit their Common Shares to the Offer are the result of a process that extended over nearly three months. The following is a summary of the material meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Support Agreement and the Offer.

On February 16, 2011, Stephen Wetmore, the President and Chief Executive Officer of Canadian Tire met with Robert Sartor, Chief Executive Officer of the Company, to express Canadian Tire's strong interest in pursuing a combination transaction with the Company and to advise that, to that end, Canadian Tire and its advisors were prepared to begin work immediately. Mr. Wetmore also informed Mr. Sartor that Canadian Tire had acquired approximately 4.7% of the Common Shares.

On February 18, 2011, as a follow up to that discussion, Canadian Tire submitted a non-binding expression of interest to the Company in respect of an acquisition of all the Common Shares of the Company. The non-binding expression of interest set forth an indicative cash price of \$26.00 per Common Share and proposed a period of time in which a "due diligence" investigation would be completed by Canadian Tire and its advisors.

On February 18, 2011, the Board of Directors met to discuss Canadian Tire's expression of interest. Blake, Cassels & Graydon LLP attended the meeting and advised the Board of Directors concerning the expression of interest and the duties of the directors in considering the proposal. The Board of Directors determined that it was in the best

interest of the Company to fully evaluate the proposal as Canadian Tire was a credible counterparty and the proposal conveyed credible interest in the Company. The Board of Directors established the Special Committee, with Mr. Bellstedt, Q.C. as the Chair, for the purposes of, amongst other things, evaluating Canadian Tire's proposal in conjunction with management and financial and legal advisors, and advising the Board of Directors as to whether a transaction with Canadian Tire would be in the best interests of the Company and should be pursued by the Company. The Board of Directors resolved to retain the Financial Advisor to act as financial advisor in connection with evaluating Canadian Tire's proposal and entered into a formal engagement agreement with the Financial Advisor shortly thereafter.

On February 23, 2011, Mr. Wetmore was advised by Mr. Sartor that the Board of Directors had met to consider Canadian Tire's expression of interest and had determined to constitute a Special Committee and engage advisors.

The Special Committee retained Macleod Dixon LLP to act as its independent legal counsel and retained Eric Schwitzer to act as its consultant. Mr. Schwitzer had been identified by the Company's Governance and Nomination Committee as a candidate to be nominated to the Board of Directors at the Company's 2011 Shareholders' meeting. The Special Committee believed Mr. Schwitzer's significant investment banking experience would be beneficial in evaluating Canadian Tire's proposal. Mr. Schwitzer attended all meetings of the Special Committee and the Board of Directors in a non-voting advisory capacity.

On March 6, 2011, the Board of Directors met to evaluate and discuss Canadian Tire's proposal. The Financial Advisor provided a preliminary analysis with respect to (i) the current Canadian macro and retail environment; (ii) the financial market's perspectives regarding the Company; (iii) key financial metrics implied by Canadian Tire's proposal; (iv) the Company's strategic plans and initiatives and their potential execution risks; (v) other potential strategic alternatives available to the Company including a review of Canadian Tire and other potential strategic and financial buyers of the Company; and (vi) potential options in responding to Canadian Tire's proposal and appropriate next steps. After consideration of all relevant factors, the Board of Directors determined that it would be in the best interests of the Company to engage in discussions with Canadian Tire.

From March 10, 2011 to March 14, 2011, the Special Committee held a number of meetings to discuss its mandate, Canadian Tire's proposal, a process for evaluating the proposal, the Financial Advisor's analysis presented at the March 6, 2011 Board of Directors meeting, potential transaction terms and alternative courses of action reasonably available in the circumstances. After consideration of all relevant factors, the Special Committee concluded that a transaction with Canadian Tire had the potential to be in the best interests of the Company and its Shareholders and, as a result, it was prudent and appropriate to continue discussions with Canadian Tire. With the Special Committee's recommendation, on March 15, 2011, the Board of Directors also determined that, in the circumstances, it was appropriate to permit Canadian Tire to commence due diligence within a period of exclusivity, subject to the execution of a confidentiality and standstill agreement and an exclusivity agreement.

On March 23, 2011, Canadian Tire and the Company entered into the Confidentiality Agreement allowing Canadian Tire and its advisors to receive confidential information in connection with Canadian Tire's consideration of a possible acquisition of the Company. The Confidentiality Agreement contained a standstill provision restricting certain Canadian Tire actions with respect to the Company for a period of nine months, subject to Canadian Tire's ability to make a take-over bid for the Common Shares at a cash price of not less than the price indicated in Canadian Tire's aforementioned non-binding expression of interest. Concurrent with the execution of the Confidentiality Agreement, Canadian Tire and the Company entered into an exclusivity agreement, providing Canadian Tire with the exclusive right to negotiate a transaction with the Company until April 18, 2011.

Beginning on March 23, 2011, the Company facilitated a comprehensive due diligence review of the Company's business and assets by Canadian Tire and its financial, legal, accounting, tax and other advisors. A number of formal and informal meetings and presentations took place, including facility tours, between the Company and its advisors and representatives of Canadian Tire and its advisors, during which information regarding the Company and its business was provided to Canadian Tire.

As Canadian Tire and its advisors conducted their due diligence regarding the Company, the Special Committee had discussions and meetings with the Financial Advisor and legal advisors to obtain advice concerning Canadian Tire's proposal, the status of Canadian Tire's due diligence review and potential transaction terms. During the period

from March 29, 2011 through May 8, 2011, the Special Committee met on seven occasions and the Board of Directors met on six occasions to receive updates from the Special Committee.

On April 7, 2011, a draft acquisition support agreement was provided by Canadian Tire to the Company. Over the following weeks, the Parties negotiated the terms of that agreement and “lock-up” agreements to be entered into with each of the directors and senior officers of the Company.

On April 18, 2011, the exclusivity period was extended to April 22, 2011 to provide Canadian Tire more time to complete its due diligence regarding the Company. On April 21, 2011, Mr. Wetmore communicated to Mr. Sartor that he would be providing an update on the due diligence process and recommending continued discussions towards a potential transaction at the upcoming Canadian Tire board meeting. On April 22, 2011, the exclusivity period was extended to May 4, 2011 to facilitate further discussions and the negotiation of a potential transaction.

On April 30, 2011, the Board of Directors met to (i) receive an update on the status of negotiations with Canadian Tire; (ii) receive an update from management regarding performance by the Company against its strategic plan; (iii) review the impact of a potential transaction with Canadian Tire on both the Company and its stakeholders, including Shareholders; (iv) review with legal counsel the terms and conditions of the draft Support Agreement and form of Lock-Up Agreement and receive advice regarding the Competition Bureau approval process relevant to a potential transaction; (v) receive advice from legal counsel regarding the fiduciary duties of the Board of Directors; and (vi) receive an update from the Financial Advisor on the analysis presented at the March 6, 2011 Board of Directors meeting. Following due consideration of all of the foregoing, the Board of Directors provided direction to the Company’s legal counsel regarding negotiation of the Support Agreement and directed that Messrs. Bellstedt, Forzani and Sartor participate in such negotiations on behalf of the Company.

During the week of May 2, 2011, extensive negotiations of the final terms of the Support Agreement were conducted. Throughout this period, Messrs. Bellstedt and Forzani communicated continuously with the other members of the Special Committee about the status of the negotiations and the key remaining issues. On May 3, 2011, the Board of Directors met to receive an update regarding the status of negotiations and to provide guidance regarding the resolution of various outstanding issues. On May 4 and May 5, 2011, the exclusivity period was extended to May 8, 2011 to facilitate continued negotiations of a transaction. On May 6 and 7, 2011, the Parties agreed to certain significant terms and Canadian Tire agreed to increase its offer to acquire all of the Common Shares to \$26.50 per share in cash.

The Special Committee and the Board of Directors met late in the afternoon of May 6, 2011 and again on the morning of May 7, 2011 to (i) review again with legal counsel its fiduciary duties, (ii) formally consider the terms of the Offer and the Support Agreement; and (iii) receive an oral Fairness Opinion from the Financial Advisor. The Special Committee, after consultation with its legal advisor and the Financial Advisor and based, among other things, upon receipt of the Fairness Opinion, recommended to the Board of Directors that the Board of Directors determine that the consideration to be offered for Common Shares pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates), that it is in the best interests of the Company to support and facilitate the Offer and enter into the Support Agreement and recommend that Shareholders deposit their Common Shares to the Offer.

The Board of Directors determined unanimously, with Robert Sartor abstaining, that upon the recommendation of the Special Committee, and after consultation with the Company’s legal advisors and the Financial Advisor, including the receipt of the Fairness Opinion, and based upon its review and evaluation of the Offer on the terms set forth in the Support Agreement, that the consideration to be offered for Common Shares pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates), that it is in the best interests of the Company to support and facilitate the Offer and enter into the Support Agreement and recommend that Shareholders deposit their Common Shares to the Offer. Mr. Sartor abstained from voting on the resolution approving the Support Agreement and the Offer, given his disclosed conflict of interest as a result of payments he would receive under his executive employment agreement with the Company. See “*Arrangements between the Company and its Directors and Officers*”.

On May 8, 2011, the final terms of the Support Agreement were settled, the Support Agreement was executed and Canadian Tire and the Company issued press releases before markets opened on May 9, 2011 announcing the transaction.

FAIRNESS OPINION

The Board of Directors retained the Financial Advisor as its exclusive independent financial advisor to provide advice and assistance to the Board of Directors in evaluating the Offer and to prepare and deliver to the Board of Directors the Fairness Opinion in respect of the Offer. Prior to retaining the Financial Advisor, the Board of Directors considered the Financial Advisor's qualifications and was satisfied that the Financial Advisor was qualified to provide the services requested. In consideration of the services provided by the Financial Advisor, the Company has agreed to pay the Financial Advisor a fee, a portion of which is contingent on the successful completion of the Offer. The Company has also agreed to indemnify the Financial Advisor against certain liabilities.

The Financial Advisor has provided the Board of Directors with a written Fairness Opinion dated May 7, 2011 stating that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by the Shareholders pursuant to the Offer is fair, from a financial point of view, to Shareholders (other than the Offeror, Canadian Tire and their respective Affiliates). The Financial Advisor was not engaged to prepare a formal valuation of any of the assets of the Company or the Common Shares or to express an opinion with respect to the structure of the Offer itself, and the Fairness Opinion should not be construed as such. However, the Financial Advisor has performed the financial analysis that it considered to be appropriate and necessary in the circumstances to support the conclusions reached in its Fairness Opinion. **A copy of the Fairness Opinion is attached hereto as Appendix "A" and forms a part of this Directors' Circular. Shareholders should carefully review and consider the Fairness Opinion in its entirety.**

AGREEMENTS WITH THE OFFEROR

Confidentiality Agreement

Canadian Tire and the Company entered into the Confidentiality Agreement dated as of March 23, 2011, pursuant to which Canadian Tire agreed, subject to certain exceptions, to treat confidentially and not disclose, and to cause its representatives to treat confidentially and not disclose, any confidential information made available to it in connection with the Offer. In addition, the Confidentiality Agreement provides that, among other things, for a period of nine months commencing on the date of the Confidentiality Agreement, neither Canadian Tire nor certain of its related parties, will, subject to certain exceptions, acquire or agree to acquire securities or assets of the Company, solicit proxies of Shareholders of the Company or its related parties or seek to control or otherwise influence the management of the Company. Pursuant to the Support Agreement, the Company agreed to waive the standstill provisions in the Confidentiality Agreement and consent to the actions of the Offeror and Canadian Tire in accordance with the terms of the Support Agreement.

Exclusivity Agreement

Canadian Tire and the Company entered into an exclusivity agreement dated as of March 23, 2011, pursuant to which, until the earlier of April 18, 2011 and the date that Canadian Tire notified the Company that it determined in good faith to terminate negotiations, the Company agreed to deal exclusively with Canadian Tire in a process that, if successfully completed, would result in the execution of a definitive agreement in respect of the Offer, and continue to operate its business in the ordinary course and not initiate or pursue any other transaction inconsistent with the transaction proposed by Canadian Tire. In consideration of such exclusivity, Canadian Tire agreed not to acquire any securities of the Company or seek to influence the Board of Directors or securityholders of the Company, or initiate any other take-over bid or similar transaction with respect to the Company during the term of the exclusivity agreement. The exclusivity agreement was subsequently amended on April 18, 2011, April 22, 2011, May 4, 2011 and May 5, 2011 to extend the term of the agreement to April 22, 2011, May 4, 2011, May 6, 2011 and May 8, 2011, respectively.

Support Agreement

The Company, the Offeror and Canadian Tire have entered into the Support Agreement pursuant to which, and subject to the conditions set forth therein, the Offeror agreed to make, and the Company agreed to support, the Offer. Canadian Tire, as the direct controlling shareholder of the Offeror, has unconditionally guaranteed the due and punctual performance of the obligations of the Offeror under the Support Agreement.

The following is a summary of the Support Agreement only, and does not include a description of all of the terms and conditions of the Support Agreement. This summary is qualified in its entirety by the full text of the Support Agreement, a copy of which was filed on SEDAR on May 10, 2011 and is available under the Company's profile at www.sedar.com. Capitalized terms used in this summary that are not otherwise defined have the meanings given to them in the Support Agreement.

