

This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, stockbroker, lawyer or other professional advisor.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in the Offeror's sole discretion, take such action as the Offeror may deem necessary to extend the Offer to shareholders in any such jurisdiction.

This Offer has not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority expressed an opinion about, or passed upon the fairness or merits of the Offer, the securities that are the subject of this Offer, or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

May 20, 2011



FGL ACQUISITIONCO LIMITED

a corporation wholly-owned by

CANADIAN TIRE CORPORATION, LIMITED

CASH OFFER TO PURCHASE

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

at a price of Cdn\$26.50 in cash
for each Class "A" share of The Forzani Group Ltd.

FGL AcquisitionCo Limited (the "**Offeror**"), a corporation wholly-owned by Canadian Tire Corporation, Limited ("**Canadian Tire**"), hereby offers (the "**Offer**") to purchase, upon the terms and subject to the conditions described herein, all of the issued and outstanding Class "A" shares (the "**Common Shares**") of The Forzani Group Ltd. ("**FGL**"), including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time (as hereinafter defined) upon the conversion, exchange or exercise of options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan (as defined herein).

The Offer will be open for acceptance until 5:00 p.m. (Toronto time) on June 29, 2011, unless the Offer is extended or withdrawn (the "Expiry Time").

The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "FGL". The price of Cdn\$26.50 in cash per Common Share represents a premium of approximately 50% over the Cdn\$17.61 closing price of the Common Shares on the TSX on May 6, 2011, the last date on which the Common Shares traded prior to the date on which the Offer was announced. The Offer also represents a 45% premium over the 10-day volume weighted average price for the period ended May 6, 2011 of Cdn\$18.25.

The board of directors of FGL (the "FGL Board") has unanimously determined, upon the recommendation of a special committee of directors (the "Special Committee") and after consultation with its financial and legal advisors, that the consideration being offered pursuant to the Offer is fair to all holders of Common Shares (the "Shareholders") (other than the Offeror, Canadian Tire and their respective affiliates), that it would be in the best interests of FGL to support and facilitate the Offer and enter into the Support Agreement and to recommend that Shareholders DEPOSIT their Common Shares to the Offer.

The Offer is subject to certain conditions, which are set forth in Section 2 of the Offer, “Conditions of the Offer”, including that there shall have been validly deposited under the Offer and not withdrawn as at the Expiry Time of the Offer, such number of Common Shares that, together with any Common Shares beneficially owned or over which control or direction is exercised by the Offeror and its affiliates and joint actors, represent at least 66⅔% of the outstanding Common Shares (on a fully-diluted basis). The Offeror reserves the right to withdraw or terminate the Offer and not take up and pay for any Common Shares validly deposited under the Offer if all of the conditions of the Offer are not satisfied or waived by the Offeror at or prior to the Expiry Time.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

Shareholders who wish to accept the Offer and deposit their Common Shares must properly complete and execute the accompanying Letter of Transmittal (printed on blue paper) or a manually signed facsimile thereof and deposit it, together with the certificates representing their Common Shares and all other required documents, at the office of Computershare Investor Services Inc. (the “**Depository**”) identified in the Letter of Transmittal and in accordance with the instructions in the Letter of Transmittal, or request their broker, dealer, commercial bank, trust company or other nominee to effect the transaction on their behalf. Alternatively, Shareholders may accept the Offer where the certificates representing the Common Shares are not immediately available, or if the certificates and all of the required documents cannot be provided to the Depository before the Expiry Time, by following the procedures for guaranteed delivery described in Section 5 of the Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”, using the accompanying Notice of Guaranteed Delivery (printed on yellow paper) or a manually signed facsimile thereof. Shareholders whose Common Shares are registered in the name of a nominee should consult their broker, investment dealer, bank, trust company or other nominee for assistance in depositing their Common Shares. Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depository.

Questions and requests for assistance may be directed to Phoenix Advisory Partners (the “Information Agent”) or the Depository for the Offer. Contact details for the Information Agent and Depository may be found on the back page of this document. Additional copies of this document and related materials may be obtained without charge on request from the Information Agent or Depository. Copies of this document and related materials may also be found under FGL’s profile at www.sedar.com.

NOTICE TO HOLDERS OF FGL OPTIONS AND OTHER RIGHTS

The Offer is made only for Common Shares, including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan. Any holder of options or other rights to acquire Common Shares who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable law, fully exercise or exchange such options or other rights in accordance with their terms in order to obtain certificates representing Common Shares and deposit such Common Shares in accordance with the terms of the Offer.

Any such exercise or exchange must be completed sufficiently in advance of the Expiry Time to assure the holder of such options, warrants or other rights to acquire Common Shares that the holder will have certificates representing the Common Shares received on such exercise or exchange available for deposit before the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 5 of the Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

The Canadian tax consequences to holders of FGL Options (as hereinafter defined) are not described in this Offer and Circular. Holders of FGL Options should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the Offer, including the decision to exercise or not exercise their FGL Options.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

The Offer and Circular contain certain forward-looking information and forward-looking statements, as defined in applicable Canadian securities laws (collectively referred to as “**forward-looking statements**”). Forward-looking statements include possible events and statements with respect to possible events. The words “plans,” “expects,” “is expected,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” or “believes,” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will be taken,” “occur” and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Offeror as at the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies and may prove to be incorrect.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the possible failure to complete the Offer and/or any subsequent acquisition of Common Shares following the Offer.

All of the forward-looking statements made in the Offer and Circular are qualified by these cautionary statements. These factors are not intended to represent a complete list of the potentially relevant factors. Accordingly, undue reliance should not be placed on forward-looking statements. The Offeror undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information or future events or otherwise, except as may be required in connection with a material change in the information disclosed in this Offer and Circular or as otherwise required by law.

INFORMATION CONCERNING FGL

Except as otherwise indicated, all information concerning FGL contained in the Offer and Circular has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources and certain other information provided by FGL to Canadian Tire and the Offeror. Canadian Tire and the Offeror have been granted access to certain additional information concerning the business and affairs of FGL that is not generally available. Although neither Canadian Tire nor the Offeror has any knowledge that would indicate that any statements contained herein taken from or based on such information or such documents and records are untrue or incomplete, neither Canadian Tire nor the Offeror, nor their respective directors and officers assume any responsibility for the accuracy or completeness of such information or the information taken from or based upon such documents and records, or for any failure by FGL to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Canadian Tire or the Offeror.

CURRENCY

Unless otherwise indicated, all references in this Offer and Circular to “dollars”, “Cdn\$” or “\$” are to the lawful currency of Canada.

NOTICE TO FOREIGN SHAREHOLDERS

The distribution of this Offer and Circular may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Offer and Circular should seek advice on and observe any such restrictions. The Offeror assumes no responsibility for any violation of the securities laws of any of those countries. This Offer and Circular does not constitute an offer or a solicitation to any person in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction.

NOTICE TO UNITED STATES SHAREHOLDERS

The Offer involves the securities of a Canadian issuer, which securities are not registered with the United States Securities and Exchange Commission under the U.S. Exchange Act (as hereinafter defined). The Offer is subject to the disclosure requirements of Canada, which are different from those of the United States. The solicitation of acceptances of the Offer is not subject to the requirements of Regulation 14D under the US Exchange Act. Accordingly, the solicitations and transactions contemplated in the Offer and Circular are made in accordance with Canadian corporate and securities laws, and the Offer and Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. **Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to tender offers subject to Regulation 14D under the U.S. Exchange Act.**

The disposition of Common Shares pursuant to the Offer may subject holders of Common Shares to tax consequences both in the United States and Canada. Such consequences for holders of Common Shares who are resident in, or citizens of, the United States are not described fully herein. Shareholders are urged to consult their tax and legal advisors as to the application of U.S. federal income tax laws to their particular circumstances, as well as to any state, local or foreign income or other tax consequences of a disposition of Common Shares pursuant to the Offer.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror.

You should be aware that the Offeror or its affiliates may purchase securities of FGL otherwise than in connection with the Offer, such as in the open market or privately negotiated purchases, subject to applicable securities laws.

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QUESTIONS AND ANSWERS ABOUT THE OFFER

The following are some of the questions with respect to the Offer that you, as a Shareholder, may have and the answers to those questions. These questions and answers are not meant to be a substitute for the more detailed description and information contained in the Offer and Circular. The information contained in these questions and answers is not intended to be complete and is qualified in its entirety by reference to the more detailed descriptions and information contained in the Offer and Circular. Therefore, we urge you to read the entire Offer and Circular carefully prior to making any decision regarding whether or not to tender your Common Shares. We have included cross-references in this question and answer section to other sections of the Offer and Circular where you will find more complete descriptions of the topics mentioned below. Capitalized terms used but not defined herein have the meanings given to them in the section entitled “Glossary”.

What does this Offer and Circular mean?	<p>The Offeror is offering to buy all of your Common Shares on the terms set out in this Offer and Circular. See Section 1 of the Offer, “The Offer”.</p> <p>This Offer does not apply to you if you no longer hold any Common Shares.</p> <p>You are encouraged to read this Offer and Circular and the accompanying Directors’ Circular prepared by and on behalf of the FGL Board, consider your personal financial circumstances and obtain professional advice before making any decision regarding your Common Shares.</p> <p>This Offer and Circular was prepared by the Offeror for distribution to you, the Shareholders. It sets out the terms and conditions of the Offer and contains important information that may be relevant to your decision whether or not to accept the Offer.</p> <p>This Offer and Circular is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional advisor as soon as possible.</p>
What is the Offeror offering to buy?	<p>The Offeror is offering to acquire all of your Common Shares, including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan. See Section 1 of the Offer, “The Offer”.</p>
Can I exercise my FGL Options and then accept the Offer?	<p>Yes. The Offer extends to Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of FGL Options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares. The Offer does not otherwise extend to FGL Options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares. See Section 1 of the Offer, “The Offer”.</p>
Is the FGL Board recommending the Offer?	<p>Yes. The FGL Board unanimously recommends that you deposit your Common Shares to the Offer. FGL has also received a fairness opinion from Greenhill & Co. Canada Ltd. stating that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by 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). See Section 3 of the Circular, “Background to the Offer”.</p>
What are the intentions of the Offeror?	<p>The Offeror is seeking to acquire all of the outstanding Common Shares (other than those owned directly or indirectly by the Offeror and/or Canadian Tire). If the conditions of the Offer are satisfied or waived and the Offeror takes up and pays for Common Shares validly deposited under the Offer, the Offeror will take such action as is necessary for the purpose of enabling the Offeror to acquire all Common Shares not acquired pursuant to the Offer, including by causing a meeting of Shareholders to be held to consider an amalgamation, statutory arrangement, capital reorganization or other transaction whereby the Offeror will acquire all Common Shares not deposited to the Offer. See Section 8 of the Circular, “Acquisition of Common Shares Not Deposited”.</p> <p>Section 6 of the Circular, “Purpose of the Offer” and Section 7 of the Circular, “Reasons to Accept the Offer” provide information regarding the Offeror’s intentions regarding FGL.</p>

What will I receive if I accept the Offer?	If you accept the Offer, subject to the satisfaction or waiver of the conditions to the Offer and the terms hereof, you will receive \$26.50 in cash for each Common Share you hold. See Section 1 of the Offer, "The Offer".
Are there any conditions to the Offer?	Yes. The Offer is subject to a number of conditions that are set out in detail in Section 2 of the Offer, "Conditions of the Offer". The Offeror may choose to waive certain of these conditions as described in Section 2 of the Offer, "Conditions of the Offer".
What if the conditions of the Offer are not satisfied or waived?	<p>If the Offer expires with conditions remaining unsatisfied and not waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold all of your Common Shares. The Offeror will inform you of whether the conditions have been satisfied or waived during the Offer Period in accordance with its obligations under applicable Canadian securities laws.</p> <p>The Offeror may extend the Offer Period in accordance with applicable Canadian securities laws in order to allow additional time for conditions to be satisfied. See Section 6 of the Offer, "Extensions, Variations and Changes to the Offer".</p>
Does the Offeror believe the Shareholder Rights Plan will be waived, cease traded or terminated?	The FGL Board has deferred the "Separation Time" under the Shareholder Rights Plan that would otherwise apply to the Offer. In addition, pursuant to the terms of the Support Agreement, FGL has agreed to waive the application of the Shareholder Rights Plan to the Offer immediately prior to the Expiry Time, unless the Offeror requests that it be waived earlier.
How do I accept the Offer?	You may accept the Offer in respect of all or any portion of your Common Shares. To accept the Offer, you must follow the procedures set out in Section 5 of the Offer, "Manner of Acceptance".
What happens if I do not accept the Offer?	<p>If the conditions of the Offer are satisfied or waived and the Offeror takes up and pays for Common Shares validly deposited under the Offer, the Offeror will take such action as is necessary for the purpose of enabling the Offeror to acquire all Common Shares not acquired pursuant to the Offer, including by causing a meeting of Shareholders to be held to consider an amalgamation, statutory arrangement, capital reorganization or other transaction whereby the Offeror will acquire all Common Shares not deposited to the Offer. See Section 8 of the Circular, "Acquisition of Common Shares Not Deposited".</p> <p>You should consult your broker or financial advisor to ascertain the impact of the foregoing on the value of your Common Shares.</p>
When does the Offer expire?	The Offer will be open for acceptance until 5:00 p.m. (Toronto time) on June 29, 2011, unless the Offer is extended or withdrawn by the Offeror in accordance with applicable Canadian securities laws. See Section 4 of the Offer, "Time for Acceptance".
Can the Offeror extend the Offer Period?	Yes. The Offeror may, in its sole discretion, elect to extend the Expiry Time for the Offer from the time referenced in the answer to the previous question, in prescribed circumstances under Canadian securities laws and subject to the terms of the Support Agreement. If the Offeror elects to extend, or is required to extend, the Expiry Time for the Offer, the Offeror will publicly announce the variation and Shareholders will be sent written notice of any extension as required by applicable law. See Section 6 of the Offer, "Extensions, Variations and Changes to the Offer".
If I accept the Offer, when will I receive the Offer Price?	<p>If you accept the Offer, the Offeror will pay the Offer Price payable to you to the Depositary as consideration for your Common Shares within three business days of acquiring your Common Shares on the Take-Up Date. The Depositary will promptly thereafter make payment to you of the Offer Price in accordance with your Letter of Transmittal.</p> <p>See Section 3 of the Offer, "Take-Up and Payment for Deposited Shares".</p>

Will I need to pay any brokerage or stamp duty if I accept the Offer?	<p>If you are the registered owner of your Common Shares and you deliver them directly to the Depositary, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer. If you own your Common Shares through a broker or other nominee, and your broker tenders the Common Shares on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.</p> <p>See Section 3 of the Offer, “Take-Up and Payment for Deposited Shares”.</p>
What are the tax implications of acceptance?	<p>General summaries of the principal Canadian tax consequences of accepting the Offer are set out in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations”. Tax consequences with respect to other jurisdictions is not included in the Circular. In all cases, you should seek independent professional tax advice in relation to your own particular circumstances.</p>
Can I withdraw my acceptance?	<p>Under the Offer terms, you cannot withdraw your acceptance except where a withdrawal right arises under applicable Canadian securities laws.</p> <p>Under Canadian securities laws, you may withdraw Common Shares previously tendered by you at any time: (i) before Common Shares deposited under the Offer are taken up by the Offeror under the Offer; (ii) if your Common Shares have not been paid for by the Offeror within three business days after the Take-Up Date; and (iii) in certain other circumstances.</p> <p>See Section 8 of the Offer, “Right to Withdraw Deposited Common Shares”.</p>
Do I have dissent rights under the Offer?	<p>No. Shareholders will not have dissent or appraisal rights in connection with the Offer. However, Shareholders who do not deposit their Common Shares under this Offer may have rights of dissent in the event that the Offeror elects to acquire their Common Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction. See “Acquisition of Common Shares Not Deposited” in Section 8 of the Circular.</p>
Who is the Depositary under the Offer?	<p>Computershare Investor Services Inc. is acting as Depositary under the Offer. The Depositary will be responsible for receiving certificates representing deposited Common Shares and accompanying Letters of Transmittal and other documents. The Depositary is also responsible for receiving Notices of Guaranteed Delivery, giving notices, if required, and accepting and making payment for all Common Shares purchased by the Offeror under the terms of the Offer.</p>
Where do I go for further information?	<p>For all questions or assistance relating to the manner of accepting the Offer, or for additional copies of this Offer and Circular and related materials, please contact Phoenix Advisory Partners, the Information Agent, by telephone at 1-866-793-5520 toll free in North America, or 647-426-7309 outside of North America, or by email at inquiries@phoenixadvisorypartners.com or contact Computershare Investor Services Inc., the Depositary, by telephone at 1-800-564-6253 toll free in North America, or 1-514-982-7555 outside of North America, or by email at corporateactions@computershare.com.</p> <p>This summary highlights information more fully discussed elsewhere in the Offer and Circular. This summary is not intended to be complete and is qualified in its entirety by reference to the more detailed descriptions and information contained in those documents.</p> <p>You should read the entire Offer and Circular prepared by the Offeror and the accompanying Directors’ Circular prepared by and on behalf of the FGL Board, before deciding whether to accept the Offer.</p>

GLOSSARY

In the Offer and Circular, unless the context otherwise requires, the following terms have the meanings set forth below.

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

“**Acquisition Proposal**” means, other than the Offer, 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 FGL 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 FGL and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of FGL 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 FGL and its subsidiaries;
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of FGL;
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving FGL 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 FGL 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 Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction; or
- (e) any public announcement of an intention to do any of the foregoing.

“**affiliate**” has the meaning given to it in the *Securities Act* (Ontario).

“**Agent’s Message**” means a message transmitted by DTC to, and received by, the Depository and forming part of a Book-Entry Confirmation, stating that DTC has received an express acknowledgment from the DTC participant depositing the shares that are the subject of such Book-Entry Confirmation, that such participant has received and agrees to be bound by the terms of the Letter of Transmittal as if executed by such participant and that the Offeror may enforce such agreement against such participant.

“**Appointee**” has the meaning given to it in Section 5 of the Offer, “Manner of Acceptance – Power of Attorney”.

“**ARC**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**associate**” has the meaning given it in the *Securities Act* (Ontario).

“**ATOP Agreement**” means the automated tender offer program agreement entered into between the Depository and DTC in connection with the Offer.

“**Book-Entry Confirmation**” means confirmation of a book-entry transfer of a Shareholder’s Common Shares into the Depository’s account at CDS or DTC, as applicable.

“**business day**” means any day of the week except a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario or Calgary, Alberta.

“**Canadian Holder**” or “**Canadian Holders**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations”.

“**Canadian Tire**” means Canadian Tire Corporation, Limited, a corporation incorporated under the laws of Ontario, the parent company of the Offeror.

“**CDS**” means CDS Clearing and Depository Services Inc. or its nominee (which is, at the date hereof, CDS & Co.).

“**CDS Participant**” means a participant of CDS, which includes investment dealers, stockbrokers, banks, trust companies and other financial institutions that maintain custodial relationships with a participant, either directly or indirectly.

“**CDSX**” means the CDS on-line tendering system pursuant to which book-entry transfers may be effected.

“**Circular**” means the take-over bid circular accompanying the Offer.

“**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 FGL, including all Class “A” shares of FGL 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.

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

“**Competition Act Clearance Conditions**” has the meaning given to it in Section 2 of the Offer, “Conditions of the Offer”.

“**Competition Act Filing**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**Competitive Impact Analysis**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**Compulsory Acquisition**” has the meaning given to it in Section 8 of the Circular, “Acquisition of Common Shares Not Deposited”.

“**Confidentiality Agreement**” means the confidentiality agreement made as of the 23rd day of March, 2011, between Canadian Tire and FGL, 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 by 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 FGL exercisable, convertible or exchangeable for Common Shares or other securities of FGL or otherwise evidencing a right to acquire any Common Shares or other securities of FGL (excluding the associated rights issued under the Shareholder Rights Plan) and including, without limitation, any put or call option and the FGL Options.

“**Court**” has the meaning given to it in Section 8 of the Circular, “Acquisition of Common Shares Not Deposited”.

“**CRA**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations”.

“**Depository**” means Computershare Investor Services Inc.

“**Deposited Shares**” means the Common Shares validly deposited under the Offer and not properly withdrawn.