Conditions of the Offer

Subject to the provisions of the Support Agreement, the Offeror will have the right to withdraw or terminate the Offer, and will not be required to take up the Common Shares and/or may extend the period of time during which the Offer is open, unless all of the following conditions are satisfied or waived at or prior to the Expiry Time:

- (a) there shall have been validly deposited together with any Common Shares owned or controlled by the Offeror and its Affiliates at least 66 2/3% of the outstanding Common Shares (on a Fully-Diluted Basis) (the "**Minimum Tender Condition**");
- (b) all outstanding Options shall have been exercised, terminated or otherwise cancelled or dealt with on terms satisfactory to the Offeror, acting reasonably;
- (c) all regulatory approvals that are required to be obtained by any of the Company or the Offeror to carry out the Contemplated Transactions shall have been obtained by the Effective Time or, in the case of waiting or suspensory periods, expired or been terminated, each on terms and conditions satisfactory to the Offeror, acting reasonably;
- (d) the Competition Act Clearance Conditions shall have been satisfied;
- (e) the Support Agreement shall not have been terminated in accordance with its terms;
- (f) (i) the representations and warranties of the Company with respect to capitalization shall be true and correct in all respects at the Expiry Time (except to the extent such representations and warranties speak as of an earlier date, in which case such representations and warranties shall be true and correct as of such date, or except as affected by transactions contemplated or permitted by the Support Agreement); and (ii) each of the other representations and warranties of the Company provided for in the Support Agreement shall be true and correct at the Expiry Time (except to the extent such representations and warranties speak as of an earlier date which shall be true and correct as of such date or except as affected by transactions contemplated or permitted by the Support Agreement) except where the failure to be true or correct would not constitute or reasonably be expected to, individually or in the aggregate and without regard to any qualifications as to materiality or Material Adverse Effect contained in such representations and warranties, have a Material Adverse Effect;
- (g) the Company shall not have breached any of its covenants or obligations, except for breaches that, individually or in the aggregate, do not constitute a Material Adverse Effect or prevent, restrict or materially delay the consummation of the Offer;
- (h) the Company shall have obtained the Required Consents in form and substance satisfactory to the Offeror, acting reasonably;
- (i) no Material Adverse Effect shall have occurred (i) since the date of the Support Agreement or (ii) prior to the date of the Support Agreement that has not previously been disclosed to the Offeror in writing or in the Company Public Disclosure Record, excluding any forward-looking disclosure in such documents;
- (j) the Shareholder Rights Plan shall have been waived by the Board of Directors or otherwise terminated so as to have no effect in respect of the Contemplated Transactions or any acquisition of securities of the Company by the Offer or its Affiliates pursuant to the Contemplated Transactions;
- (k) subject to paragraph (d), which shall govern to the extent of any inconsistency with this paragraph, (x) no act, action, suit, investigation or proceeding shall have been taken or threatened or be pending before or by any

Governmental Entity or private person or entity, or group thereof (which, in the case of a private person or entity, or group thereof, the Offeror reasonably believes is likely to succeed) and (y) no law shall have been proposed, enacted, entered, promulgated, amended or applied, in either case, unless the same is acceptable to the Offeror in its sole discretion:

- (i) challenging the validity of the Offer or the Offeror's ability to maintain the Offer;
 - (ii) which has the effect, directly or indirectly, of cease trading, making illegal, enjoining, prohibiting, preventing, restraining or imposing material limitations or conditions on: (A) the making or consummation of the Offer; (B) the take-up or acquisition by, or the sale to, the Offeror of Common Shares; (C) the ability of the Offeror to acquire, own or hold, or exercise full rights of ownership in respect of the Common Shares; or (D) the ability of the Offeror and its affiliates to complete any Compulsory Acquisition or Subsequent Acquisition Transaction;
 - (iii) which, if the Offer were consummated, would reasonably be expected to result in a Material Adverse Effect;
 - (iv) which seeks to compel the Offeror or its Affiliates to dispose of or hold separate any material portion of the business or assets of the Company or any of its Affiliates; or
 - (v) which seeks to obtain from the Offeror or the Company or any of their respective Affiliates any material damages, fees, levies or penalties directly or indirectly in connection with the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction; and
- (l) the Board of Directors shall not have withdrawn, modified or changed in a manner adverse to the Offeror its approval or recommendation of the Support Agreement or the Offer, or approved or recommended any Acquisition Proposal.

The foregoing conditions are for the sole benefit of the Offeror and may be asserted by the Offeror, at any time.

Subject to the terms of the Support Agreement, the Offeror in its sole discretion may waive any of the foregoing conditions, other than (a) and, to the extent that the applicable waiting periods under Part IX of the Competition Act have not expired or been waived or terminated or any applicable timing agreement has not expired or been terminated, (d) above, in whole or in part at any time and from time to time, both before and after the relevant Expiry Time, without prejudice to any other rights which the Offeror may have.

Canadian Tire Guarantee

Canadian Tire has agreed to cause the Offeror to perform all of its obligations under the Support Agreement and unconditionally and irrevocably guaranteed, covenanted and agreed to be jointly and severally liable with the Offeror for the due and punctual performance of each and every obligation of the Offeror arising under the Support Agreement and in respect of the Contemplated Transactions.

Non-Solicitation

Non-Solicitation Covenant

The Support Agreement contains provisions governing the manner in which the Company is permitted to carry on business including, without limitation, requirements that the Company and its subsidiaries shall not, directly or indirectly, or through any of their Representatives:

- solicit, initiate, encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries or proposals whatsoever that could reasonably be expected to constitute an Acquisition Proposal;
- participate in any discussions or negotiations with any Person (other than the Offeror, Canadian Tire and any of their respective Affiliates or any of their Representatives) regarding an Acquisition Proposal;
- approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal;
- accept or enter into or publicly propose to accept or enter into, any agreement, understanding or arrangement or other contract in respect of an Acquisition Proposal; or
- make a Change in Recommendation.

Except as otherwise provided in the Support Agreement, the Company (including its subsidiaries and its and their Representatives) shall immediately cease and terminate any solicitation, encouragement, discussion or negotiation with any Persons (other than the Offeror, Canadian Tire and their respective Representatives) with respect to any potential Acquisition Proposal and, in connection therewith, the Company will discontinue access to any of its confidential information and request the return or destruction of all material confidential information regarding the Company and its subsidiaries previously provided to any such Person or any other Person. The Company agrees that, except as set out hereinafter, neither it nor any of its subsidiaries shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to a potential Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party and the Company undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its subsidiaries have entered into prior to the date of the Support Agreement.

Fiduciary Out

Under the Support Agreement, the Company has the ability to respond to unsolicited alternative transactions in certain circumstances. If at any time following the date of the Support Agreement the Company receives a written Acquisition Proposal, provided that the Company is in compliance with the non-solicitation provisions, the Board of Directors may (directly or through its advisors or Representatives):

- (i) if it believes, acting in good faith, that the Acquisition Proposal could reasonably be expected to result in a Superior Proposal, contact the Person(s) making such Acquisition Proposal and its or their Representatives for the purpose of clarifying such Acquisition Proposal and likelihood of consummation so as to determine whether such proposal is, or could reasonably be expected to result in, a Superior Proposal; and
- (ii) if, in the opinion of the Board of Directors, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, the Acquisition Proposal constitutes or, if consummated in accordance with its terms, is or could reasonably be expected to result in a Superior Proposal, then, and only in such case, the Company may:
 - (A) furnish information with respect to the Company and its subsidiaries to the Person making such Acquisition Proposal and its Representatives for a period of not more than 20 days; provided that no competitively sensitive information, the disclosure of which would reasonably be considered to be materially prejudicial to the Company or the Offeror, shall be furnished to such Person or any of its Affiliates prior to the 5th last day of the diligence period provided to such Person (in any event not to exceed 20 days) if such Person or any of its Affiliates is a competitor or a potential competitor of the Company and, prior to the disclosure of such competitively sensitive information, the Board of Directors has satisfied itself in the exercise of its fiduciary duties that any such Acquisition Proposal continues to be or, if consummated in accordance with its terms, would reasonably be expected to result in a Superior Proposal; and/or
 - (B) participate in discussions or negotiations with the Person making such Acquisition Proposal and its Representatives,

provided that the Company and its Representatives shall not disclose any non-public information with respect to the Company (i) if such non-public information has not been previously provided to, or is not concurrently provided to, the Offeror, Canadian Tire or their respective Representatives; (ii) without entering into a confidentiality and standstill agreement that is customary in such situations and that is no less favourable to the Company and no more favourable to the counterparty than the confidentiality and standstill provisions contained in the Confidentiality Agreement; and (iii) without providing a copy of such confidentiality agreement to the Offeror.

Notification of Acquisition Proposals

The Company shall provide written notice within 24 hours to Canadian Tire and the Offeror of any proposal, inquiry, offer or request received by the Company or its Representatives after the date of the Support Agreement relating to an Acquisition Proposal or potential Acquisition Proposal (including any discussions or negotiations with respect thereto), or a request for non-public or certain sensitive information relating to the Company or its subsidiaries. The Company shall keep the Offeror and Canadian Tire promptly and fully informed of the status of such proposal, inquiry, offer or request, respond to all reasonable inquiries by the Offeror or Canadian Tire with respect thereto and provide copies of any written documents provided to the Company relating to such Acquisition Proposal.

Responding to Acquisition Proposals and Superior Proposals

If the Company is in compliance with their non-solicitation obligations as provided above and the termination provisions in the Support Agreement, the Company may terminate the Support Agreement and enter into a definitive agreement (a “**Proposed Agreement**”) with any third party providing for an Acquisition Proposal if

- the Board of Directors determines such Acquisition Proposal is a Superior Proposal;
- the Company has provided the Offeror and Canadian Tire with written notice that the Board of Directors has determined that it has received a Superior Proposal and provides the Offeror and Canadian Tire with a copy of any Proposed Agreement, in each case not less than five Business Days (the “**Response Period**”) prior to the proposed execution of such Proposed Agreement by the Company;
- the Response Period has elapsed;
- the Offeror has proposed to amend Offer and the Support Agreement during the Response Period, the Board of Directors determines acting in good faith and in the proper discharge of its fiduciary duties (after consultation with its financial advisor and after receiving advice from its outside legal counsel) that the Acquisition Proposal would nonetheless remain a Superior Proposal; and
- the Company has paid to the Offeror the Termination Payment.

During the Response Period, the Offeror and Canadian Tire shall have the right, but not the obligation, to offer to amend the terms of the Support Agreement and the Offer in order to provide for terms at least equivalent to those provided for in the Superior Proposal. If the Offeror or Canadian Tire does so, then the Board of Directors shall review any such proposal to determine (acting in good faith and in accordance with its fiduciary duties) whether the Acquisition Proposal to which the Offeror or Canadian Tire is responding would continue to be a Superior Proposal when assessed against the amended Support Agreement as proposed by the Offeror or Canadian Tire. Each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal that will initiate an additional five Business Day Response Period. If the Board of Directors determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, the Company and the Offeror or Canadian Tire, as the case may be, shall enter into an amendment to the Support Agreement reflecting the offer to amend the terms of the Support Agreement. The Board of Directors shall not enter into the applicable Proposed Agreement or withdraw, modify or change any recommendation regarding the Offer save and except to reaffirm its recommendation of the amended Offer.

Nothing in the Support Agreement shall prevent the Board of Directors from taking any action or from making any disclosure to the Shareholders with respect to an Acquisition Proposal that it determines is not, and could not reasonably be expected to result in, a Superior Proposal, if the failure to take such action or make such disclosure would be inconsistent with its fiduciary duties or such action or disclosure is otherwise required under applicable laws.

Termination Payment

The Support Agreement contains certain termination rights for Canadian Tire and entitles the Offeror to a cash termination payment of \$15 million from the Company (the “**Termination Payment**”) if the Support Agreement is terminated under any of the following events (each a “**Termination Payment Event**”):

- Canadian Tire terminates the Support Agreement as a result of an intentional breach or default by the Company or the Company’s change in or failure to make a recommendation reaffirming or approving the Offer;
- the Company proposes to terminate the Support Agreement as a result of the acceptance of a Superior Proposal, in which case the Company shall pay the Offeror the Termination Payment prior to accepting, recommending or approving or entering into of any definitive agreement relating to, a Superior Proposal; or
- on or after the date of the Support Agreement and prior to the Expiry Time, (A) an Acquisition Proposal is publicly announced or any Person has publicly announced an intention to make an Acquisition Proposal, and such Acquisition Proposal has not expired, been withdrawn or been publicly abandoned, (B) the Offer is not completed as a result of the Minimum Tender Condition not having been met, and (C) Canadian Tire terminates the Support Agreement, and such Acquisition Proposal is completed within twelve (12) months of such termination, in which case the Termination Payment shall be paid to the Offeror concurrently with the consummation of such Acquisition Proposal.

If the Company does not have sufficient financial resources to make the Termination Payment, in order for the Company to enter into any agreement (other than a confidentiality agreement permitted by the Support Agreement) relating to the acceptance, recommendation or approval of an Acquisition Proposal or Superior Proposal that would or may give rise to a Termination Payment Event, the Company shall not enter into any such agreement unless the Person making such Acquisition Proposal or Superior Proposal, as applicable, advances or otherwise provides to the Company the cash required for the Company to pay the Termination Payment.