“**Directors’ Circular**” means the accompanying directors’ circular dated May 20, 2011, as prepared by and on behalf of the FGL Board.

“**DSUs**” means deferred share units issued pursuant to the FGL Directors’ Share Unit Plan.

“**DTC**” means the Depository Trust Company or, where the context permits, its nominee CEDE & Co.

“**DTC Participant**” means a participant of DTC, which includes investment dealers, stock brokers, banks, trust companies and their financial institutions that maintain custodial relationships with a participant, either directly or indirectly.

“**EBITA**” means earnings before interest, taxes and amortization of FGL on a consolidated basis for the 52 week period ended January 30, 2011 as presented in its management’s discussion and analysis for the period ended January 30, 2011 using the accounting books and records of FGL, being \$110,000,000.

“**Eligible Institution**” means a Canadian Schedule I chartered bank, a major trust company in Canada, a member of a Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority in the United States or banks or trust companies in the United States.

“**Expiry Date**” means June 29, 2011 or such other date as is set out in a notice of change or variation of the Offer issued at any time and from time to time extending the period during which Common Shares may be deposited under the Offer, provided that, if such day is not a business day, then the Expiry Date will be the next business day. See Section 6 of the Offer, “Extensions, Variations and Changes to the Offer”.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on the Expiry Date or such other time as is set out in a notice of variation of the Offer issued at any time and from time to time. See Section 6 of the Offer, “Extensions, Variations and Changes to the Offer”.

“**Fairness Opinion**” means the fairness opinion prepared by Greenhill & Co. Canada Ltd. and addressed to the FGL Board stating that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by 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).

“**FGL**” means The Forzani Group Ltd., a company amalgamated under the laws of Alberta, and where the context requires, its subsidiaries.

“**FGL Board**” means the board of directors of FGL.

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

“**FGL Option**” means an option to purchase Common Shares granted under the FGL Option Plan.

“**FGL Option Plan**” means FGL’s stock option plan for directors, officers, and employees of FGL as amended on June 9, 2010.

“**FGL Stock Unit Plan**” means the stock unit plan of FGL amended on April 9, 2008, as amended from time to time.

“**forward-looking statements**” has the meaning given to it in “Statements Regarding Forward-Looking Information”.

“**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.

“**Governmental Entity**” means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, minister, tribunal, arbitral body, commission, commissioner, board, bureau (including the Commissioner of Competition) or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange.

“**Holder**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations – General”.

“**Indemnified Party**” has the meaning given to it in Section 12 of the Circular, “Arrangements, Agreements, Commitments or Understandings – Directors’ and Officers’ Insurance and Indemnification Arrangements”.

“**Information Agent**” means Phoenix Advisory Partners.

“**laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, directives, guidelines, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any permits, and the term “**applicable**” with respect to such laws and in a context that refers to one or more parties, means such laws as are applicable to such party or its business, undertaking, assets, property or securities and emanate from a person having jurisdiction over the party or parties or its or their business, undertaking, assets, property or securities.

“**Letter of Transmittal**” means the letter of transmittal in the form accompanying the Offer and Circular (printed on blue paper). See Section 5 of the Offer, “Manner of Acceptance”.

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

“**Locked-Up Shareholders**” means those Shareholders that have signed a Lock-Up Agreement.

“**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 FGL 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, either:
 - (i) related to 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 FGL or any of its subsidiaries with any of its customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers relating to the Offer;
- (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 FGL or its subsidiaries operate;
- (f) any failure of FGL or any of its subsidiaries to meet any public projections, forecasts or estimates of revenues or earnings made as of the date hereof (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 Offer; or
- (i) any action taken by FGL 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 FGL and its subsidiaries taken as a whole, compared to comparable companies operating in the industry in which FGL and its subsidiaries operate. The fact of (i) a decrease in the market price of the Common Shares or (ii) any seasonal fluctuation in the financial condition of FGL, 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) FGL'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.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended from time to time.

“**Minimum Tender Condition**” has the meaning given to it in Section 2(a) of the Offer, “Conditions of the Offer”.

“**No-Action Letter**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**Non-Canadian Holder**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada”.

“**Notice of Guaranteed Delivery**” means the notice of guaranteed delivery in the form accompanying the Offer and Circular (printed on yellow paper).

“**Notifiable Transactions**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**Offer**” means the Offeror's offer to purchase the Common Shares made hereby, the terms and conditions of which are set forth in this Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

“**Offer and Circular**” means the Offer and Circular, collectively, being the take-over bid circular required under applicable Canadian securities laws with respect to the Offer.

“**Offer Date**” means the date of commencement of the Offer, being the date the Offer is first sent to the Shareholders, which is May 24, 2011.

“**Offer Period**” means the period during which the Offer will remain open for acceptance, being the period from the Offer Date until the Expiry Time.

“**Offer Price**” means the consideration to be paid by the Offeror for the Common Shares taken up under the Offer. See Section 1 of the Offer, “The Offer”.

“**Offeror**” means FGL AcquisitionCo Limited, a corporation incorporated under the laws of Alberta.

“**Offeror’s Notice**” has the meaning given to it in Section 8 of the Circular, “Acquisition of Common Shares Not Deposited – Compulsory Acquisition”.

“**Outside Date**” has the meaning given to it in Section 6 of the Offer, “Extensions, Variations and Changes to the Offer”.

“**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.

“**Proposed Amendments**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations – General”.

“**PSUs**” means all performance stock units issued or granted by FGL pursuant to the FGL Stock Unit Plan.

“**Purchased Securities**” has the meaning given to it in Section 5 of the Offer, “Manner of Acceptance – Power of Attorney”.

“**Redeemable Shares**” has the meaning given to it in Section 18 of the Circular, “Certain Canadian Federal Income Tax Consequences”.

“**Remaining Shareholder**” has the meaning given to it in Section 8 of the Circular, “Acquisition of Common Shares Not Deposited – Compulsory Acquisition”.

“**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**” has the meaning given to it in Section 5 of the Circular, “Description of the Support Agreement – Consents”.

“**Response Period**” has the meaning given to it in Section 5 of the Circular, “Description of the Support Agreement – Responding to Acquisition Proposals and Superior Proposals”.

“**RSUs**” means all restricted stock units and performance stock units issued or granted by FGL pursuant to the FGL Stock Unit Plan.

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

“**Shareholders**” means holders of Common Shares other than the Offeror, Canadian Tire and their respective affiliates.

“**Special Committee**” means the special committee of the FGL Board formed to review and consider the Offer.

“**Subsequent Acquisition Transaction**” has the meaning given to it in Section 8 of the Circular, “Acquisition of Common Shares Not Deposited – Subsequent Acquisition Transaction”.

“**subsidiary**” means any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned or over which voting control or

direction is exercised, directly or indirectly, by such person and will include any body corporate, partnership, trust, joint venture or other entity over which such person exercises direction or control or which is in a like relation to a subsidiary.

“**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 FGL 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 FGL and its subsidiaries;
- (c) is reasonably capable of being completed without undue delay, taking into account, to the extent considered relevant by the FGL Board, 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 FGL Board 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 FGL 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 FGL or the Shareholders in definitive contractual or statutory takeover bid form; and
- (f) in respect of which the FGL Board 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 holders of Common Shares 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 holders of Common Shares from a financial point of view than the Offer.

“**Supplementary Information Request**” has the meaning given to it in Section 17 of the Circular, “Regulatory Matters – Competition Act Approval”.

“**Support Agreement**” means the support agreement between the Offeror, Canadian Tire and FGL dated May 8, 2011.

“**Syndicated Credit Facility**” has the meaning given to it in Section 10 of the Circular, “Source of Funds”.

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

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**Termination Payment**” has the meaning given to it in Section 5 of the Circular, “Description of the Support Agreement – Termination Payment”.

“**Termination Payment Event**” has the meaning given to it in Section 5 of the Circular, “Description of the Support Agreement – Termination Payment”.

“**trading day**” means any day on which trading occurs on the TSX.

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

“**U.S.**” or “**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as amended.

“**VWAP**” means volume weighted average price.

INTERPRETATION

In this Offer and Circular and in the Letter of Transmittal and the Notice of Guaranteed Delivery, unless the context otherwise requires:

- (a) words importing a gender include any gender;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section, annex, appendix or schedule is a reference to a section of or an annex, appendix or schedule to this Offer and Circular as relevant;
- (e) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) headings and boldings are for convenience only and do not affect the interpretation of this Offer and Circular;
- (g) the words “include”, “including”, “for example” or “such as” are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates;
- (h) a reference to “you” is to a person to whom the Offer is (or is deemed to be) made;
- (i) a reference to “we” is to the Offeror;
- (j) a reference to time is a reference to time in Toronto, Ontario, Canada; and
- (k) a reference to writing includes facsimile transmissions.

SUMMARY OF THE OFFER

This summary highlights information more fully discussed elsewhere in the Offer and Circular. This summary is not intended to be complete and is qualified by reference to the more detailed information contained in those documents. Shareholders are urged to read the more detailed information about the Offeror and the Offer provided elsewhere in the Offer and Circular. Capitalized terms used in this summary, where not otherwise defined herein, are defined in the Section entitled "Glossary" above.

The Offer

The Offeror is offering, on the terms and subject to the conditions of the Offer, to purchase all of the issued and outstanding Common Shares, including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of FGL Options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares at an offer price of \$26.50 in cash for each Common Share.

The Offer is made only for Common Shares, including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of options or other securities of FGL that are convertible into or exchangeable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan. Any holder of FGL Options or other rights to acquire Common Shares who wishes to accept the Offer should, to the extent permitted by their terms and applicable law, fully exercise their options or other rights in order to obtain certificates representing Common Shares that may be deposited in accordance with the terms of the Offer.

See Section 1 of the Offer, "The Offer".

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

The obligation of the Offeror to take up and pay for Common Shares pursuant to the Offer is subject to certain conditions. See Section 2 of the Offer, "Conditions of the Offer".

Recommendation of the FGL Board

The FGL Board, has unanimously determined, upon the recommendation of the Special Committee and after consultation with its financial and legal advisors, that the consideration to be offered pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective affiliates), that it would be in the best interests of FGL to support and facilitate the Offer and enter into the Support Agreement and to recommend that Shareholders **DEPOSIT** their Common Shares to the Offer. The background to the Offer and the reasons for the **UNANIMOUS** recommendations of the Special Committee and the FGL Board are contained in the Directors' Circular (together with the fairness opinion of Greenhill & Co. Canada Ltd.) accompanying the Offer and Circular.

See Section 4 of the Circular, "Recommendation of the FGL Board".

Canadian Tire and the Offeror

The Offeror was incorporated on May 6, 2011 under the ABCA and is a wholly-owned subsidiary of Canadian Tire. Canadian Tire is a corporation existing under the laws of the Province of Ontario. Canadian Tire is one of Canada's most-shopped general retailers, offering everyday products and services to Canadians through more than 1,200 retail and gasoline outlets from coast-to-coast.

The Offeror has its registered office at 4300 Bankers Hall West, 888 3rd Street, SW, Calgary, Alberta, T2P 5C5. The head office of the Offeror is located at 1800, 2180 Yonge Street, Toronto, Ontario, M4P-2V8. Canadian Tire's retail website address is www.canadiantire.ca. The information contained in Canadian Tire's website is not incorporated by reference in the Offer or Circular.

See Section 1 of the Circular, "Canadian Tire and the Offeror".

FGL

FGL is Canada's largest national retailer of sporting goods, offering a comprehensive assortment of brand-name and private-brand products, operating stores from coast to coast, under the following corporate and franchise banners: Sport-Chek, Sport Mart, National Sports, Athletes World, Sports Experts, Intersport, Econosports, Atmosphere, Tech Shop/Pegasus, Nevada Bob's Golf, Hockey Experts, S3 and The Fitness Source.

FGL is a reporting issuer (or the equivalent thereof) in all of the provinces of Canada and the Common Shares are listed or posted for trading on the Toronto Stock Exchange under the symbol "FGL".

FGL is a company amalgamated under the ABCA. FGL's head office is located at 824, 41st Avenue, N.E., Calgary, Alberta. FGL's website address is www.forzanigroup.com. The information contained in FGL's website is not incorporated by reference in the Offer or Circular.

See Section 2 of the Circular, "FGL".

Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire all of the issued and outstanding Common Shares (other than those owned directly or indirectly by the Offeror and/or Canadian Tire).

Reasons to Accept the Offer

The Offeror believes that the Offer Price for every one Common Share is full and fair consideration for the Common Shares that it is seeking to purchase under the Offer. The Offeror believes that Shareholders should consider the following factors, among others, in making a decision whether to accept the Offer:

- *Compelling Premium to Market Values:* The Offer Price represents a premium of approximately 50% over the Cdn\$17.61 closing price of the Common Shares on the TSX on May 6, 2011, the last date on which the Common Shares traded prior to the date on which the Offer was announced. The Offer also represents a 45% premium over the 10-day VWAP for the period ended May 6, 2011.
- *Unanimous FGL Board Recommendation:* The FGL Board has unanimously determined, upon the recommendation of the Special Committee and after consultation with its financial and legal advisors, that the consideration being offered pursuant to the Offer is fair to all Shareholders (other than the Offeror, Canadian Tire and their respective affiliates), that it would be in the best interests of FGL to support and facilitate the Offer and enter into the Support Agreement and to recommend that Shareholders deposit their Common Shares to the Offer.
- *Fairness Opinion:* The opinion of Greenhill & Co. Canada Ltd. dated May 7, 2011, states that, subject to the assumptions and qualifications set out in the Fairness Opinion, the consideration to be received by 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).
- *Cash Offer, Certainty of Value and Liquidity:* The Offer Price for the Common Shares will be paid in cash, providing you with certainty of value and immediate liquidity at a significant premium to unaffected trading prices, as well as the opportunity to sell your Common Shares free of broker commissions and fees.
- *Lock-Up Agreements:* All of the directors and senior officers of FGL have entered into "lock-up" agreements pursuant to which they have agreed to support the Offer, not to solicit any alternative Acquisition Proposals, to exercise any FGL Options held by them and to deposit under the Offer and not withdraw, subject to certain exceptions, all Common Shares held by them. The Locked-Up Shareholders hold approximately 8.34% of the outstanding Common Shares on a fully-diluted basis.

Conditions of the Offer

The Offer is subject to a number of conditions as set out in Section 2 of the Offer, "Conditions of the Offer", including that there shall have been validly deposited under the Offer and not withdrawn as at the Expiry Time such number of Common Shares that, together with any Common Shares beneficially owned or over which control or direction is exercised by the Offeror and its affiliates and joint actors, represent at least 66 $\frac{2}{3}$ % of the outstanding Common Shares (on a fully-diluted basis). The Offeror reserves the right to withdraw the Offer and not take up, purchase or pay for any Common Shares deposited under the Offer unless all of these conditions are satisfied or, where permitted, waived at or prior to the Expiry Time.

Support Agreement

On May 8, 2011, FGL entered into the Support Agreement with Canadian Tire and the Offeror, which sets out, among other things, the terms and conditions upon which the Offer is to be made. Pursuant to the Support Agreement, FGL has agreed to support the Offer and not solicit any competing Acquisition Proposals.

See Section 5 of the Circular, "Description of the Support Agreement".

Time for Acceptance

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on June 29, 2011 or until such later time and date to which the Offeror may extend the Expiry Time of the Offer at its discretion. See Section 4 of the Offer, "Time for Acceptance".

Manner of Acceptance

The Offer may be accepted by Shareholders by delivering certificates representing Common Shares that are being deposited, together with a duly completed and signed Letter of Transmittal to the Depository at the office specified in the Letter of Transmittal at or before the Expiry Time. The Offer will be deemed to be accepted only if the Depository actually has received these documents at its specified office at or before the Expiry Time.

If a Shareholder wishes to accept the Offer and deposit Common Shares under the Offer and the certificate(s) representing such Shareholder's Common Shares are not immediately available, or if the certificate(s) and all other required documents cannot be delivered to the Depository at or prior to the Expiry Time, such Common Shares may nevertheless be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the Notice of Guaranteed Delivery or a manually signed facsimile thereof. Detailed instructions are contained in the Notice of Guaranteed Delivery which accompanies the Offer. See Section 5 of the Offer, "Manner of Acceptance".

Take-Up and Payment for Deposited Shares

Upon all of the terms and subject to the conditions of the Offer (including but not limited to the conditions specified in Section 2 of the Offer, "Conditions of the Offer") having been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror will take up and pay for Common Shares validly deposited under the Offer and not properly withdrawn not later than three business days after the Expiry Date. Any Common Shares deposited under the Offer after the first date on which Common Shares have been taken up by the Offeror will be taken up and paid for not later than three business days after such deposit. See Section 3 of the Offer, "Take-Up and Payment for Deposited Shares".

Right to Withdraw Deposited Shares

Deposited Shares may be withdrawn by or on behalf of the depositing Shareholder at any time before the Deposited Shares have been taken up by the Offeror pursuant to the Offer and in the other circumstances discussed in Section 8 of the Offer, "Right to Withdraw Deposited Shares".

Acquisition of Common Shares Not Deposited Under the Offer

If the conditions of the Offer are satisfied or waived and the Offeror takes up and pays for Common Shares validly deposited under the Offer, the Offeror will take such action as is necessary for the purpose of enabling the Offeror to acquire all Common Shares not acquired pursuant to the Offer, including by causing a meeting of Shareholders to be

held to consider an amalgamation, statutory arrangement, capital reorganization or other transaction whereby the Offeror will acquire all Common Shares not deposited to the Offer. See Section 8 of the Circular, "Acquisition of Common Shares Not Deposited".

Regulatory Matters

The Offeror's obligation to take up and pay for Deposited Shares is conditional upon certain regulatory approvals having been obtained. See Section 2 of the Offer, "Conditions of the Offer" and Section 17 of the Circular, "Regulatory Matters". These approvals include the approval of the Commissioner of Competition pursuant to the Competition Act.

Certain Canadian Income Tax Considerations

Shareholders should review the more detailed information under Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations" and consult with their own tax advisors regarding their particular circumstances.

Depositary and Information Agent

The Offeror has engaged Computershare Investor Services Inc. to act as Depositary for the receipt of certificates in respect of Deposited Shares and related Letters of Transmittal and Notices of Guaranteed Delivery deposited under the Offer and for the payment for Deposited Shares. The Depositary will receive reasonable and customary compensation from the Offeror for its services relating to the Offer and will be reimbursed for certain out-of-pocket expenses. The Offeror has also agreed to indemnify the Depositary for certain liabilities, including liabilities under securities laws, and expenses in connection with the Offer.

The Offeror has retained Phoenix Advisory Partners as the Information Agent for the Offer. The Information Agent may contact Shareholders by mail, telephone, facsimile or personal interview and may request banks, stockbrokers, investment dealers and other nominees to forward materials relating to the Offer to beneficial holders of Common Shares. Questions and requests for assistance relating to the Offer may be directed to the Information Agent at the address and phone numbers set forth on the back page of the Offer and Circular.

Dealer Manager and Soliciting Dealer Group

The Offeror may, in its sole discretion, retain the services of a dealer manager to form and manage a soliciting dealer group to solicit acceptances of the Offer on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in a retainer agreement for such services. The cost of solicitation will be borne by the Offeror. No fee or commission will be payable by Shareholders who transmit their Common Shares directly to the Depositary to accept the Offer. The Offeror expects that if a dealer manager is engaged and/or a soliciting dealer group is formed, then the Offeror will provide notice of such event by press release and/or such other means as the Offeror may determine. Investment advisors or registered representatives employed by soliciting dealers, if any, may solicit their clients to tender their Common Shares to the Offer. Soliciting dealers may pay an investment advisor or registered representative a portion of the solicitation fee, if any, for each Common Share tendered to the Offer by clients of or served by the investment advisor or registered representative.

Sources of Information Concerning FGL

Except as otherwise indicated, all information concerning FGL contained in the Offer and Circular has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources and certain other information provided by FGL to Canadian Tire and the Offeror. Canadian Tire and the Offeror have been granted access to certain additional information concerning the business and affairs of FGL that is not generally available. Although neither Canadian Tire nor the Offeror has any knowledge that would indicate that any statements contained herein taken from or based on such information or such documents and records are untrue or incomplete, neither Canadian Tire nor the Offeror, nor their respective directors and officers assume any responsibility for the accuracy or completeness of such information or the information taken from or based upon such documents and records, or for any failure by FGL to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Canadian Tire or the Offeror.