Compulsory Acquisition and Subsequent Acquisition Transaction

If, within 120 days after the date of the Offer, the Offer has been accepted by holders of not less than 90% of the Common Shares (other than Common Shares currently held by or on behalf of the Offeror or its “affiliates” or “associates” as those terms are defined in the ABCA), the Offeror shall, to the extent the Offeror determines it is more beneficial than a Subsequent Acquisition Transaction, pursue and use its commercially reasonable efforts to complete a Compulsory Acquisition as soon as practicable to acquire the remainder of the Common Shares not deposited to the Offer for cash consideration at least equal to the amount paid per Common Share under the Offer.

If a Compulsory Acquisition is not available to the Offeror or is determined by the Offeror to be less beneficial than a Subsequent Acquisition Transaction, but the Minimum Tender Condition has been satisfied, the Offeror shall use its commercially reasonable efforts to complete a Subsequent Acquisition Transaction as soon as practicable but in any event within a period not exceeding 120 days after the date of completion of the Offer for cash consideration at least equal to the amount paid per Common Share under the Offer.

The Company agrees with the Offeror that in the event the Offeror takes up and pays for Common Shares under the Offer it will use commercially reasonable efforts to assist the Offeror in completing any Compulsory Acquisition or Subsequent Acquisition Transaction, provided that the consideration per Common Share offered in connection with the Compulsory Acquisition or Subsequent Acquisition Transaction is cash at least equal to the amount paid per Common Share under the Offer.

Outstanding Options RSUs, PSUs and DSUs

Options

Under the Support Agreement, the Company may take such actions as may be necessary or desirable, including amending the terms of any Options and the Company’s Stock Option Plan, to provide that all Options vest no later than immediately prior to the Take-Up Date and that each holder of the vested Options shall be entitled to exercise such Options, in accordance with their terms. The Company shall resolve prior to the Effective Time that all Options remaining and not exercised at the Effective Time shall be terminated for no consideration, which termination shall not require the consent of any holders of Options.

The Company agrees that it will use commercially reasonable efforts to allow all outstanding Options to be either exercised, terminated, surrendered, cancelled or to expire prior to the Take-Up Date, provided that, except in compliance with the Support Agreement, the Company shall not pay the holders any amount in consideration therefor in excess of \$0.05 per Common Share issuable on exercise of Options having an exercise price in excess of the Offer Price without the prior approval of the Offeror, and the Company shall not grant any additional Options or other rights to purchase or acquire Common Shares, or make any amendments to outstanding Options without the prior written consent of the Offeror.

RSUs and PSUs

The Company may take such actions as may be necessary or desirable, including amending the terms of any RSUs, PSUs and the Company’s Stock Unit Plan, to provide that all RSUs and PSUs vest no later than immediately prior to the Take-Up Date and that each holder of vested RSUs and PSUs shall be entitled to a payout in respect of such RSUs and PSUs, in accordance with their terms. Immediately prior to the Effective Time, the Company shall pay the holders of all RSUs and PSUs remaining and not exercised at the Effective Time all amounts owing in accordance with the terms thereof.

DSUs

Following the Effective Time no amendment, modification or termination of the Company's Directors' Share Unit Plan shall be made which would have the effect of adversely altering or modifying the benefits accrued under such plan of any participant. The value of DSUs outstanding under the plan following the resignation of participating individuals shall be calculated in accordance with the terms of such plan and shall be paid within two Business Days of the Effective Time, notwithstanding any term of the plan which might extend payment beyond such date.

Consents

The Company shall use its commercially reasonable efforts to obtain all consents, waivers and approvals required in respect of the Offer, and the Company shall provide the Offeror and Canadian Tire, at the Offeror's sole discretion, the right to be made aware of, participate in and assist with any negotiations or discussions related to such efforts. Certain of such consents, defined as "Required Consents" in Section 1.1 of the Support Agreement, must be obtained as a condition to the take-up of the Common Shares (the "**Required Consents**").

Competition Approval

The Offeror, Canadian Tire and the Company shall submit the Competition Act Filing within three (3) Business Days, or such longer period as is advisable in the Offeror's sole discretion, but in no event later than 14 days, and provide each other with final copies thereof (excluding competitively sensitive information therein, which will be provided only to the external legal counsel or external expert of the other). The Offeror and Canadian Tire also shall, as soon as reasonably possible following the execution of the Support Agreement, submit to the Commissioner of Competition a competitive impact analysis in which the Offeror or Canadian Tire, as the case may be, will request that the Commissioner of Competition issue an advance ruling certificate pursuant to Subsection 102(1) of the Competition Act or, in the alternative, a "no-action" letter pursuant to Subsection 123(2) of the Competition Act in respect of the Contemplated Transactions, and provide to the Company a final copy thereof (excluding competitively sensitive information therein, which will be provided only to the external legal counsel or external expert of the other).

In connection with satisfying the Competition Act Clearance Conditions, the following provisions shall apply:

- (i) Unless the Company, the Offeror and Canadian Tire have already done so, immediately following execution of the Support Agreement, counsel for the Offeror, Canadian Tire and the Company shall contact the Competition Bureau to provide it with verbal notice of the Contemplated Transactions.
- (ii) The Company, the Offeror and Canadian Tire shall furnish to each other such information and assistance as the other may reasonably request in order to prepare any notification, application, filing or request to, or response to a request from, a Governmental Entity (excluding competitively sensitive information, which will be provided only to the external legal counsel or external expert of the other).
- (iii) The Company, the Offeror and Canadian Tire shall promptly furnish a Governmental Entity with any information requested by the Governmental Entity under the Competition Act or any other law. All requests and enquiries from a Governmental Entity shall be dealt with by the Offeror, Canadian Tire and the Company in consultation with each other. The Company, the Offeror and Canadian Tire shall (A) promptly notify the other of such written communications and provide the other with copies thereof (excluding competitively sensitive information, which will be provided only to the external legal counsel or external expert of the other); (B) permit the other an advance opportunity to review and comment upon any such proposed communications and provide the other with final copies thereof (excluding competitively sensitive information, which will be provided only to the external legal counsel or external expert of the other); and (C) the Company, the Offeror and Canadian Tire shall not participate in any substantive meeting or discussion with a Governmental Entity in respect of any filing, unless it consults with the other parties in advance and gives the other parties the opportunity to attend and participate (except where the Governmental Entity expressly requests that a party should not be present, and except where competitively sensitive information may be discussed, in which case reasonable efforts will be made to allow external legal counsel for that party to participate).
- (iv) The Offeror and Canadian Tire may, with the agreement of the Company, which shall not be unreasonably withheld, enter into a timing agreement with the Commissioner of Competition which would have the effect of delaying the taking up of and paying for the Common Shares deposited under the Offer and the Company shall be required to agree to the terms and conditions of any such timing agreement.

All filing fees required in connection with the notification shall be borne by the Offeror.

The Offeror, Canadian Tire and the Company shall use their “best efforts” to ensure that the Competition Act Clearance Conditions are satisfied prior to the Outside Date. The “best efforts” of the Offeror and Canadian Tire shall include an obligation of the Offeror and Canadian Tire to license, franchise, divest or hold separate any business locations or business lines of the Company or to take any other measure or agree to any other behavioural remedy necessary to secure the satisfaction of the Competition Act Clearance Conditions (a “**Remedial Action**”). Notwithstanding the immediately preceding sentence, “best efforts” shall not require the Offeror or Canadian Tire to undertake a Remedial Action (A) the result of which would be to directly reduce EBITA by 7% or more, (B) involving 30 or more business locations of the Company or any of its Affiliates, or (C) involving any remedy that would be reasonably likely to materially adversely affect (i) the existing sporting goods business of Canadian Tire and its Affiliates in any census metropolitan area with a population in 2010 exceeding 350,000 and/or (ii) the existing sporting goods business of Canadian Tire and its Affiliates in all other areas of Canada, considered as a whole.

Representations and Warranties

Under the Support Agreement, the Company has made certain representations and warranties to the Offeror and Canadian Tire with respect to, among other matters: organization and qualification; authority; no violation; capitalization; ownership of subsidiaries; reporting status and securities law matters; public filings; financial statements; internal controls and financial reporting; books and records; minute books; consents and approvals; no undisclosed liabilities; no material change; litigation; taxes; assets and property; material contracts; permits; environmental matters; compliance with laws; employment matters; related party transactions; restrictions on business activities; brokers; insurance; intellectual property; and suppliers and relationships.

The Offeror and Canadian Tire have made certain representations to the Company, on a joint and several basis, with respect to: authority; organization; no violations; ownership of shares; residency; Canadian status; sufficient funds; litigation; other agreements; no agreement with Shareholders; and no collateral benefit.

Conduct of Business

The Company covenants and agrees that, during the period from the date of the Support Agreement until the earlier of the Effective Time and the time that the Support Agreement is terminated in accordance with its terms, except as otherwise expressly contemplated or permitted by the Support Agreement or identified by the Company to the Offeror in writing or to the extent otherwise expressly consented to by the Offeror or Canadian Tire in writing (which consent shall not be unreasonably withheld or delayed), the Company shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course of business consistent with past practice, and use commercially reasonable efforts to maintain and preserve their business organization, assets, employees, goodwill and business relationships. Specifically, the Company shall not, without the prior consent of the Offeror or Canadian Tire, among other things:

- (a) take any action except in the ordinary course of business consistent with past practice of the Company and its subsidiaries;
- (b) amend its organizational documents, reorganize, issue, repurchase or amend the terms of its securities;
- (c) (i) acquire or invest in any assets (excluding inventory purchased in the ordinary course), securities, properties or businesses; (ii) incur any indebtedness except under the Company Credit Agreement or for the renewal or replacement of such credit facilities or any other liability or obligation or issue any debt securities or assume the obligations of any other Person, or, except as disclosed, make any loans, or investments except to wholly-owned subsidiaries or in the ordinary course of business; (iii) waive any rights of material value; (iv) open any new corporate or franchise stores under any banner that the Company or any of its Affiliates has not carried on business under prior to the date of the Support Agreement; (v) close any corporate or franchise stores except in the ordinary course of business consistent with past practice, following the expiry of related store leases; or (vi) authorize or propose any of the foregoing;
- (d) except in the ordinary course of business consistent with past practice (i) sell, pledge, lease, license or otherwise transfer any assets, securities, properties or businesses of the Company or any of its subsidiaries; (ii) satisfy any material liabilities or obligations; or (iii) authorize or propose any of the foregoing;

- (e) other than as is necessary to comply with applicable laws or as expressly permitted by the Support Agreement:
- (i) grant to any director, officer or employee an increase in compensation; (ii) make any loan to any director, officer, employee or consultant; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination payment to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with, or terminate employment (except for just cause) of any director, officer, employee or consultant of the Company that, individually or in the aggregate, would result in severance payments in excess of \$500,000, or hire any Person to a level of seniority of at least vice-president or higher, of the Company or any of its subsidiaries; (iv) increase any benefits, or adopt or materially amend any benefit plan or arrangement for the benefit of current or former directors, officers, employees, consultants; (v) increase bonus levels or other benefits to any director, officer, employee or consultant; (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards upon a change of control occurring on or prior to the Effective Time except in connection with a Superior Proposal; or (vii) establish, adopt or amend (except as required by applicable law) any collective bargaining agreement or similar agreement, except as disclosed;
 - (f) except as disclosed, settle, pay or otherwise satisfy (i) any material action, claim or proceeding; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the Offer or the Contemplated Transactions;
 - (g) enter into any arrangement that restricts or would after the Effective Time restrict, in any material respect the Company from carrying on business in any manner;
 - (h) expend any amounts with respect to capital expenditures except in the ordinary course of business consistent with past practice and consistent with budgets presented to the Offeror or Canadian Tire;
 - (i) (i) enter into any agreement that if entered into prior to the date of the Support Agreement would be a Material Contract except in respect of store leases previously budgeted for in an approved budget of the Company, and disclosed, franchise agreements, supplier agreements or vendor supply agreements, all as entered into in the ordinary course of business consistent with past practice and on terms not materially less advantageous to the Company or any of its subsidiaries than terms generally provided for in similar agreements, provided that any such agreement, other than any franchise agreement, is not for a term longer than one year and is not for consideration greater than \$150,000 (except with respect to vendor supply agreements which may not be for a term longer than two years, and may be for consideration to the vendor greater than \$150,000, each as disclosed), or except as disclosed; or (ii) materially amend, transfer or terminate any Material Contract, or waive or assign any material rights thereunder, except for the renewal of Leases (as disclosed), franchise agreements, supplier agreements and vendor supply agreements in the ordinary course of business consistent with past practice and on terms not materially less advantageous to the Company or any of its subsidiaries than the agreement being renewed); or (iii) enter into or modify any existing Contract or series of related existing Contracts resulting in a new Contract or series of related new Contracts or enter into any modifications to an existing Contract or series of related existing Contracts, in either case outside of the ordinary course of business consistent with past practice.