OFFER

TO: THE SHAREHOLDERS OF FGL

The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information and should be read carefully before making a decision with respect to the Offer. This Offer and the Circular constitute the take-over bid circular required under applicable Canadian securities laws. Capitalized terms used but not defined have the meanings given to them in the section entitled “Glossary”.

1. The Offer

The Offeror hereby offers to purchase, upon the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares, including any Common Shares that may become issued and outstanding after the date of this Offer but prior to the Expiry Time upon the conversion, exchange or exercise of FGL Options or other securities of FGL that are convertible into or exchangeable or exercisable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan, at an offer price of \$26.50 in cash for each Common Share.

The Offer is made only for Common Shares and is not made for any options or other rights to acquire Common Shares, other than the rights issued under the Shareholder Rights Plan. Any holder of FGL Options or other rights to acquire Common Shares who wishes to accept the Offer should, to the extent permitted by their terms and applicable law, fully exercise or exchange the FGL Options or other rights in order to obtain certificates representing Common Shares that may be deposited in accordance with the terms of the Offer. Any such exercise or exchange must be made sufficiently in advance of the Expiry Date to ensure such holders will have certificates representing Common Shares available for deposit prior to the Expiry Date or in sufficient time to fully comply with the procedures referred to in Section 5 of this Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

Shareholders will not have dissent or appraisal rights in connection with the Offer. See Section 8 of the Circular, “Acquisition of Common Shares Not Deposited”.

The accompanying Circular, which is incorporated into and forms part of the Offer, and the Letter of Transmittal and the Notice of Guaranteed Delivery contain important information that should be read carefully before making a decision with respect to the Offer.

2. Conditions of the Offer

Notwithstanding any other provision of the Offer, but subject to the terms of the Support Agreement, the Offeror has the right to withdraw or terminate the Offer (or extend the Offer to postpone taking up and paying for any Common Shares deposited under the Offer) and will not be required to take up or pay for any Common Shares deposited under the Offer, unless all of the following conditions are satisfied or waived by the Offeror at or prior to the Expiry Time:

- (a) there shall have been validly deposited under the Offer and not withdrawn as at the Expiry Time of the Offer, such number of Common Shares which, together with any Common Shares beneficially owned or over which control or direction is exercised by the Offeror and its affiliates and joint actors, represents at least 66 $\frac{2}{3}$ % of the outstanding Common Shares (on a fully-diluted basis) (the “**Minimum Tender Condition**”);
- (b) all FGL Options shall have been exercised, terminated or otherwise cancelled or dealt with on terms satisfactory to the Offeror, acting reasonably;
- (c) all approvals of any Governmental Entities (including, without limitation, those of applicable stock exchanges or securities law regulatory authorities) that are required by law to be obtained by either of the Offeror or FGL to carry out the Contemplated Transactions shall have been obtained by the Take-Up Date 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) (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 Offeror, Canadian Tire and FGL 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 Contemplated Transactions (the “**Competition Act Clearance Conditions**”);

- (e) the Support Agreement shall not have been terminated in accordance with its terms;
- (f) (i) the representations and warranties of FGL in Section 3.1(d) of the Support Agreement 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 FGL 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) FGL shall not have breached any of its covenants or obligations under the Support Agreement, 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) FGL 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 publicly filed with applicable securities regulators, excluding any forward-looking disclosure in such documents;
- (j) the Shareholder Rights Plan shall have been waived by the FGL Board or otherwise terminated so as to have no effect in respect of the Contemplated Transactions or the acquisition of securities of FGL by the Offeror or its affiliates pursuant to the Contemplated Transactions;
- (k) subject to paragraph (d) of this Section 2, which shall govern to the extent of any inconsistency with this paragraph (k), 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 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 FGL or any of its affiliates; or
 - (v) which seeks to obtain from the Offeror or FGL 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 FGL Board shall not have withdrawn, modified or changed in a manner adverse to the Offeror its approval or recommendation of the Offer, or approved or recommended any Acquisition Proposal.

The foregoing conditions shall be 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 the condition contained in paragraph (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, the condition contained in paragraph (d) 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.

The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time and from time to time. The conditions listed above shall be conclusively deemed to have been satisfied or, in the case of any condition which pursuant to the terms and conditions of the Support Agreement is capable of being waived, waived upon the taking-up by the Offeror of any Common Shares pursuant to the Offer.

3. Take-Up and Payment for Deposited Shares

Subject to the conditions of the Offer specified in Section 2 of this Offer, “Conditions of the Offer” having been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror will become obligated to take up and pay for the Deposited Shares not later than three business days after the Expiry Date.

In accordance with applicable law, the Offeror will take up and pay for any Deposited Shares after the date on which it first takes up Deposited Shares not later than three business days after such deposit.

Subject to applicable law, the Offeror expressly reserves the right in its sole discretion to delay or otherwise refrain from taking up and paying for any Deposited Shares or to terminate the Offer and not take up or pay for any Deposited Shares if any condition of the Offer is not satisfied or, where permitted, waived by the Offeror by giving written notice thereof, or other communication confirmed in writing, to the Depositary at its office in Toronto, Ontario. The Offeror also expressly reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Deposited Shares in order to comply, in whole or in part, with any applicable law.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment Deposited Shares if, as and when the Offeror gives written notice or other communication confirmed in writing to the Depositary of its acceptance for payment of such Deposited Shares pursuant to the Offer at its office in Toronto, Ontario.

The Offeror will pay for Deposited Shares by providing the Depositary (by bank transfer or other means satisfactory to the Depositary) with the Offer Price (per deposited Common Share) for payment to persons who have deposited Deposited Shares. The Depositary will act as the agent of the persons who have deposited Deposited Shares for the purposes of receiving the Offer Price, from the Offeror, and transmitting the Offer Price per share to such persons. Receipt of the Offer Price payments by the Depositary will be deemed to constitute receipt of payment by persons depositing Deposited Shares. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary to persons depositing Deposited Shares on the purchase price of Common Shares purchased by the Offeror, regardless of any delay in making such payment.

Settlement with each Shareholder who has validly deposited and not properly withdrawn Deposited Shares under the Offer will be made, if held in book entry form: (a) by the Depositary issuing a cheque or wire transfer or other form of payment acceptable to CDS or DTC, as applicable, payable in Canadian funds, representing the cash payment for the securities to which CDS or DTC, as applicable, is entitled on behalf of the CDS Participants or DTC Participants, as applicable, it represents; and (b) by CDS or DTC, as applicable, issuing a cheque or wire transfer representing the cash payment for the securities to which each CDS Participant or DTC Participant, as applicable, on behalf of depositing Shareholders, is entitled. If not held in book entry form: by the Depositary issuing a cheque payable in Canadian funds, presenting the cash payment to which such depositing Shareholder is entitled (unless such payment would exceed \$25 million, in which case payment will be made by wire transfer). Subject to the foregoing and unless otherwise directed by the Letter of Transmittal, cheques will be issued in the name of the registered Shareholder of the Deposited Shares so deposited. Unless the person depositing the Deposited Shares instructs the Depositary to hold the cheques for pick-up by checking the appropriate box in the Letter of Transmittal, the cheques will be forwarded by first class insured mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the

cheques will be sent to the address of the Shareholder as shown on the securities register maintained by or on behalf of FGL. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Cheques will be payable in Canadian funds.

If any Deposited Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, certificates for unpurchased Common Shares will be returned, at the Offeror's expense, to the depositing Shareholder as soon as it is practicable following the Expiry Time or withdrawal or early termination of the Offer. Unless otherwise directed in the Letter of Transmittal, certificates representing unpurchased Common Shares will be forwarded to the address of the registered Shareholder as shown on the securities register maintained by FGL. See Section 9 of the Offer, "Return of Deposited Shares".

Shareholders depositing Common Shares will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depository. If you own Common Shares through a broker or other nominee and your broker or nominee tenders your Common Shares on your behalf, your broker or nominee may charge you a fee for doing so.

4. Time for Acceptance

The Offer is open for acceptance, unless extended or withdrawn at the sole discretion of the Offeror in accordance with applicable law and the terms of the Support Agreement, until 5:00 p.m. (Toronto time) on June 29, 2011. See Section 6 of this Offer, "Extensions, Variations and Changes to the Offer". No Common Shares will be taken up and paid for pursuant to the Offer prior to the Expiry Time unless and until all of the terms and conditions of the Offer have been satisfied and/or waived.

5. Manner of Acceptance

Before you accept the Offer, you should read all information provided to you by the Offeror and FGL and, if you need advice, consult your broker or legal, financial or other professional advisor.

Letter of Transmittal

The Offer may be accepted by Shareholders by depositing the following documents with the Depository at the office specified in the Letter of Transmittal (printed on blue paper) so as to be received no later than the Expiry Time:

- (a) a Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed as required by the instructions set out in the Letter of Transmittal;
- (b) the certificate(s) representing the Deposited Shares; and
- (c) any other documents required by the instructions set out in the Letter of Transmittal.

No fee or commission will be payable by Shareholders who deposit their Common Shares pursuant to the Offer directly with the Depository.

The Offer will be deemed to be accepted only if the Depository has actually received these documents at or before the Expiry Time at the address for the Depository indicated on the Letter of Transmittal.

Shareholders who cannot comply on a timely basis with these procedures for deposit of the requisite certificates for Common Shares may deposit Common Shares under the Offer in compliance with the procedure for guaranteed delivery set out below under the heading "Procedure for Guaranteed Delivery".

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if:

- (a) the Letter of Transmittal is signed by the registered owner of the Common Shares exactly as the name of the registered Shareholder appears on the Common Share certificate deposited therewith, and the Offer Price payable for the Deposited Shares is to be delivered directly to such registered Shareholder at the address of the holder as indicated on the Shareholder register maintained on behalf of FGL; or
- (b) Deposited Shares are deposited for the account of an Eligible Institution.

In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution.

Method of Delivery

The method of delivery of certificates representing Deposited Shares, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the depositing Shareholder. The Offeror recommends that those documents be delivered by hand to the Depositary and that a receipt be obtained or, if certificates for Deposited Shares and the other documents are to be sent by mail, registered mail with return receipt requested, properly insured, is recommended, and it is suggested that the mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary on or prior to such time. Delivery will only be effective upon actual receipt of certificates for such Deposited Shares by the Depositary at its office in Toronto, Ontario.