Termination Events

The Support Agreement may be terminated by mutual consent of Canadian Tire and the Company, or

- by Canadian Tire, if (a) the Offer and accompanying Bid Circular has not been mailed by the Offeror by 11:59 p.m. (Toronto time) on May 27, 2011 (subject to extensions pursuant to the terms of the Support Agreement), except where the failure to satisfy such condition is solely as a result of a default by the Offeror of its obligations; (b) the Company is in default of any non-solicitation covenant or obligation, the Company has intentionally breached any other covenant or obligation and such breach would reasonably be expected to result in a Material Adverse Effect, or any representation or warranty of the Company shall be untrue causing a Material Adverse Effect; (c) the Board of Directors makes a Change in Recommendation; (d) there is an injunction, order, legal restraint or prohibition by a Governmental Entity that would require the Company or any Affiliate or Representative thereof to act or fail to act in a manner that would constitute a material violation of the Company's covenants under the Support Agreement, or would limit the rights of Canadian Tire or the Offer in relation to such covenants;
- by the Company, if (a) any representation or warranty of Canadian Tire or the Offeror shall be untrue or incorrect in any respect, if not cured within five Business Days; (b) the Offeror has not mailed the Offer, Bid

Circular and related letter of transmittal and notice(s) of guaranteed delivery by 11:59 p.m. (Toronto time) on May 27, 2011 (subject to extensions pursuant to the terms of the Support Agreement), except where such failure is attributable to a default by the Company; (c) the Offer does not conform in all material respects with the Support Agreement, if such non-conformity is not cured within five Business Days; or (d) the Company terminates the Support Agreement in order to accept a Superior Proposal;

- by either Canadian Tire or the Company, if (a) the Expiry Date (the date on which the Expiry Time occurs) does not occur on or prior to 150 days after the date of the Offer (subject to extension in certain circumstances, but not to exceed 270 days from the date of the Support Agreement), provided that such failure is not the result of a breach of the terminating party and provided further that the Company may only terminate in such circumstances if the Offeror has not waived the unsatisfied conditions and publicly announced its intention to take up and pay for the deposited Common Shares; (b) the Offer terminates, expires or is withdrawn at the Expiry Time without the Offeror taking up any Common Shares as a result of the failure of any condition to the Offer to be satisfied or waived, unless the failure of such condition shall be due to the terminating party failing to perform their respective obligations; or (c) if any law, subject to certain exceptions, makes the completion of the Offer or the Contemplated Transactions illegal or otherwise prohibited.

In the event of the termination as provided by the termination events above, the Support Agreement shall have no further force or effect and there shall be no obligation on the part of the Offeror or the Company, except as set forth under Section 6.4, Section 6.5, Section 6.6, Article 8 and Article 9 of the Support Agreement, which provisions shall survive upon termination.

Amendment of the Offer

The Offeror may, in its sole discretion, modify or waive any term or condition of the Offer and transfer or assign to one or more of its Affiliates the right to purchase all or any portion of the Common Shares deposited pursuant to the Offer; provided, however, that the Offeror shall not, without the prior written consent of the Company: (i) increase the Minimum Tender Condition; (ii) decrease the consideration per Common Share under the Offer; (iii) decrease the number of Common Shares in respect of which the Offer is made; (iv) change the form of consideration payable under the Offer (other than to add additional consideration); or (v) add any condition to the Offer or otherwise vary the Offer (or any terms or conditions thereof) in a manner which is adverse to the Shareholders; provided that, for certainty, the Offeror may, in its sole discretion, increase the total consideration per Common Share and/or add additional consideration to the Offer.

OWNERSHIP OF SECURITIES OF THE COMPANY

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at May 19, 2011, there were 28,603,566 Common Shares (30,323,318 on a Fully-Diluted Basis) and nil Preferred Shares issued and outstanding.

The following table sets out the names of each of the directors and officers of the Company and the number of outstanding Common Shares, Options, PSUs, RSUs and DSUs beneficially owned as at May 20, 2011, directly or indirectly, or over which control or direction may be exercised by each such person and, where known after reasonable enquiry, by each associate or affiliate of the directors and officers of the Company, each associate or affiliate of any insider of the Company, each associate or affiliate of the Company, each insider of the Company other than the directors and officers of the Company, and any person or company acting jointly or in concert with the Company.

Name and Position	Common Shares held directly	Common Shares held indirectly or over which control or direction may be exercised	Options held	Total Common Shares held	Percentage of outstanding Common Shares held	PSUs	RSUs	DSUs
Directors of the Company								
Bellstedt, Albrecht W.A. ¹ Director	58,100	1,000	0	59,100	0.21%	0	0	19,679
Doroniuk, Roman Director	27,000	0	0	27,000	0.09%	0	0	20,087
Drouin, Henri Director	25,000	0	0	25,000	0.09%	0	0	19,679
Forzani, John M. Chairman and Director	882,300	0	0	882,300	3.08%	0	0	121,142
Gass, Donald E. Director	10,200	0	0	10,200	0.04%	0	0	6,850
Peters, Jay A.J. Director	10,450	0	0	10,450	0.04%	0	0	8,134
Sartor, Robert Director and Chief Executive Officer	180,000	0	400,000	180,000	0.63%	213,998	0	0
Walters, Paul S. Director	10,000	0	0	10,000	0.03%	0	0	12,668
Officers of the Company								
Quinn, Thomas G. ² President and Chief Operating Officer	40,000	0	310,000	40,000	0.14%	137,709	0	0
Lambert, Michael R. Chief Financial Officer	10,000	0	70,200	10,000	0.03%	19,802	15,736	0
Hould, John Senior Vice-President, National Sports & Online Retail	437	0	48,740	437	0.00%	20,614	5,549	0
Tremblay, Jean-Stephane Executive Vice President	3,688	0	80,780	3,688	0.01%	28,356	21,505	0
Appelman, Melody Joy Senior Officer	0	0	4,794	0	0.00%	5,262	2,777	0
Burnet, Richard Senior Officer	1,916	0	56,367	1,916	0.01%	29,002	7,390	0
Clements, Stephen Lee Senior Officer	0	0	22,934	0	0.00%	6,157	2,041	0
Garner, Terry Senior Officer	0	0	9,937	0	0.00%	3,904	2,155	0
Handford, Matthew Robert Senior Officer	0	0	131,437	0	0.00%	30,064	8,691	0
Hindman, Mark Senior Officer	0	0	8,144	0	0.00%	6,154	2,132	0
Johnston, Evan Senior Officer	0	0	15,720	0	0.00%	9,752	3,454	0
Lemens, Troy Joseph Serge Senior Officer	945	0	22,407	945	0.00%	4,713	1,481	0

<u>Name and Position</u>	<u>Common Shares held directly</u>	<u>Common Shares held indirectly or over which direction may be exercised</u>	<u>Options held</u>	<u>Total Common Shares held</u>	<u>Percentage of outstanding Common Shares held</u>	<u>PSUs</u>	<u>RSUs</u>	<u>DSUs</u>
McKinnon, Chad Michael Senior Officer	297	0	29,367	297	0.00%	13,438	4,926	0
Kreuger, Michael Senior Officer	0	0	9,407	0	0.00%	3,458	1,419	0
Reid, Paul Keith Senior Officer	0	0	13,880	0	0.00%	3,674	1,498	0
Rolston, Heidi Jeanne Margaret Senior Officer	0	0	39,964	0	0.00%	6,083	1,895	0
Sampson, Tom Senior Officer	0	0	32,430	0	0.00%	9,334	3,107	0
Stone, Douglas George Senior Officer	8,000	0	37,620	8,000	0.03%	9,237	2,995	0
Watt, Eric Senior Officer	9,048	0	22,627	9,048	0.03%	4,743	1,491	0
Woodhouse, Nicholas John Senior Officer	0	0	23,007	0	0.00%	6,042	2,020	0
Lambert, Keith Senior Officer	0	0	41,357	0	0.00%	25,109	6,972	0
White, Richard Jay Senior Officer	69,939	0	59,450	69,939	0.24%	27,658	7,531	0
Officers of subsidiary								
Carriere, Mona Director or Senior Officer of Insider or Subsidiary	4,737	0	56,420	4,737	0.02%	10,865	3,414	0
Lazarovic, Sam Director or Senior Officer of Insider or Subsidiary	0	0	17,957	0	0.00%	6,388	2,009	0
TOTAL	1,352,057	1,000	1,564,946	1,353,057	4.73%	641,516	112,188	208,239

¹ Mr. Bellstedt's spouse beneficially owns 12,125 Common Shares.

² Mr. Quinn's spouse beneficially owns 2,353 Common Shares.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying 10% or more of the voting rights attached to all Common Shares other than Letko, Brosseau & Associates Inc. ("**Letko, Brosseau**"). According to a report filed by Letko, Brosseau under the Company's profile at www.sedar.com on March 8, 2011, it exercises control or direction over 4,305,585 Common Shares, which represented approximately 14.9% of the total outstanding Common Shares as of April 21, 2011. Letko, Brosseau has disclosed, in the notice filed, that it does not have ownership of the Common Shares over which it exercises control or direction, and that the Common Shares were acquired in the ordinary course of business, for investment purposes only, on behalf of accounts it manages.

TRADING IN SECURITIES OF THE COMPANY

During the six months preceding the date hereof, none of the Company, the directors or officers of the Company or other insiders of the Company nor, to the knowledge of the directors and officers of the Company, after reasonable enquiry, any of their respective associates or affiliates, or any person or company acting jointly or in concert with the Company, has traded any securities of the Company, except as follows:

Name and Position	Date of Trade	Type of Securities	Nature of Trade	Number of Securities	Price per Security
Bellstedt, Albrecht W.A. Director	2011-01-30	DSUs	Grant	+500	—
	2011-01-31	DSUs	Grant	+75	—
	2011-05-01	DSUs	Grant	+500	—
	2011-05-02	DSUs	Grant	+83	—
Doroniuk, Roman, Director	2011-01-30	DSUs	Grant	+500	—
	2011-01-31	DSUs	Grant	+75	—
	2011-05-01	DSUs	Grant	+500	—
	2011-05-02	DSUs	Grant	+83	—
Drouin, Henri Director	2011-01-30	DSUs	Grant	+500	—
	2011-01-31	DSUs	Grant	+75	—
	2011-05-01	DSUs	Grant	+500	—
	2011-05-02	DSUs	Grant	+83	—
Forzani, John M. Chairman and Director	2011-01-30	DSUs	Grant	+2,500	—
	2011-01-31	DSUs	Grant	+464	—
	2011-05-01	DSUs	Grant	+2,500	—
	2011-05-02	DSUs	Grant	+512	—
Gass, Donald E. Director	2011-01-30	DSUs	Grant	+885	—
	2011-01-31	DSUs	Grant	+23	—
	2011-05-01	DSUs	Grant	+907	—
	2011-05-02	DSUs	Grant	+29	—
Peters, Jay A.J. Director	2011-01-30	DSUs	Grant	+500	—
	2011-01-31	DSUs	Grant	+30	—
	2011-05-01	DSUs	Grant	+500	—
	2011-05-02	DSUs	Grant	+34	—
Sartor, Robert Director and Chief Executive Officer	2010-12-31	PSUs ¹	Acquisition	+2,014	—
	2011-04-05	PSUs	Grant	+89,650	—
Walters, Paul S. Director	2011-01-30	DSUs	Grant	+500	—
	2011-01-31	DSUs	Grant	+48	—
	2011-05-01	DSUs	Grant	+500	—
	2011-05-02	DSUs	Grant	+53	—
The Forzani Group Ltd. ¹	2010-11-22	Common Shares	Acquisition	1,900	\$15.95
	2010-11-22	Common Shares	Acquisition	100	\$16.00
	2010-11-22	Common Shares	Acquisition	3,000	\$16.01
	2010-11-22	Common Shares	Cancellation	3,000	—
	2010-11-23	Common Shares	Cancellation	4,000	—
	2010-11-23	Common Shares	Acquisition	1,100	\$15.99
	2010-11-23	Common Shares	Acquisition	3,900	\$16.00
	2010-11-24	Common Shares	Cancellation	5,000	—
	2010-11-24	Common Shares	Acquisition	1,000	\$15.91
	2010-11-24	Common Shares	Acquisition	100	\$15.92
	2010-11-24	Common Shares	Acquisition	1,500	\$15.94
	2010-11-24	Common Shares	Acquisition	400	\$15.98
	2010-11-25	Common Shares	Cancellation	5,000	—
	2010-11-25	Common Shares	Acquisition	5,000	\$16.00
	2010-11-26	Common Shares	Cancellation	5,000	—
2010-11-26	Common Shares	Acquisition	5,000	\$16.25	
2010-11-29	Common Shares	Acquisition	500	\$16.03	

<u>Name and Position</u>	<u>Date of Trade</u>	<u>Type of Securities</u>	<u>Nature of Trade</u>	<u>Number of Securities</u>	<u>Price per Security</u>
	2010-11-29	Common Shares	Acquisition	2,000	\$ 16.13
	2010-11-29	Common Shares	Acquisition	2,500	\$ 16.18
	2010-11-29	Common Shares	Cancellation	5,000	—
	2010-11-30	Common Shares	Acquisition	2,500	\$ 16.00
	2010-11-30	Common Shares	Acquisition	2,500	\$ 16.01
	2010-11-30	Common Shares	Cancellation	3,000	\$ 16.00
	2010-12-01	Common Shares	Acquisition	2,500	\$ 16.07
	2010-12-01	Common Shares	Cancellation	5,000	—
	2010-12-02	Common Shares	Acquisition	2,500	\$ 15.70
	2010-12-02	Common Shares	Acquisition	100	\$ 15.78
	2010-12-02	Common Shares	Acquisition	300	\$ 15.79
	2010-12-02	Common Shares	Acquisition	2,100	\$ 15.80
	2010-12-02	Common Shares	Cancellation	5,000	—
	2010-12-03	Common Shares	Cancellation	5,000	—
	2010-12-06	Common Shares	Cancellation	5,000	—
	2010-12-07	Common Shares	Cancellation	2,500	—
	2010-12-07	Common Shares	Acquisition	600	\$ 15.49
	2010-12-07	Common Shares	Acquisition	300	\$ 15.52
	2010-12-07	Common Shares	Acquisition	800	\$ 15.59
	2010-12-07	Common Shares	Acquisition	2,100	\$ 15.65
	2010-12-07	Common Shares	Acquisition	1,200	\$ 15.69
	2010-12-08	Common Shares	Acquisition	2,500	\$ 15.89
	2010-12-08	Common Shares	Acquisition	2,500	\$ 16.00
	2010-12-08	Common Shares	Cancellation	5,000	—
	2010-12-09	Common Shares	Acquisition	2,500	\$ 16.10
	2010-12-10	Common Shares	Acquisition	2,500	\$ 16.98
	2010-12-13	Common Shares	Cancellation	5,000	—
	2010-12-13	Common Shares	Cancellation	5,000	—
	2010-12-14	Common Shares	Cancellation	5,000	—
	2010-12-15	Common Shares	Cancellation	2,500	—
	2010-12-16	Common Shares	Cancellation	2,500	—
	2011-02-18	Common Shares	Acquisition	200,000	\$ 17.99
	2011-02-18	Common Shares	Acquisition	5,000	\$ 18.00
	2011-02-18	Common Shares	Acquisition	1,000	\$ 17.67
	2011-02-22	Common Shares	Acquisition	2,000	\$ 17.95
	2011-02-23	Common Shares	Acquisition	2,000	\$17.598
	2011-02-24	Common Shares	Cancellation	205,000	—
	2011-02-24	Common Shares	Acquisition	2,000	\$ 17.10
	2011-02-25	Common Shares	Acquisition	2,000	\$ 17.71
	2011-02-25	Common Shares	Cancellation	3,000	—
	2011-02-28	Common Shares	Acquisition	800	\$ 17.54
	2011-02-28	Common Shares	Cancellation	2,000	—
	2011-03-01	Common Shares	Acquisition	2,000	\$ 17.35
	2011-03-01	Common Shares	Cancellation	2,000	—
	2011-03-02	Common Shares	Acquisition	100	\$ 17.58
	2011-03-02	Common Shares	Acquisition	2,700	\$ 17.59
	2011-03-02	Common Shares	Cancellation	2,000	—
	2011-03-03	Common Shares	Acquisition	2,000	\$ 17.68
	2011-03-03	Common Shares	Cancellation	800	—
	2011-03-04	Common Shares	Acquisition	3,000	\$ 17.62
	2011-03-04	Common Shares	Cancellation	2,000	—
	2011-03-07	Common Shares	Acquisition	3,000	\$ 17.46
	2011-03-07	Common Shares	Cancellation	2,800	—
	2011-03-08	Common Shares	Cancellation	2,000	—

<u>Name and Position</u>	<u>Date of Trade</u>	<u>Type of Securities</u>	<u>Nature of Trade</u>	<u>Number of Securities</u>	<u>Price per Security</u>
	2011-03-09	Common Shares	Cancellation	3,000	—
	2011-03-10	Common Shares	Cancellation	3,000	—
Quinn, Thomas G.	2010-12-31	PSUs ¹	Acquisition	+1,343	—
President and Chief Operating Officer	2011-04-05	PSUs	Grant	+54,830	—
Lambert, Michael R.	2010-12-31	PSUs ¹	Acquisition	+629	—
Chief Financial Officer	2011-04-05	PSUs	Grant	+7,000	—
	2011-04-15	PSUs	Expiration of Rights	-20,996	—
	2010-12-31	RSUs ¹	Acquisition	+76	—
	2011-04-05	RSUs	Grant	+3,000	—
	2011-04-14	RSUs	Redemption	-11,410	—
Hould, John	2010-12-31	PSUs ¹	Acquisition	+333	—
Senior Vice-President, National Sports & Online Retail	2011-04-05	PSUs	Grant	+7,230	—
	2011-04-14	PSUs	Expiration of Rights	-4,157	—
	2010-12-31	RSUs ³	Acquisition	+99	—
	2011-04-05	RSUs	Grant	+3,100	—
	2011-04-14	RSUs	Redemption	-1,679	—
Tremblay, Jean-Stephane	2010-12-31	PSUs ¹	Acquisition	+415	—
Executive Vice President	2011-04-05	PSUs	Grant	+9,820	—
	2011-04-14	PSUs	Expiration of Rights	-6,829	—
	2010-12-31	RSUs ³	Acquisition	+122	—
	2011-04-05	RSUs	Grant	+4,210	—
	2011-04-14	RSUs	Redemption	-2,070	—
	2011-04-14	RSUs	Redemption	-7,663	—
Appelman, Melody Joy	2011-01-06	Common Shares	Exercise of Options	+400	\$15.98
Senior Officer	2011-01-06	Common Shares	Disposition	-400	\$19.34
	2011-01-06	Common Shares	Exercise of Options	+600	\$15.98
	2011-01-06	Common Shares	Disposition	-600	\$19.30
	2011-01-06	Common Shares	Exercise of Options	+1,000	\$15.98
	2011-01-06	Common Shares	Disposition	-1,000	\$19.40
	2011-04-20	Common Shares	Exercise of Options	+100	\$15.98
	2011-04-20	Common Shares	Disposition	-100	\$17.98
	2011-04-20	Common Shares	Exercise of Options	+300	\$15.98
	2011-04-20	Common Shares	Disposition	-300	\$17.94
	2011-04-20	Common Shares	Exercise of Options	+100	\$15.98
	2011-04-20	Common Shares	Disposition	-100	\$17.91
	2011-04-20	Common Shares	Exercise of Options	+2,500	\$15.98
	2011-04-20	Common Shares	Disposition	-2,500	\$18.00
	2011-01-06	Options	Exercise of Options	-400	\$15.98
	2011-01-06	Options	Exercise of Options	-600	\$15.98
	2011-01-06	Options	Exercise of Options	-1,000	\$15.98
	2011-04-20	Options	Exercise of Options	-100	\$15.98
	2011-04-20	Options	Exercise of Options	-300	\$15.98
	2011-04-20	Options	Exercise of Options	-100	\$15.98
	2011-04-20	Options	Exercise of Options	-2,500	\$15.98
	2010-12-31	PSUs ¹	Acquisition	+39	—
	2011-04-05	PSUs	Grant	+3,200	—
	2011-04-14	PSUs	Expiration of Rights	-278	—
	2010-12-31	RSUs ³	Acquisition	+42	—
	2011-04-05	RSUs	Grant	+1,370	—
	2011-04-14	RSUs	Redemption	-447	—

<u>Name and Position</u>	<u>Date of Trade</u>	<u>Type of Securities</u>	<u>Nature of Trade</u>	<u>Number of Securities</u>	<u>Price per Security</u>	
Burnet, Richard Senior Officer	2010-12-13	Options	Exercise for Cash ⁴	-11,683	\$17.65	
	2010-12-31	PSUs ¹	Acquisition	+432	—	
	2011-04-05	PSUs	Grant	+9,150	—	
	2011-04-14	PSUs	Expiration of Rights	-3,601	—	
	2010-12-31	RSUs ³	Acquisition	+136	—	
	2011-04-05	RSUs	Grant	+3,920	—	
	2011-04-14	RSUs	Redemption	-2,305	—	
Clements, Stephen Lee Senior Officer	2010-12-31	PSUs ¹	Acquisition	+94	—	
	2011-04-05	PSUs	Grant	+3,140	—	
	2011-04-14	PSUs	Expiration of Rights	-1,678	—	
	2010-12-31	RSUs ³	Acquisition	+32	—	
	2011-04-05	RSUs	Grant	+1,350	—	
Garner, Terry Senior Officer	2011-04-14	RSUs	Redemption	-593	—	
	2010-12-30	Common Shares	Exercise of Options	+643	\$ 9.89	
	2010-12-30	Common Shares	Disposition	-643	\$18.40	
	2010-12-30	Options	Exercise of Options	-643	\$ 9.89	
	2010-12-31	PSUs ¹	Acquisition	+48	—	
	2011-04-05	PSUs	Grant	+2,230	—	
	2011-04-14	PSUs	Expiration of Rights	-908	—	
	2010-12-31	RSUs ³	Acquisition	+44	—	
	2011-04-05	RSUs	Grant	+960	—	
	2011-04-14	RSUs	Redemption	-201	—	
Handford, Matthew Robert Senior Officer	2011-04-14	RSUs	Redemption	-406	—	
	2011-01-06	Common Shares	Exercise of Options	+1,700	\$ 9.89	
	2011-01-06	Common Shares	Disposition	-1,700	\$19.30	
	2011-01-07	Common Shares	Exercise of Options	+7,300	\$ 9.89	
	2011-01-07	Common Shares	Disposition	-7,300	\$19.00	
	2011-01-07	Common Shares	Exercise of Options	+33	\$ 9.89	
	2011-01-07	Common Shares	Disposition	-33	\$18.99	
	2011-01-06	Options	Exercise of Options	-1,700	\$ 9.89	
	2011-01-07	Options	Exercise of Options	-7,300	\$ 9.89	
	2011-01-07	Options	Exercise of Options	-33	\$ 9.89	
	2010-12-31	PSUs ¹	Acquisition	+411	—	
	2011-04-05	PSUs	Grant	+12,911	—	
	2011-04-14	PSUs	Expiration of Rights	-6,241	—	
	2011-05-02	PSUs ¹	Acquisition	+120	—	
	2010-12-31	RSUs ³	Acquisition	+126	—	
	2011-04-05	RSUs	Grant	+5,532	—	
	2011-04-14	RSUs	Redemption	-3,121	—	
	2011-05-02	PSUs ¹	Acquisition	+35	—	
	Hindman, Mark Senior Officer	2010-12-31	PSUs ¹	Acquisition	+44	—
		2011-04-05	PSUs	Grant	+3,490	—
2010-12-31		RSUs ³	Acquisition	+20	—	
2011-04-05		RSUs	Grant	+1,500	—	
2011-04-14		RSUs	Redemption	-257	—	
Johnston, Evan Senior Officer	2010-12-31	PSUs ¹	Acquisition	+67	—	
	2011-04-05	PSUs	Grant	+5,610	—	
	2010-12-31	RSUs ³	Acquisition	+30	—	
	2011-04-05	RSUs	Grant	+2,400	—	
	2011-04-13	RSUs	Redemption	-328	—	

Name and Position	Date of Trade	Type of Securities	Nature of Trade	Number of Securities	Price per Security
Lemens, Troy Joseph Serge Senior Officer	2010-12-15	Common Shares	Exercise of Options	+300	\$ 9.89
	2010-12-15	Common Shares	Disposition	-300	\$17.74
	2010-12-15	Common Shares	Exercise of Options	+400	\$ 9.89
	2010-12-15	Common Shares	Disposition	-400	\$17.72
	2010-12-15	Common Shares	Exercise of Options	+1,400	\$ 9.89
	2010-12-15	Common Shares	Disposition	-1,400	\$17.70
	2010-12-15	Common Shares	Exercise of Options	+333	\$ 9.89
	2010-12-15	Common Shares	Disposition	-333	\$17.71
	2010-12-15	Options	Exercise of Options	-300	\$ 9.89
	2010-12-15	Options	Exercise of Options	-400	\$ 9.89
	2010-12-15	Options	Exercise of Options	-1,400	\$ 9.89
	2010-12-15	Options	Exercise of Options	-333	\$ 9.89
	2010-12-31	PSUs ¹	Acquisition	+81	—
	2011-04-05	PSUs	Grant	+1,980	—
	2011-04-14	PSUs	Expiration of Rights	-1,304	—
2010-12-31	RSUs ³	Acquisition	+41	—	
2011-04-05	RSUs	Grant	+850	—	
2011-04-14	RSUs	Redemption	-864	—	
McKinnon, Chad Michael Senior Officer	2010-12-31	PSUs ¹	Acquisition	+113	—
	2011-04-05	PSUs	Grant	+8,130	—
	2011-04-14	PSUs	Expiration of Rights	-1,069	—
	2010-12-31	RSUs ³	Acquisition	+45	—
	2011-04-05	RSUs	Grant	+3,480	—
	2011-04-14	RSUs	Redemption	-511	—
Michael, Kreuger Senior Officer	2010-12-31	PSUs ¹	Acquisition	+43	—
	2011-04-05	PSUs	Grant	+1,600	—
	2011-04-14	PSUs	Expiration of Rights	-598	—
	2010-12-31	RSUs ³	Acquisition	+35	—
	2011-04-05	RSUs	Grant	+680	—
	2011-04-14	RSUs	Redemption	-725	—
Reid, Paul Keith Senior Officer	2011-01-10	Common Shares	Exercise of Options	+540	\$ 9.89
	2011-01-10	Common Shares	Disposition	-540	\$18.51
	2011-01-10	Options	Exercise of Options	-540	\$ 9.89
	2010-12-31	PSUs ¹	Acquisition	+23	—
	2011-04-05	PSUs	Grant	+2,460	—
	2011-04-14	PSUs	Expiration of Rights	-214	—
	2010-12-31	RSUs ³	Acquisition	+16	—
	2011-04-05	RSUs	Grant	+1,050	—
	2011-04-14	RSUs	Redemption	-266	—
	Rolston, Heidi Jeanne Margaret Senior Officer	2011-01-06	Common Shares ⁴	Exercise of Options	+400
2011-01-06		Common Shares	Disposition	-400	\$19.19
2011-01-06		Common Shares ⁴	Exercise of Options	+900	\$ 9.89
2011-01-06		Common Shares	Disposition	-900	\$19.14
2011-01-06		Common Shares ⁴	Exercise of Options	+100	\$ 9.89
2011-01-06		Common Shares	Disposition	-100	\$19.12
2011-01-06		Common Shares ⁴	Exercise of Options	+1,386	\$ 9.89
2011-01-06		Common Shares	Disposition	-1,386	\$19.10
2011-01-06		Common Shares ⁴	Exercise of Options	+600	\$ 9.89
2011-01-06		Common Shares	Disposition	-600	\$19.11
2011-01-06		Options	Exercise of Options	-400	\$ 9.89
2011-01-06	Options	Exercise of Options	-900	\$ 9.89	