A Shareholder who wishes to deposit Common Shares under the Offer and whose Common Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such Common Shares under the Offer.

Procedure for Guaranteed Delivery

If a Shareholder wishes to accept the Offer and either (i) the certificates representing such Shareholder's Common Shares are not immediately available; or (ii) such Shareholder cannot deliver the certificates and Letter of Transmittal to the Depositary by the Expiry Time, those Common Shares may nevertheless be deposited under the Offer provided that all of the following conditions are met:

- (a) such deposit is made only at the office of the Depositary in Toronto, Ontario, by or through an Eligible Institution;
- (b) a Notice of Guaranteed Delivery (or a manually signed facsimile thereof), properly completed and duly executed, including a guarantee to deliver Common Shares by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary at its office in Toronto, Ontario, at or before the Expiry Time; and
- (c) the certificate(s) representing the Common Shares, in proper form for transfer, together with a properly completed and duly signed Letter of Transmittal (or a manually signed facsimile thereof), relating to such Common Shares, with signatures guaranteed if so required in accordance with the Letter of Transmittal, and all other documents required by such Letter of Transmittal, are received at the Toronto, Ontario, office of the Depositary by 4:30 p.m. (Toronto time) on the third trading day after the Expiry Date.

The Notice of Guaranteed Delivery may be delivered by hand or couriered or transmitted by electronic facsimile or mailed to the Depositary only at its office in Toronto, Ontario, and must include a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery. Delivery of the Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying certificate(s) representing the Deposited Shares and other required documents to any other office other than the Toronto, Ontario office of the Depositary does not constitute delivery for the purpose of satisfying the guaranteed delivery procedure.

Acceptance by Book-Entry Transfer

Shareholders may also accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario prior to the Expiry Time. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Shareholder's Common Shares into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Common Shares to the Depositary by means of a Book-Entry Confirmation will constitute a valid deposit under the Offer.

Shareholders, through their respective CDS Participants, who use CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary are considered a valid deposit in accordance with the terms of the Offer.

Shareholders also may accept the Offer by following the procedures for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message in respect thereof, or a properly completed and executed Letter of Transmittal (including signature guarantee if required) and all other required documents, are received by the Depository at its office in Toronto, Ontario prior to the Expiry Time. The Depository has entered into an ATOP Agreement with DTC for the purpose of the Offer. Any financial institution that is a participant in DTC may cause DTC to make a book-entry transfer of a Shareholder's Common Shares into the Depository's account in accordance with DTC's procedures for such transfer. However, as noted above, although delivery of Common Shares may be effected through book-entry transfer at DTC, either an Agent's Message in respect thereof, or a Letter of Transmittal (or a manually executed facsimile thereof), properly completed and executed (including signature guarantee if required), and all other required documents, must, in any case, be received by the Depository, at its office in Toronto, Ontario prior to the Expiry Time. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the Depository. The required documents or Book-Entry Confirmation, together with an Agent's Message in respect thereof, must be sent to the Depository as described above.

Shareholders whose Common Shares are registered in the name of an investment dealer, stock broker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer.

Determination of Validity

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance of any deposit of Common Shares will be determined by the Offeror in its sole discretion, which determination will be final and binding on all parties. The Offeror reserves the absolute right to reject any and all deposits of Common Shares determined by it not to be in proper form or which may be, in the opinion of the Offeror's counsel, unlawful to accept. The Offeror also reserves the absolute right to waive any defect or irregularity in any deposit of Common Shares. No deposit of Common Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. None of the Offeror, the Depository or any other person will be under any duty to give notification of any defect or irregularity in deposits or incur any liability for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding on all parties. The Offeror reserves the right to permit the Offer to be accepted in a manner other than as set forth herein.

Under no circumstances will any amount be paid by the Offeror or the Depository by reason of any delay in taking up and paying for any Common Shares to any person on account of Common Shares accepted pursuant to the Offer.

Power of Attorney

An executed Letter of Transmittal irrevocably approves, constitutes and appoints, effective on and after the date that the Offeror takes up and pays for the Deposited Shares covered by the Letter of Transmittal (which shares upon being taken up and paid for are hereinafter referred to as the "**Purchased Securities**"), each director or officer of the Offeror and any other person designated by the Offeror in writing (each an "**Appointee**") as the true and lawful agents, attorneys and attorneys-in-fact and proxies, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), of the depositing Shareholder with respect to the Purchased Securities. The Letter of Transmittal authorizes an Appointee, in the name and on behalf of such Shareholder:

- (a) to register or record the transfer and/or cancellation of such Purchased Securities on the appropriate register maintained by or on behalf of FGL;
- (b) for so long as any Purchased Securities are registered or recorded in the name of such Shareholder (whether or not they are now so registered or recorded), to exercise any and all rights of such Shareholder including the right to vote, to execute and deliver any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any or all Purchased Securities, to revoke any such instrument, authorization or consent, and to designate in such instrument, authorization or consent any person or persons as the proxy of such Shareholder in respect of the Purchased Securities for all purposes including in connection with any meeting or meetings (whether annual, special or otherwise or any adjournment thereof) of holders of relevant securities of FGL; and
- (c) to exercise any other rights of a holder of Purchased Securities.

A Shareholder accepting the Offer under the terms of the Letter of Transmittal revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Shareholder at any time with respect to the Deposited Shares. The Shareholder accepting the Offer agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the Deposited Shares by or on behalf of the depositing Shareholder unless the Deposited Shares are not taken up and paid for under the Offer. A Shareholder accepting the Offer also agrees not to vote any of the Purchased Securities at any meeting (whether annual, special or otherwise or any adjournment thereof) of holders of relevant securities of FGL and not to exercise any of the other rights or privileges attached to the Purchased Securities, and agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents in respect of any or all of the Purchased Securities, and agrees to appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by the Offeror as the proxy of the holder of the Purchased Securities. **Upon such appointment, all prior proxies and other authorizations (including all appointments of any agent, attorney-in-fact or attorney) or consents given by the holder of such Purchased Securities with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.**

Further Assurances

A Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to the Offeror. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such holder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Shareholder.

Binding Agreement

The acceptance of the Offer under the terms of the Letter of Transmittal constitutes a binding agreement between a depositing Shareholder and the Offeror, effective immediately following the time at which the Offeror takes up Common Shares deposited by such Shareholder, in accordance with the terms and conditions of the Offer. This agreement includes a representation and warranty by the depositing Shareholder that: (i) the person signing the Letter of Transmittal has full power and authority to deposit, sell, assign and transfer the Deposited Shares deposited pursuant to the Offer; (ii) the person signing the Letter of Transmittal owns the Deposited Shares deposited pursuant to the Offer; (iii) the Deposited Shares have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Shares, to any other person; (iv) the deposit of the Deposited Shares complies with applicable laws; and (v) when the Deposited Shares are taken up and paid for by the Offeror, the Offeror will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth in this Section 5.

6. Extensions, Variations and Changes to the Offer

The Offer will be open for acceptance at the place of deposit specified in the Letter of Transmittal until the Expiry Time, unless the Offer is extended or withdrawn by the Offeror.

The Offeror has the right, in its sole discretion, to extend from time to time the Expiry Time if the Minimum Tender Condition, or any other condition to the Offer, is not satisfied or waived, for a period of 150 days from the date of the Offer (the “**Outside Date**”). However, pursuant to the Support Agreement, 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 the Offeror and FGL 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 Offeror or FGL, as applicable, 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 Offeror and FGL, provided that in no event shall the Outside Date be later than 270 days from the date of the Support Agreement.

Subject to the terms of the Support Agreement, 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 FGL: increase the Minimum Tender Condition; decrease the consideration per Common Share under the Offer; decrease the number of Common Shares in respect of which the Offer is made; change the form of consideration payable under the Offer (other than to add additional consideration); or add any condition to the Offer not set forth in the Support Agreement 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.

Subject to the limitations contained in the Support Agreement, the Offeror expressly reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time if permitted by applicable laws), to vary the terms of the Offer or extend the Expiry Time, in accordance with applicable laws, by giving notice in writing to the Depositary at its office in Toronto, Ontario. Also, if at any time before the Expiry Time, or at any time after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in this Offer and Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), the Offeror will give written notice of such change to the Depositary at its office in Toronto, Ontario. Upon the giving of such notice to the Depositary, the Expiry Time or withdrawal rights, as applicable, will be deemed to be extended to the date specified in such notice or as required by applicable law, or in the case of a variation, the Offer will be deemed to be varied in the manner described in such notice, as the case may be. The Offeror will, as soon as practicable after the giving of any such notice to the Depositary, publicly announce the extension, variation or change and, if required by applicable law, cause the Depositary to mail a copy of any such notice to Shareholders as required by applicable securities laws at their respective addresses appearing in the share register of FGL. In addition, the Offeror will provide a copy of such notice to the TSX and other applicable regulatory authorities. Any notice of extension, variation or change will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the Depositary at its office in Toronto, Ontario. During any extension of the Offer, all Common Shares previously deposited and not taken up and paid for or withdrawn will remain subject to the Offer and, subject to applicable law, may be accepted for purchase by the Offeror in accordance with the terms of the Offer, subject to Section 8 of this Offer, "Right to Withdraw Deposited Common Shares".

An extension of the Expiry Time will not, in and of itself, constitute a waiver by the Offeror of any of its rights under Section 2 of this Offer, "Conditions of the Offer".

Under applicable Canadian securities laws, if there is a variation in the terms of the Offer, other than a waiver of a condition, the period during which Common Shares may be deposited under the Offer will not expire before 10 days after the date that the notice of variation has been delivered. If, before the Expiry Time, the Offeror in its sole discretion elects to increase the consideration being offered for the Common Shares, such increase will be applicable to all holders whose Common Shares are taken up under the Offer.

Notwithstanding the foregoing, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer, except those waived by the Offeror, have been fulfilled or complied with, unless the Offeror first takes up all Common Shares then deposited under the Offer and not withdrawn.