<u>Name and Position</u>	<u>Date of Trade</u>	<u>Type of Securities</u>	<u>Nature of Trade</u>	<u>Number of Securities</u>	<u>Price per Security</u>
	2011-01-06	Options	Exercise of Options	-100	\$ 9.89
	2011-01-06	Options	Exercise of Options	-1,386	\$ 9.89
	2011-01-06	Options	Exercise of Options	-600	\$ 9.89
	2010-12-31	PSUs ¹	Acquisition	+76	—
	2011-04-05	PSUs	Grant	+2,740	—
	2011-04-14	PSUs	Expiration of Rights	-908	—
	2010-12-31	RSUs ³	Acquisition	+29	—
	2011-04-05	RSUs	Grant	+1,180	—
	2011-04-14	RSUs	Redemption	-548	—
Sampson, Tom	2010-12-15	Options	Exercise for Cash ⁴	-3,970	\$18.39
Senior Officer	2010-12-31	PSUs ¹	Acquisition	+120	—
	2011-04-05	PSUs	Grant	+4,860	—
	2011-04-14	PSUs	Expiration of Rights	-1,582	—
	2010-12-31	RSUs ³	Acquisition	+43	—
	2011-04-05	RSUs	Grant	+2,080	—
	2011-04-14	RSUs	Redemption	-729	—
Stone, Douglas George	2011-01-05	Common Shares	Disposition	3,400	\$18.45
Senior Officer	2011-01-06	Common Shares	Disposition	600	\$18.45
	2010-12-31	PSUs ¹	Acquisition	+118	—
	2011-04-05	PSUs	Grant	+4,130	—
	2011-04-14	PSUs	Expiration of Rights	-1,548	—
	2010-12-31	RSUs ³	Acquisition	+45	—
	2011-04-05	RSUs	Grant	+1,770	—
	2011-04-14	RSUs	Redemption	-746	—
Watt, Eric	2010-12-16	Common Shares	Exercise of Options	+100	\$15.98
Senior Officer	2010-12-16	Common Shares	Disposition	-100	\$18.22
	2010-12-16	Common Shares	Exercise of Options	+6,400	\$15.98
	2010-12-16	Common Shares	Disposition	-6,400	\$18.20
	2010-12-16	Common Shares	Exercise of Options	+100	\$15.98
	2010-12-16	Common Shares	Disposition	-100	\$18.21
	2010-12-16	Common Shares	Exercise of Options	+300	\$15.98
	2010-12-16	Common Shares	Disposition	-300	\$18.14
	2010-12-16	Common Shares	Exercise of Options	+1,300	\$15.98
	2010-12-16	Common Shares	Disposition	-1,300	\$18.13
	2010-12-16	Common Shares	Exercise of Options	+6,600	\$15.98
	2010-12-16	Common Shares	Disposition	-6,600	\$18.10
	2010-12-16	Common Shares	Exercise of Options	+200	\$15.98
	2010-12-16	Common Shares	Disposition	-200	\$18.11
	2010-12-16	Common Shares	Exercise of Options	+2,433	\$ 9.89
	2010-12-16	Common Shares	Disposition	-2,433	\$18.10
	2010-12-16	Options	Exercise of Options	-100	\$15.98
	2010-12-16	Options	Exercise of Options	-6,400	\$15.98
	2010-12-16	Options	Exercise of Options	-100	\$15.98
	2010-12-16	Options	Exercise of Options	-300	\$15.98
	2010-12-16	Options	Exercise of Options	-1,300	\$15.98
	2010-12-16	Options	Exercise of Options	-6,600	\$15.98
	2010-12-16	Options	Exercise of Options	-200	\$15.98
	2010-12-16	Options	Exercise of Options	-2,433	\$ 9.89
	2010-12-31	PSUs ¹	Acquisition	+82	—
	2011-04-05	PSUs	Grant	+2,000	—
	2011-04-14	PSUs	Expiration of Rights	-1,336	—

<u>Name and Position</u>	<u>Date of Trade</u>	<u>Type of Securities</u>	<u>Nature of Trade</u>	<u>Number of Securities</u>	<u>Price per Security</u>
	2010-12-31	RSUs ¹	Acquisition	+42	—
	2011-04-05	RSUs	Grant	+860	—
	2011-04-14	RSUs	Redemption	-284	—
Woodhouse, Nicholas John Senior Officer	2010-12-14	Options	Exercise for Cash ⁴	-2,553	\$17.77
	2010-12-31	PSUs ¹	Acquisition	+84	—
	2011-04-05	PSUs	Grant	+3,170	—
	2011-04-14	PSUs	Expiration of Rights	-1,336	—
	2010-12-31	RSUs ³	Acquisition	+43	—
	2011-04-05	RSUs	Grant	+1,360	—
	2011-04-14	RSUs	Redemption	-894	—
Lambert, Keith Senior Officer	2011-01-05	Common Shares	Exercise of Options	+3,500	\$16.00
	2011-01-05	Common Shares	Disposition	-3,500	\$18.45
	2011-01-07	Common Shares	Exercise of Options	+9,250	\$16.00
	2011-01-07	Common Shares	Disposition	-9,250	\$19.10
	2011-01-05	Options	Exercise of Options	-3,500	\$16.00
	2011-01-07	Option	Exercise of Options	-9,250	\$16.00
	2010-12-31	PSUs ¹	Acquisition	+326	—
	2011-04-05	PSUs	Grant	+8,790	—
	2011-04-14	PSUs	Expiration of Rights	-2,137	—
	2010-12-31	RSUs ³	Acquisition	+109	—
	2011-04-05	RSUs	Grant	+3,770	—
	2011-04-14	RSUs	Redemption	-1,514	—
White, Richard Jay Senior Officer	2010-12-17	Common Shares	Exercise of Options	+40,000	\$15.98
	2010-12-17	Common Shares	Disposition	-40,000	\$18.00
	2010-12-17	Options	Exercise of Options	-40,000	\$15.98
	2010-12-31	PSUs ¹	Acquisition	+341	—
	2011-01-31	PSUs ¹	Acquisition	+72	—
	2011-04-05	PSUs	Grant	+10,820	—
	2011-04-14	PSUs	Expiration of Rights	-1,850	—
	2011-05-02	PSUs ¹	Acquisition	+111	—
	2010-12-31	RSUs ³	Acquisition	+112	—
	2011-04-05	RSUs	Grant	+4,640	—
	2011-04-14	RSUs	Redemption	-1,927	—
Lazarovic, Sam Director or Senior Officer of Insider or Subsidiary	2011-04-13	Options	Exercise for Cash ⁴	-3,237	\$ 9.89
	2011-01-31	PSUs	Acquisition	+16	—
	2011-04-05	PSUs	Grant	+2,710	\$17.02
	2011-05-02	PSUs ¹	Acquisition	+26	—
	2011-04-05	RSUs	Acquisition	+1,165	\$17.02
Carriere, Mona Director or Senior Officer of Insider or Subsidiary	2010-12-31	PSUs ¹	Acquisition	+186	—
	2011-04-05	PSUs	Grant	+4,590	—
	2011-04-14	PSUs	Expiration of Rights	-2,982	—
	2010-12-31	RSUs ³	Acquisition	+64	—
	2011-04-05	RSUs	Grant	+1,970	—
	2011-04-14	RSUs	Redemption	-1,143	—

According to a report filed by Letko, Brosseau under the Company's profile at www.sedar.com on March 8, 2011, Letko, Brosseau managed accounts disposed of a net total of 387,930 Common Shares, representing a decrease of approximately 0.4% of all outstanding Common Shares as of April 21, 2011, since the previous report filed by Letko, Brosseau under the Company's profile at www.sedar.com on July 8, 2010.

- 1 Acquired pursuant to issuance of dividend equivalents.
- 2 All Common Shares acquired by The Forzani Group Ltd. were acquired pursuant to the Company's normal course issuer bid, and immediately cancelled.
- 3 Acquired pursuant to issuance of dividend equivalents.
- 4 Exercise of tandem stock appreciation right granted under the Company's Stock Option Plan.

ISSUANCES OF SECURITIES OF THE COMPANY

Except as set forth below or disclosed elsewhere in this Directors' Circular, no Common Shares or Options have been issued or granted to the Directors or officers of the Company or other insiders of the Company during the two years preceding this Directors' Circular.

<u>Name and Position</u>	<u>Date of Issue/ Grant</u>	<u>Type of Securities</u>	<u>Number of Securities</u>	<u>Price per Security</u>	
Sartor, Robert Director and Chief Executive Officer	2010-04-09	Options	80,000	\$16.67	
Quinn, Thomas G. President and Chief Operating Officer	2010-04-09	Options	40,000	\$16.67	
Lambert, Michael R. Chief Financial Officer	2010-04-14	Options	9,710	\$16.67	
Hould, John Senior Vice-President, National Sports & Online Retail	2010-04-09	Options	10,020	\$16.67	
Tremblay, Jean-Stephane Executive Vice President	2009-06-25	Common Shares	5,000	\$10.25	
	2009-06-26	Common Shares	3,000	\$10.25	
	2009-06-26	Common Shares	500	\$10.25	
	2009-06-30	Common Shares	2,500	\$10.25	
	2009-07-03	Common Shares	1,150	\$10.25	
	2009-07-06	Common Shares	1,850	\$10.25	
	2009-07-07	Common Shares	1,000	\$10.25	
	2009-07-10	Common Shares	500	\$10.25	
	2009-07-13	Common Shares	1,000	\$10.25	
	2009-07-15	Common Shares	1,000	\$10.25	
	2009-07-17	Common Shares	6,000	\$10.25	
	2009-07-22	Common Shares	100	\$10.25	
	2009-07-23	Common Shares	2,400	\$10.25	
	2009-12-15	Common Shares	9,000	\$10.25	
	2009-06-15	Options	6,780	\$14.24	
	2010-04-09	Options	14,190	\$16.67	
Appelman, Melody Joy Senior Officer	2011-01-06	Common Shares	400	\$15.98	
	2011-01-06	Common Shares	600	\$15.98	
	2011-01-06	Common Shares	1,000	\$15.98	
	2011-04-20	Common Shares	100	\$15.98	
	2011-04-20	Common Shares	300	\$15.98	
	2011-04-20	Common Shares	100	\$15.98	
	2011-04-20	Common Shares	2,500	\$15.98	
Burnet, Richard Senior Officer	2009-07-07	Common Shares	2,600	\$10.25	
	2009-07-15	Common Shares	7,200	\$10.25	
	2009-07-20	Common Shares	32,800	\$10.25	
	2009-12-16	Common Shares	1,500	\$10.25	
	2009-12-21	Common Shares	6,200	\$10.25	
	2009-12-22	Common Shares	15,700	\$10.25	
	2009-12-23	Common Shares	7,500	\$10.25	
	2009-12-24	Common Shares	4,000	\$10.25	
	2009-12-29	Common Shares	8,100	\$10.25	
	2009-12-30	Common Shares	14,400	\$10.25	
	2009-12-30	Options	14,400	\$10.25	
	2010-04-09	Options	12,440	\$16.67	
	Clements, Stephen Lee Senior Officer	2010-04-13	Common Shares	600	\$ 9.89
		2010-04-13	Common Shares	2,096	\$ 9.89
		2010-04-09	Options	3,760	\$16.67