7. Changes in Capitalization of FGL; Liens

In the Support Agreement, FGL represented that, as at May 6, 2011, there were issued and outstanding not more than 28,628,566 Common Shares, nil preferred shares and an aggregate of up to 1,726,012 Common Shares were issuable upon the exercise of Options. Except for those Options and certain rights pursuant to the employment agreements of the Chief Executive Officer and the President and Chief Operating Officer, there were no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or that may require the issuance, sale or transfer by FGL of any securities of FGL (including Common Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of FGL (including Common Shares) or subsidiaries of FGL.

FGL covenanted in the Support Agreement that it will not: (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of FGL or any of its subsidiaries nor provide any consent, waiver or approval to any Person in which FGL or any of its subsidiaries has a voting or equity interest in respect of such actions; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of FGL or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of FGL or its subsidiaries, other than the issuance of Common Shares pursuant to the terms of the outstanding Options nor provide any consent, waiver or approval to any Person in which FGL or any of its subsidiaries has a voting or equity interest in respect of such actions; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of FGL or any of its subsidiaries; (v) amend the terms of any of its securities nor provide any consent, waiver or approval in respect of such amendments to the terms of any securities of any Person in which FGL or any of its subsidiaries has a voting or equity interest; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of FGL or any of its subsidiaries nor provide any consent, waiver or approval to any Person in which FGL or any of its subsidiaries has a voting or equity interest in respect of such actions; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP; or (viii) enter into any agreement with respect to any of the foregoing.

Purchased Securities shall be transferred by the Shareholder and acquired by the Offeror free and clear of all liens, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom but subject to any Common Shares being validly withdrawn by or on behalf of a depositing Shareholder.

8. Right to Withdraw Deposited Shares

Except as otherwise provided in this Section 8 or otherwise required by applicable laws, all deposits of Common Shares to the Offer will be irrevocable. Unless otherwise required or permitted by applicable laws, any Deposited Shares may be withdrawn by or on behalf of the depositing Shareholder:

- (a) at any time before the Deposited Shares have been taken up by the Offeror pursuant to the Offer;
- (b) if the Deposited Shares have not been paid for by the Offeror within three business days after having been taken up; or
- (c) at any time before the expiration of 10 days from the date upon which either:
 - (i) a notice of change relating to a change in the information contained in the Offer or Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an affiliate of the Offeror), in the event that such change occurs at or before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or
 - (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Common Shares where the Expiry Time is not extended for more than 10 days after the date of the notice of variation, or a variation consisting solely of a waiver of a condition of the Offer and any extension of the bid resulting from the waiver, or both),

is mailed, delivered, or otherwise properly communicated, but subject to abridgement of that period pursuant to such order or orders as may be granted by applicable courts or securities regulatory authorities and only if such Deposited Shares have not been taken up by the Offeror in advance of the receipt of such communication by the Depositary.

A Shareholders' broker or other nominee may set deadlines for the withdrawal of Deposited Shares that are earlier than those specified above. Shareholders should contact their broker or other nominee for assistance.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be received in a timely manner by the Depositary at its office in Toronto, Ontario. Any such notice of withdrawal must: (i) be made by a method, including a manually signed facsimile transmission, that provides the Depositary with a written or printed copy; (ii) be signed by or on behalf of the person who signed the Letter of Transmittal (or Notice of Guaranteed Delivery) that accompanied the Deposited Shares to be withdrawn; (iii) specify the number of Deposited Shares to be withdrawn, the name of the registered Shareholder and the certificate number shown on the share certificate(s) representing each Deposited Share to be withdrawn; and (iv) be actually received by the Depositary at the place of deposit for the applicable Deposited Shares (or Notice of Guaranteed Delivery in respect thereof). No signature guarantee is required on a notice of withdrawal if the notice of withdrawal is signed by the registered Shareholder exactly as the name of the registered Shareholder appears on the certificate representing Deposited Shares deposited with the Letter of Transmittal or if the Deposited Shares were deposited for the account of an Eligible Institution. In all other cases, the signature on a notice of withdrawal must be guaranteed by an Eligible Institution. **A withdrawal of Deposited Shares can only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depositary of the properly completed and executed written or facsimile notice of withdrawal.**

Alternatively, if Deposited Shares have been deposited pursuant to the procedures for book-entry transfer, as set out under "Manner of Acceptance – Acceptance by Book-Entry Transfer" in Section 5 of this Offer, any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Common Shares and otherwise comply with the procedures of CDS or DTC, as applicable.

All questions as to form and validity (including time of receipt) of notices of withdrawal will be determined by the Offeror in its sole discretion and such determination will be final and binding. There will be no duty or obligation on the Offeror, the Depositary or any other person to give notice of any defect or irregularity in any notice of withdrawal, and no liability will be incurred by any of them for failure to give such notice.

Withdrawals may not be rescinded and any Common Shares properly withdrawn will thereafter be deemed not validly deposited for the purposes of the Offer. However, withdrawn Common Shares may be re-deposited at any subsequent time prior to the Expiry Time by again following any of the procedures described in Section 5 of this Offer, "Manner of Acceptance".

If the Offeror extends the period of time during which the Offer is open, is delayed in taking up or paying for the Deposited Shares or is unable to take up or pay for Deposited Shares for any reason, then, without prejudice to the Offeror's other rights under the Offer, the Depositary may, subject to applicable laws, retain on behalf of the Offeror all Deposited Shares, and such Deposited Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in this Section 8 or pursuant to applicable laws.

In addition to the foregoing rights of withdrawal, Shareholders in the provinces and territories of Canada are entitled to one or more statutory rights of rescission, price revision or to damages in certain circumstances. See Section 22 of the Circular, "Statutory Rights".

9. Return of Deposited Shares

If any Deposited Shares are not taken up and paid for pursuant to the terms and conditions of the Offer for any reason, certificates for unpurchased Common Shares will be returned to the depositing Shareholder as soon as is practicable following the termination or withdrawal of the Offer by sending new certificates representing Common Shares not purchased or by returning the deposited certificates (and other relevant documents). Certificates (and other relevant documents) will be forwarded by first class mail in the name of and to the address specified by the Shareholder in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the share register maintained by FGL or its transfer agent, as soon as practicable after the termination of the Offer. In the case of Deposited Shares deposited by book-entry transfer pursuant to the procedures set forth under "Manner of Acceptance – Acceptance by Book-Entry Transfer" in Section 5 of this Offer, such securities will be credited to the depositing Shareholder's account maintained by CDS or DTC, as applicable.

10. Mail Service Interruption

Notwithstanding the provisions of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, cheques in payment of the Offer Price and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. A person entitled to cheques in payment of the Offer Price and any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the Common Shares were delivered, upon application to the Depositary, until such time as the Offeror has determined that delivery by mail will no longer be delayed. Notwithstanding Section 11 of this Offer, "Notice and Delivery", the deposit of cheques in payment of the Offer Price and any other relevant documents with the Depositary in such circumstance will constitute delivery to the persons entitled thereto and the Common Shares will be deemed to have been paid for immediately upon such deposit. Notice of any determination regarding mail service delay or interruption made by the Offeror will be given in accordance with Section 11 of this Offer, "Notice and Delivery".

11. Notice and Delivery

Without limiting any other lawful means of giving notice, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given to registered Shareholders if it is mailed by prepaid, first class mail to the registered Shareholders at their respective addresses appearing in the register maintained by FGL in respect of the Common Shares and will be deemed, unless otherwise specified by applicable laws, to have been received on the first business day following the date of mailing. For this purpose, "business day" means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and notwithstanding any interruption of mail service following mailing. Except as otherwise required or permitted by law, in the event of any interruption of mail service, the Offeror intends to make reasonable efforts to disseminate the notice by other means such as publication. Except as otherwise required or permitted by law, if post offices are not open for the deposit of mail, or there is reason to believe that there is or could be a disruption in all or any part of the postal service, any notice which the Offeror or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is given to the TSX or if it is published in the national edition of The Globe and Mail or the National Post and in La Presse or it is given to Canada Newswire Service for dissemination through its facilities.

Unless post offices are not open for the deposit of mail, the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery will be mailed to registered Shareholders by first class mail, postage prepaid or made available in such other manner as is permitted by applicable regulatory authorities and the Offeror will use its reasonable efforts to furnish such documents to brokers, banks and similar persons whose names, or the names of whose nominees appear on the security holder list, for subsequent transmission to beneficial owners of Common Shares when such list or listing is received.

Wherever the Offer calls for documents to be delivered to the Depositary, those documents will not be considered delivered unless and until they have been physically received at the address listed for the Depositary in the Letter of Transmittal or the Notice of Guaranteed Delivery, as applicable. Wherever the Offer calls for documents to be delivered to a particular office of the Depositary, those documents will not be considered delivered unless and until they have been physically received at the office at the address listed in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable.

12. Market Purchases and Sale of Common Shares

The Offeror and its affiliates reserve the right to, and may, acquire or cause an affiliate to acquire Common Shares or other securities convertible or exchangeable for Common Shares, including by making purchases through the facilities of the TSX, as permitted by and subject to applicable law, at any time and from time to time before the Expiry Time. In no event will the Offeror or its affiliates make any such purchases of Common Shares through the facilities of the TSX until the third clear trading day following the date of the Offer. The aggregate number of Common Shares acquired by the Offeror or its affiliates through the facilities of the TSX during the period commencing at the date of the Offer and ending at the Expiry Time will not exceed 5% of the number of Common Shares outstanding on the date of the Offer. The Offeror will issue and file a press release containing the information prescribed by law forthwith after the close of business of the TSX on each day on which such Common Shares or other securities have been purchased. Purchases made through the facilities of the TSX shall be counted in any determination as to whether the Minimum Tender Condition has been fulfilled.

Although the Offeror has no present intention to sell Common Shares taken up under the Offer, subject to compliance with applicable laws, the Offeror reserves the right to enter into arrangements, commitments or understandings at or prior to the Expiry Time to sell after the Expiry Time any of the Common Shares taken up and paid for under the Offer.

13. Other Terms of the Offer

No broker, dealer or other person has been authorized to give any information or to make any representation or warranty on behalf of the Offeror other than as contained in the Offer and Circular filed by the Offeror under FGL's profile at www.sedar.com, and, if any such information, representation or warranty is given or made, it must not be relied upon as having been authorized.

The provisions of the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions and rules contained therein, as applicable, form part of the terms and conditions of the Offer.