<u>Name and Position</u>	<u>Date of Issue/ Grant</u>	<u>Type of Securities</u>	<u>Number of Securities</u>	<u>Price per Security</u>
Garner, Terry Senior Officer	2010-12-30	Common Shares	643	\$ 9.89
Handford, Matthew Robert Senior Officer	2011-01-06	Common Shares	1,700	\$ 9.89
	2011-01-07	Common Shares	7,300	\$ 9.89
	2011-01-07	Common Shares	33	\$ 9.89
	2010-04-09	Options	13,370	\$16.67
Hindman, Mark Senior Officer	2010-04-09	Options	3,750	\$16.67
Johnston, Evan Senior Officer	2010-04-09	Options	7,290	\$16.67
Lemens, Troy Joseph Serge Senior Officer	2010-12-15	Common Shares	300	\$ 9.89
	2010-12-15	Common Shares	400	\$ 9.89
	2010-12-15	Common Shares	1,400	\$ 9.89
	2010-12-15	Common Shares	333	\$ 9.89
	2010-04-09	Options	3,460	\$16.67
McKinnon, Chad Michael Senior Officer	2010-04-09	Options	11,180	\$16.67
Michael, Kreuger Senior Officer	2010-04-09	Options	2,800	\$16.67
Reid, Paul Keith Senior Officer	2011-01-10	Common Shares	540	\$ 9.89
Rolston, Heidi Jeanne Margaret Senior Officer	2011-01-06	Common Shares	400	\$ 9.89
	2011-01-06	Common Shares	900	\$ 9.89
	2011-01-06	Common Shares	100	\$ 9.89
	2011-01-06	Common Shares	1,386	\$ 9.89
	2011-01-06	Common Shares	600	\$ 9.89
	2010-04-09	Options	3,190	\$16.67
Sampson, Tom Senior Officer	2009-09-25	Common Shares	200	\$10.25
	2009-09-28	Common Shares	9,800	\$10.25
	2009-12-16	Common Shares	14,300	\$10.25
	2010-04-09	Options	5,640	\$16.67
Stone, Douglas George Senior Officer	2009-04-13	Options	12,400	\$ 9.89
	2010-04-09	Options	7,420	\$16.67
Watt, Eric Senior Officer	2009-07-31	Common Shares	10,000	\$10.25
	2010-12-16	Common Shares	100	\$15.98
	2010-12-16	Common Shares	6,400	\$15.98
	2010-12-16	Common Shares	100	\$15.98
	2010-12-16	Common Shares	300	\$15.98
	2010-12-16	Common Shares	1,300	\$15.98
	2010-12-16	Common Shares	6,600	\$15.98
	2010-12-16	Common Shares	200	\$15.98
	2010-12-16	Common Shares	2,433	\$ 9.89
	2010-04-09	Options	3,490	\$16.67
Woodhouse, Nicholas John Senior Officer	2010-04-09	Options	3,630	\$16.67
Lambert, Keith Senior Officer	2009-07-23	Common Shares	7,500	\$10.25
	2009-07-24	Common Shares	12,700	\$10.25
	2009-07-27	Common Shares	200	\$10.25
	2009-07-31	Common Shares	4,600	\$10.25
	2010-04-14	Common Shares	7,413	\$ 9.89

<u>Name and Position</u>	<u>Date of Issue/ Grant</u>	<u>Type of Securities</u>	<u>Number of Securities</u>	<u>Price per Security</u>
	2011-01-05	Common Shares	3,500	\$16.00
	2011-01-07	Common Shares	9,250	\$16.00
	2010-04-09	Options	15,480	\$16.67
White, Richard Jay	2010-12-17	Common Shares	40,000	\$15.98
Senior Officer				
	2010-04-09	Options	9,710	\$16.67
Lazarovic, Sam	2009-04-13	Options	9,710	\$ 9.89
Director or Senior Officer of Insider or Subsidiary				
	2010-04-09	Options	4,720	\$16.67
Carriere, Mona	2010-04-09	Options	7,970	\$16.67
Director or Senior Officer of Insider or Subsidiary				

OWNERSHIP OF SECURITIES OF THE OFFEROR AND CANADIAN TIRE

Except for Richard Jay White and Mona Carriere who own, or exercise control or direction over, 30 and 100 Class “A” Non-Voting Shares of Canadian Tire, respectively, none of the Company, its directors or officers of the Company, and to the knowledge of the directors and officers of the Company, after reasonable enquiry, none of their respective associates or affiliates or any insiders of the Company, or any person or company acting jointly or in concert with the Company, owns, or exercises control or direction over securities of the Offeror or Canadian Tire.

INTENTIONS WITH RESPECT TO THE OFFER

As described below under “Lock-Up Agreements”, the Locked-Up Shareholders have agreed, subject to certain conditions, to irrevocably deposit, pursuant to the Offer, and not withdraw, an aggregate of 2,528,252 Common Shares (which includes Common Shares issuable upon conversion of Options held by them), representing approximately 8.34% of the outstanding Common Shares on a Fully-Diluted Basis. In addition to the Locked-Up Shareholders, to the knowledge of the directors and officers of the Company, after reasonable enquiry, all directors and officers of the Company and each of Mr. Bellstedt’s and Mr. Quinn’s spouses, intend to accept the Offer.

Lock-Up Agreements

The Lock-Up Agreements entered into between each of the Locked-Up Shareholders of the Company and Canadian Tire impose certain obligations and restrictions on the part of each Locked-Up Shareholder. Each Locked-Up Shareholder covenants to support the Offer, deposit irrevocably under the Offer all Common Shares owned or controlled by the Locked-Up Shareholder, including Common Shares acquired upon exercise of his or her Options (collectively, the “**Locked-Up Shareholder’s Securities**”) and surrender for cancellation all out-of-the-money Options.

The Lock-Up Agreements also contain covenants of the Locked-Up Shareholder similar to the non-solicitation covenants contained in the Support Agreement.

If Canadian Tire and the Offeror decide to proceed with an another form of transaction that would allow the Offeror or its Affiliates to own or control 100% of the Common Shares on a Fully-Diluted Basis or substantially all of the assets of the Company, and such transaction provides the Shareholders with a financial result at least equivalent to or better than the Offer, the Locked-Up Shareholder irrevocably covenants to support such transaction (including, if applicable, by voting the Locked-Up Shareholder’s Securities in favour of any resolution approving such transaction); provided that such transaction will not result in a material delay or be materially prejudicial to Shareholders.

ARRANGEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND OFFICERS

Employment Arrangements

The Company is a party to employment agreements containing change of control provisions previously entered into with Richard Burnet, Matthew Handford, John Hould, Evan Johnston, Keith Lambert, Michael Lambert, Chad McKinnon, Thomas Quinn, Robert Sartor, Jean-Stephane Tremblay and Richard White (the “**Employment Agreements**”). Assuming the conditions of the Offer are satisfied, the Offeror and the Company comply with their obligations under the Support Agreement and the Offeror takes up and pays for the Common Shares, a “change of control” would result under such Employment Agreements.

In the event an officer provides notice within 90 days of a “change of control”, the Employment Agreements require: (i) in the case of Messrs. Handford, Hould, Johnston, K. Lambert and McKinnon, the Company to pay compensation equal to one times the total cash compensation received by such executive in respect of the last completed fiscal year immediately preceding the termination; (ii) in the case of Messrs. M. Lambert, White and Tremblay, the Company to pay compensation equal to one and a half times the total cash compensation received by such executive in respect of the last completed fiscal year immediately preceding the termination; (iii) in the case of Mr. Burnet, the Company to pay compensation equal to two times the total cash compensation received by Mr. Burnet in respect of the last completed fiscal year immediately preceding the termination; and (iv) in the case of Messrs. Quinn and Sartor, the Company to pay compensation equal to three times the sum of: (a) such executive’s base salary in the fiscal year preceding such termination; and (b) the aggregate bonus such executive would have earned in the fiscal year preceding the termination assuming certain performance targets were satisfied (but regardless of actual earnings); and continuation of medical and dental benefits for a period of three months from the date of termination.

Company’s Stock Option Plan

Under the Company’s Stock Option Plan, if at any time an option granted under the Company’s Stock Option Plan remains unexercised and an offer to purchase a number of the issued Common Shares of the Company is made by a third party who would, if the offer is successful, then hold 50% or more of all the voting rights outstanding, the Company shall use its best efforts to bring such offer to the attention of the participant as soon as practicable and the Company shall provide the acceleration of the time for the exercise of the option rights granted under the Company’s Stock Option Plan and of the time for the fulfilment of any conditions or restrictions on such exercise.

Pursuant to the Support Agreement, the Company and the Offeror have agreed to take such actions as may be necessary or desirable to allow all persons holding Options pursuant to the Company’s Stock Option Plan: (i) to exercise their Options on an accelerated vesting basis solely for the purpose of depositing to the Offer all Common Shares issued in connection with such exercise of Options, conditional upon the Offeror agreeing to take up the Common Shares deposited pursuant to the Offer; and (ii) to cancel all Options that will not have been exercised by the Effective Time.

Company’s Stock Unit Plan

The Company’s Stock Unit Plan contains provisions which provide for accelerated vesting in the event of a “change of control” of the Company or a “reorganization” of the Company such that all unvested PSUs and RSUs will immediately vest and the holder of those units will be entitled to a payout in respect thereof. For the purposes of the Company’s Stock Unit Plan, the definition of “change of control” of the Company is essentially the same as under the Company’s Stock Option Plan other than that it also includes the dissolution of the Board of Directors, and a “reorganization” of the Company means: (i) an offer for Common Shares, where the Common Shares subject to the offer, together with the offeror’s Common Shares and Common Shares of any person or company acting jointly or in concert with the offeror, constitute in the aggregate 20% or more of the Common Shares; (ii) any transaction whereby any person(s) becomes the beneficial owner of Common Shares, directly or indirectly and together with the Common Shares of any person or company acting jointly or in concert with such person, representing more than 20% of either the total economic value of the Common Shares or the total voting power of all securities of the Company, provided that such person(s) shall be deemed to have “beneficial ownership” of all Common Shares that any such person(s) have the right to acquire, whether such right is exercisable immediately or only after the passage of time, unless another person has previously acquired and continues to hold Shares that represent a greater percentage than the first-mentioned person(s); (iii) a merger, consolidation, amalgamation, arrangement, plan of arrangement or similar

transaction with respect to which persons who were the beneficial owners of the Common Shares immediately prior to such transaction, own less than 50% of the Common Shares or 50% of the outstanding voting securities of the surviving or resulting corporation upon the consummation of such transaction; (iv) a sale or license by the Company of all or substantially all of its assets to another entity which is not a wholly-owned subsidiary; or (v) such other transaction as the Board of Directors, acting in its sole discretion, deems to be a “reorganization”.

Pursuant to the Support Agreement, the Company and the Offeror have agreed, between the date of the Support Agreement and the Take Up Date, subject to the terms of the Company’s Stock Unit Plan and the receipt of any necessary approvals and to securities laws, the Company may take such actions as may be necessary or desirable, including amending the terms of any RSUs and PSUs and the Company’s Stock Unit Plan, to provide that all RSUs and PSUs vest no later than immediately prior to the Take-Up Date and that each holder of vested RSUs and PSUs shall be entitled to a payout in respect of such RSUs and PSUs, in accordance with their terms.

Company’s Directors’ Share Unit Plan

The DSUs will be treated in accordance with the terms and conditions set forth in the Company’s Directors’ Share Unit Plan. Within 30 days of the date on which a director ceases to be a member of the Board of Directors and so long as such director is not an employee of the Company or a director or employee of an affiliate of the Company, each member of the Board of Directors that holds any DSUs will receive a lump sum payment in cash equal to the number of DSUs recorded in such director’s account on the date of payment multiplied by the average closing price of the Common Shares on the TSX for the twenty trading days immediately preceding the date of payment, less any applicable withholding taxes. Upon payment in full of the value of the DSUs, less the applicable withholding taxes, the DSUs will be cancelled and no further payments will be made related to such DSUs.

Pursuant to the Support Agreement, the Company and the Offeror have agreed that, promptly following the Effective Time and from time to time thereafter, the Offeror shall be entitled to designate such number of directors of the Board of Directors, which would constitute a majority of the Board of Directors and the Company shall not frustrate the attempts of the Offeror to do so and covenants to use commercially reasonable efforts to co-operate with the Offeror, subject to applicable law, to enable the designees of the Offeror to be elected or appointed to the Board of Directors, and to constitute a majority of the Board of Directors, including, without limitation, at the request of the Offeror, by using its commercially reasonable efforts to increase the size of the Board of Directors and/or to secure the resignations of such directors as the Offeror may request.

Also pursuant to the Support Agreement, the Company and the Offeror have agreed that the value of DSUs outstanding under the Company’s Directors’ Share Unit Plan following the resignation of participating individuals shall be calculated in accordance with the terms of the Company’s Directors’ Share Unit Plan as at the Effective Time and shall be paid promptly and in any event within two business days of the Effective Time, notwithstanding any term of the Company’s Directors’ Share Unit Plan which might extend payment beyond such date.

RELATIONSHIP BETWEEN THE OFFEROR OR CANADIAN TIRE AND DIRECTORS AND OFFICERS

Except as disclosed elsewhere in this Directors’ Circular, including in this section, there is no agreement, commitment or understanding made or proposed to be made between the Offeror or Canadian Tire and any of the directors or officers of the Company, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the Offer is successful.

Directors’ and Officers’ Insurance and Indemnification Arrangements

The Acquiring Parties have agreed that for the period from the Effective Time until six years after the Effective Time, the Offeror will cause the Company to maintain the Company’s current directors’ and officers’ insurance policy or an equivalent policy, on a “trailing” or “run-off” basis, subject in either case to terms and conditions no less advantageous to the directors and officers of the Company and its subsidiaries than those contained in the policy in effect on the date of the Support Agreement, for all present and former directors and officers of the Company and its subsidiaries, covering claims made prior to or within six years after the Effective Time; provided, however, that neither

the Company nor the Offeror shall be required, in order to maintain such directors' and officers' insurance policy, to pay an annual premium in excess of 250% of the annual cost of the existing policies; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying an annual premium in excess of 250% of the annual cost of the existing policies, the Company and the Offeror shall only be required to obtain as much coverage as can be obtained by paying an annual premium equal to 250% of the annual cost of the existing policies. Furthermore, prior to the Effective Time, the Company may, in the alternative, purchase, either as an extension to the current insurance policies of the Company and its subsidiaries or as a new policy, pre-paid non-cancellable run off directors' and officers' liability insurance for a period of up to six years from the Effective Time providing such coverage for all present and former directors and officers of the Company and its subsidiaries on terms comparable to those contained in the current insurance policies of the Company and its subsidiaries and at a cost that does not exceed \$425,000.

The Acquiring Parties have agreed to cause the Company to keep current indemnity agreements in place for Indemnified Parties and to indemnify each Indemnified Party to the fullest extent permitted under applicable law from all claims arising out of or related to such individual's service to the Company, including the approval of the Support Agreement, the completion of the Offer or any of the other Contemplated Transactions arising out of or related to the Support Agreement and the transactions contemplated by the Support Agreement; provided that such Indemnified Person acted honestly and in good faith with a view to the best interests of the Company and, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, the Indemnified Person had reasonable grounds for believing that his or her conduct was lawful.

No directors or officers of the Company are also directors or officers of the Offeror, Canadian Tire or any subsidiary of either such Party.

ARRANGEMENTS BETWEEN THE OFFEROR OR CANADIAN TIRE AND SECURITY HOLDERS OF THE COMPANY

Other than the Lock-Up Agreements discussed under the heading "Intentions with Respect to the Offer – Lock-Up Agreements", there are no agreements, commitments or understandings made or, to the knowledge of the directors and officers of the Company, proposed to be made between the Offeror or Canadian Tire and a security holder of the Company relating to the Offer.

INTERESTS OF DIRECTORS AND OFFICERS IN MATERIAL TRANSACTIONS WITH THE OFFEROR OR CANADIAN TIRE

Except as otherwise disclosed in this Directors' Circular, none of the directors or officers of the Company and their associates and, to the knowledge of the directors and officers of the Company, after reasonable inquiry, no person who owns more than 10% of any class of equity securities of the Company for the time being outstanding has any interest in any material transaction to which the Offeror or Canadian Tire is a party.

MATERIAL CHANGES AND OTHER INFORMATION CONCERNING THE COMPANY

Except as publicly disclosed or otherwise described in this Directors' Circular, none of the directors or officers of the Company is aware of any information that indicates any material change in the affairs of the Company since the date of its last published financial statements, being its audited annual financial statements for the fifty two week period January 30, 2011 and management's discussion and analysis relating thereto, each of which is available under the Company's profile at www.sedar.com.

RESPONSE OF THE COMPANY

Except as otherwise described or referred to herein or in the Bid Circular, there are no transactions, directors' resolutions, agreements in principle, or signed contracts in response to the Offer nor are there any negotiations underway in response to the Offer which relate to or would result in: (a) an extraordinary transaction such as a merger or reorganization involving the Company or a subsidiary of the Company; (b) the purchase, sale or transfer of a material amount of assets by the Company or a subsidiary of the Company; (c) a competing Acquisition Proposal; (d) a

bid by the Company for its own securities or for those of another issuer; or (e) any material change in the present capitalization or dividend policy of the Company.

SHAREHOLDER RIGHTS PLAN

On April 29, 1996, the Company and Computershare Trust Company of Canada, as rights agent, entered into the Shareholder Rights Plan. A copy of the Shareholder Rights Plan, which was most recently amended on June 11, 2008, is available under the Company's profile at www.sedar.com.

The Shareholder Rights Plan creates a right for each Shareholder, which can only be exercised when a person acquires control of 20% or more of the outstanding Common Shares. Each right, when triggered, permits each Shareholder, other than the 20% buyer, to acquire additional Common Shares at one-half of the market price at the time of exercise. The rights separate and trade apart from the Common Shares and become exercisable at the Separation Time. "Separation Time" generally means the close of business on the eighth Business Day, or such later Business Day as may be determined by the Board of Directors, following the earlier to occur of: (i) the "Stock Acquisition Date", which is generally the date that a person, together with its affiliates and associates and anyone with whom it is acting in concert, acquires 20% or more of the Common Shares of the Company; or (ii) the commencement of, or first public announcement of the intention of any person (other than the Company or any subsidiary of the Company) to commence, a take-over bid (other than a Permitted Bid (as defined in the Shareholder Rights Plan) or a Competing Permitted Bid (as defined in the Shareholder Rights Plan)).

Under the Support Agreement, the Company and the Board of Directors have agreed to take all action necessary to waive the application of the Shareholder Rights Plan to the Contemplated Transactions and to ensure that the Shareholder Rights Plan does not interfere with or impede the success of the Contemplated Transactions immediately prior to the Expiry Time or earlier if so requested in writing by the Offeror.

OTHER INFORMATION

Except as disclosed in this Directors' Circular, there is no information that is known to the directors which would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides security holders of the Company with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

APPROVAL OF THE DIRECTORS' CIRCULAR

This Directors' Circular has been approved and its sending has been authorized by the Board of Directors.

CONSENT OF GREENHILL & CO. CANADA LTD.

To: The Board of Directors of The Forzani Group Ltd.

We hereby consent to the references in the Directors' Circular of The Forzani Group Ltd. dated May 20, 2011 to our firm name and to our fairness opinion dated May 7, 2011, and to the inclusion of the text of our fairness opinion attached as Appendix "A" to the Directors' Circular.

DATED at Toronto, Ontario, this 20th day of May, 2011.

(Signed)

GREENHILL & CO. CANADA LTD.

CERTIFICATE

DATED: May 20, 2011

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Directors of The Forzani Group Ltd.

(Signed) "*John M. Forzani*"
Director

(Signed) "*Robert Sartor*"
Director and Chief Executive Officer

APPENDIX “A” FAIRNESS OPINION

May 7, 2011

Board of Directors
The Forzani Group Ltd.
824 41st Ave. NE
Calgary, AB T2E 3R3

Members of the Board of Directors:

We, Greenhill & Co. Canada Ltd. (“Greenhill”) understand that The Forzani Group Ltd. (the “Company”), Canadian Tire Corporation, Limited (“Parent”) and FGL AcquisitionCo Limited, a wholly-owned subsidiary of Parent (“Purchaser”) propose to enter into an acquisition support agreement (the “Agreement”), which provides, among other things, that Purchaser will make an offer by way of take-over bid (the “Offer”) for all of the issued and outstanding Class “A” Shares of the Company (the “Common Shares”), other than Common Shares owned by Purchaser and its affiliates, for a cash price equal to C\$26.50 per Common Share (the “Consideration”). The terms and conditions of the Offer are more fully set forth in the Agreement.

Pursuant to an engagement letter dated February 21, 2011 (the “Engagement Letter”), the Company retained Greenhill in connection with the Offer, to provide financial advisory services and to prepare and deliver to the Board of Directors and the Company our opinion as to the fairness of the consideration to be received by holders of Common Shares, other than Purchaser and its affiliates (the “Shareholders”), under the Offer, from a financial point of view, to such holders (the “Fairness Opinion”).

Relationship with interested parties

Greenhill is not an insider, associate or affiliate as each such term is defined in the *Securities Act* (Ontario) of the Company, Parent or Purchaser, nor is it a financial advisor to Parent or Purchaser in connection with the Offer.

We will be paid a fee for our services as financial advisor to the Company and its Board of Directors, a portion of which is contingent on the consummation of the Offer. In addition, the Company has agreed to indemnify us for certain liabilities that may arise out of our engagement.

Credentials of Greenhill

Greenhill is a subsidiary of Greenhill & Co., Inc. (“Greenhill & Co.”), a leading independent investment bank focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raisings to corporations, partnerships, institutions and governments around the world. Greenhill & Co. is an independent firm listed on the New York Stock Exchange which focuses on advisory work. Greenhill has no research, trading, lending, underwriting or related activities. The Fairness Opinion is an opinion of Greenhill and the form and content herein has been reviewed and approved for release by our fairness committee, each member of which is experienced in mergers, acquisitions, divestitures, evaluations and fairness opinion matters.

Scope of Review

In connection with rendering our Fairness Opinion, we have reviewed and relied upon, or carried out as the case may be, among other things, the following:

1. the draft of the Agreement dated as of May 7, 2011 and certain related documents;
2. the audited financial statements and accompanying management’s discussion and analysis of the Company for the years ended February 1, 2009, January 31, 2010 and January 30, 2011;
3. the annual reports of the Company for the years ended February 1, 2009 and January 31, 2010;
4. the management proxy circulars of the Company for the years ended February 1, 2009 and January 31, 2010;

5. the annual information forms of the Company for the fiscal years ended February 1, 2009, January 31, 2010 and January 30, 2011;
6. certain publicly available business and financial information relating to the Company and other selected public companies that we deemed relevant;
7. certain information, including financial forecasts, strategic plans, capital and operating budgets and other financial and operating data concerning the Company, prepared by the management of the Company;
8. discussions regarding the past and present operations and financial condition and the prospects of the Company with senior executives of the Company;
9. certificate addressed to us, dated as of the date hereof, from senior officers of the Company as to the completeness and accuracy of the information provided to us upon which the Fairness Opinion is based;
10. the historical market prices and trading activity for the Common Shares and analyzed their implied valuation multiples;
11. a comparison of the value of the Consideration with that received in certain publicly available transactions that we deemed relevant;
12. a comparison of the value of the Consideration with the trading valuations of certain publicly traded companies that we deemed relevant;
13. a comparison of the value of the Consideration to the valuation derived by discounting future cash flows and a terminal value of the business of the Company at discount rates we deemed appropriate;
14. discussions and negotiations among representatives of the Company and its legal advisors and representatives of Parent and Purchaser and their legal and financial advisors; and
15. performed such other analyses and considered such other factors as we deemed appropriate.

Assumptions and Limitations

With the approval of the Board of Directors of the Company and as provided for in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources or information provided to us by the Company and its advisors (collectively, the "Information"). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment, we have not attempted to independently verify the completeness, accuracy or fair presentation of any of the Information. With respect to the financial forecasts, projections, estimates and budgets relating to the Company and its material subsidiaries that have been furnished to us as part of the Information ("Forecasts"), we have assumed that such Forecasts were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of the Company as to such matters, and, with the approval of the Board of Directors of the Company, we have relied upon such Forecasts in arriving at our Fairness Opinion.

Senior officers of the Company have represented to us in a certificate dated as of the date hereof, among other things, that (i) the Information (as defined above) provided orally by an officer, employee, advisor or agent of the Company or in writing by the Company or any of its subsidiaries (as such term is defined in the *Securities Act* (Ontario)) or their respective agents to Greenhill relating to the Company or any of its subsidiaries or the Offer for the purpose of preparing the Fairness Opinion was, at the date the Information was provided to us, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of the Company, its subsidiaries, or the Offer and did not and does not omit to state a material fact in respect of the Company, its subsidiaries or the Offer necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was made or provided; (ii) since the dates on which the Information and Forecasts were provided to us, except as disclosed in writing to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations, or prospects of the Company or any of its material subsidiaries and no change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Fairness Opinion; (iii) the Forecasts were reasonably prepared by management of the Company on a basis which reflects the best currently available estimates and good faith judgments of the management of the Company as to such

matters, and (iv) to the best of the senior officers' knowledge, information and belief after due inquiry, there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided to the Company.

In preparing the Fairness Opinion, we have made several assumptions, including that the Offer will be completed on the terms contemplated in the draft Agreement provided to us, that all of the conditions required under the Offer will be satisfied, that all of the representations and warranties to be contained in the Agreement are correct as of the date hereof and that the disclosure provided or incorporated by reference in the directors' circular (the "Directors' Circular") to be delivered to the Company's shareholders will be accurate in all material respects.

This Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as reflected in the information, data and other material (financial or otherwise) reviewed by us and as represented to us in our discussions with the management of the Company. In our analyses and in connection with preparing the Fairness Opinion, we made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Offer.

The Fairness Opinion is effective on the date hereof and we disclaim any undertaking or obligation to advise any person of any change in any fact, information or matter affecting the Fairness Opinion that may come or be brought to our attention after the date hereof. Without limiting the foregoing, if there is any material change in any fact, information or matter affecting the Fairness Opinion after the date hereof, we reserve the right to change, modify or withdraw the Fairness Opinion. This Fairness Opinion is addressed to and is for the sole use and benefit of the Board of Directors and the Company, and may not be referred to, summarized, circulated, publicized or reproduced by the Company, other than in the Directors' Circular as herein expressly specified, or disclosed to, used or relied upon by any other party without the express prior written consent of Greenhill. This Fairness Opinion is not to be construed as a recommendation to any holder of Common Shares as to whether or not to accept or reject the Offer.

We believe that our analyses must be considered as a whole and that selecting portions of our analyses or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a Fairness Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Based on and subject to the foregoing, including the limitations and assumptions set forth herein and such other matters as we considered relevant, we are of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders under the Offer is fair, from a financial point of view, to such holders.

Very best regards,

(Signed) GREENHILL & CO. CANADA LTD.