The Offer will be governed by applicable Canadian securities laws, and all contracts resulting from the acceptance thereof will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the laws of such jurisdiction. Each party to any agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor will deposits of Common Shares be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

The Offeror, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer, the validity of any deposit of Common Shares, and the validity of any withdrawals of Common Shares.

The Offeror reserves the right to transfer to one or more of its wholly-owned affiliates the right to purchase all or any portion of the Deposited Shares but any such transfer will not relieve the Offeror of its obligations under the Offer and will not in any way prejudice the rights of persons depositing Common Shares to receive payment for Deposited Shares.

The Offer and the accompanying Circular constitute the take-over bid circular required under applicable Canadian securities laws with respect to the Offer. Shareholders are urged to refer to the accompanying Circular and Directors' Circular for additional information relating to the Offer, FGL, the Offeror and Canadian Tire.

Dated May 20, 2011.

FGL AcquisitionCo Limited

Stephen Wetmore
Chief Executive Officer

CIRCULAR

This Circular is supplied by the Offeror in connection with the accompanying Offer by the Offeror to purchase, upon the terms and subject to the conditions described therein, all of the issued and outstanding Common Shares, including any Common Shares that may become issued and outstanding after the date of the Offer upon the conversion, exchange or exercise of any securities of FGL that are convertible into or exchangeable or exercisable for Common Shares, together with the associated rights issued under the Shareholder Rights Plan. The terms and provisions of the Offer, the Letter of Transmittal, and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Shareholders are urged to refer to the Offer for details of its terms and conditions, including details as to payment and withdrawal rights. Defined terms used in the Offer are used in the Circular with the same meaning unless the context otherwise requires.

1. Canadian Tire and the Offeror

The Offeror was incorporated on May 6, 2011 under the ABCA and is a wholly-owned subsidiary of Canadian Tire. Canadian Tire is a corporation existing under the laws of the Province of Ontario. Canadian Tire is one of Canada's most-shopped general retailers, offering everyday products and services to Canadians through more than 1,200 retail and gasoline outlets from coast-to-coast.

The Offeror has its registered office at 4300 Bankers Hall West, 888 3rd Street, SW, Calgary, Alberta, T2P 5C5. The head office of the Offeror is located at 1800, 2180 Yonge Street, Toronto, Ontario, M4P 2V8. Canadian Tire's retail website address is www.canadiantire.ca. The information contained in Canadian Tire's website is not incorporated by reference in the Offer or Circular.

2. FGL

Except as otherwise indicated, all information concerning FGL contained in the Offer and Circular has been taken from or based upon publicly available documents and records on file with Canadian securities regulatory authorities and other public sources and certain other information provided by FGL to Canadian Tire and the Offeror. Canadian Tire and the Offeror have been granted access to certain additional information concerning the business and affairs of FGL that is not generally available. Although neither Canadian Tire nor the Offeror has any knowledge that would indicate that any statements contained herein taken from or based on such information or such documents and records are untrue or incomplete, neither Canadian Tire nor the Offeror, nor their respective directors and officers assume any responsibility for the accuracy or completeness of such information or the information taken from or based upon such documents and records, or for any failure by FGL to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Canadian Tire or the Offeror.

Overview of FGL

FGL is Canada's largest national retailer of sporting goods, offering a comprehensive assortment of brand-name and private-label products, operating stores from coast to coast, under the following corporate and franchise banners: Sport-Chek, Sport Mart, National Sports, Athletes World, Sports Experts, Intersport, Econosports, Atmosphere, Tech Shop/Pegasus, Nevada Bob's Golf, Hockey Experts, S3 and The Fitness Source.

FGL is a reporting issuer (or the equivalent thereof) in all of the provinces of Canada and the Common Shares are listed or posted for trading on the Toronto Stock Exchange under the symbol "FGL".

FGL is a company amalgamated under the ABCA. FGL's registered and head office is at 824 41st Avenue, N.E., Calgary, Alberta. FGL's website address is www.forzanigroup.com. The information contained in FGL's website is not incorporated by reference in the Offer or Circular.

Authorized and Outstanding Share Capital

FGL's authorized capital consists of an unlimited number of Common Shares without par value, of which, as at May 19, 2011, 28,603,566 Common Shares are issued and outstanding and an unlimited number of preferred shares, issuable in series, of which, as at the date hereof, none are issued and outstanding.

The Common Shares entitle the holders thereof to receive any dividends as and when declared by the directors of FGL, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of FGL.

In the event of a liquidation or winding-up of FGL, or any other distribution of the assets of FGL among its Shareholders for the purpose of winding-up its affairs, the holders of the Common Shares will have the right, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of FGL, to share ratably in all such distributions in proportion to the number of Common Shares held.

Stock Options

The FGL Option Plan permits the granting of options to eligible participants. As at the date hereof there are 1,726,012 FGL Options granted and outstanding.

Directors' Circular

Pursuant to the provisions of the securities laws of particular provinces of Canada, the FGL Board must send a circular to all Shareholders in connection with the Offer. See the accompanying Directors' Circular which is mailed herewith.

3. Background to the Offer

The provisions of the Support Agreement are a result of arm's length negotiations conducted between representatives of FGL and Canadian Tire and their respective advisors. The following is a summary of the significant events from the Offeror's perspective that preceded the execution and public announcement of the Support Agreement.

For several years, Canadian Tire has had an interest in FGL and regarded the business of FGL as a highly strategic and a complementary "fit" with its own business. In that regard, Canadian Tire executives have held informal discussions on prior occasions with representatives of FGL about the benefits of combination and the possibility of pursuing a transaction. Although those discussions never advanced beyond the preliminary stage for various reasons, Canadian Tire has continued to monitor FGL's business and evaluate opportunities with respect to potentially acquiring FGL.

In November 2010, Canadian Tire renewed its consideration of a potential acquisition of FGL and conducted a preliminary internal analysis. This analysis was based upon publicly available information, numerous store visits and its knowledge of the Canadian retail and sporting goods industries. In addition, Canadian Tire retained legal and financial advisors to further assist in its evaluation of the potential acquisition opportunity.

In December 2010, Canadian Tire began acquiring Common Shares of FGL in the open market. The last purchase by Canadian Tire of Common Shares was on February 9, 2011, and Canadian Tire has accumulated 1,336,625 or 4.6% of the outstanding Common Shares.

On February 16, 2011, Stephen Wetmore, the President and Chief Executive Officer of Canadian Tire met with Robert Sartor, Chief Executive Officer of FGL, to express Canadian Tire's strong interest in pursuing a combination transaction with FGL and to advise that, to that end, Canadian Tire and its advisors were prepared to begin work immediately. On February 18, 2011, as a follow up to that discussion, Canadian Tire submitted a non-binding expression of interest to FGL in respect of an acquisition of all the Common Shares of FGL. 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 23, 2011, Mr. Wetmore was advised by Mr. Sartor that the FGL Board had met to consider Canadian Tire's expression of interest and had determined to constitute a Special Committee and engage advisors.

Between March 6, 2011 and March 23, 2011, numerous conversations were held between representatives of Canadian Tire and FGL regarding, among other things, the terms of a confidentiality agreement and the terms of exclusive negotiations. On March 23, 2011, Canadian Tire and FGL entered into a confidentiality agreement allowing Canadian Tire and its advisors to receive confidential information in connection with Canadian Tire's consideration of

a possible acquisition of FGL. The confidentiality agreement contained a standstill provision restricting certain Canadian Tire actions with respect to FGL for a period of nine months, subject to Canadian Tire's ability to make a take-over bid for FGL at a cash price for an amount 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 FGL entered into an exclusivity agreement, providing Canadian Tire with the exclusive right to negotiate a transaction with FGL until April 18, 2011, which agreement was extended on subsequent occasions to midnight on the evening of May 8, 2011.

Beginning on March 23, 2011, FGL facilitated a comprehensive due diligence review of FGL'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 FGL and its advisors and representatives of Canadian Tire and its advisors, during which information regarding FGL and its business was provided to Canadian Tire.

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

During the week of May 2, 2011, extensive negotiations of the final terms of the support and lock-up agreements were conducted, which were substantially settled by May 7, 2011, with the exception of the final offer price and the quantum of the termination fee to be payable to Canadian Tire in certain events. Further discussions were held on May 7, 2011 regarding the final terms and the final terms of the Support Agreement were settled on the morning of May 8, 2011.

On the morning of May 8, 2011, representatives of FGL advised Canadian Tire that after a thorough and complete discussion and consideration of the advice received from its financial and legal advisors, including the delivery of the Fairness Opinion by Greenhill & Co. Canada Ltd. to the FGL Board, the FGL Board unanimously resolved (i) that the consideration to be received under the Offer by Shareholders is fair to all Shareholders (other than the Offeror and its affiliates) and that the Offer is in the best interests of FGL, (ii) to approve entering into by FGL of the Support Agreement, and (iii) to recommend that Shareholders accept the Offer and deposit their Common Shares to the Offer.

On the same day, the board of Canadian Tire met to consider the terms of the Offer and the Support Agreement. Following presentations to the board by senior management, by Goodmans LLP, legal counsel to Canadian Tire, and by BMO Capital Markets, financial advisor to Canadian Tire, and after consulting with senior management, legal counsel and their financial advisors, the Canadian Tire board considered the proposed transaction. The Canadian Tire board concluded that the Offer and the transactions contemplated by the Support Agreement were in the best interests of Canadian Tire and its relevant stakeholders and unanimously approved the execution of the Support Agreement.

Later that day, the Support Agreement was executed and Canadian Tire and FGL issued press releases before markets opened on May 9, 2011 announcing the transaction.

4. Recommendation of the FGL Board

The FGL Board has unanimously determined, upon the recommendation of the Special Committee and after consultation with its financial and legal advisors, that the consideration to be offered for Common Shares pursuant to the Offer is fair, from a financial point of view, to all Shareholders (other than the Offeror, Canadian Tire and their respective affiliates), that it would be in the best interests of FGL to support and facilitate the Offer and enter into the Support Agreement and to recommend that Shareholders **DEPOSIT** their Common Shares to the Offer, upon the terms and subject to the conditions in the Support Agreement. The background to the Offer and the reasons for the **UNANIMOUS** recommendations of the Special Committee and the FGL Board are contained in the Directors' Circular (together with the fairness opinion of Greenhill & Co. Canada Ltd.) accompanying the Offer and Circular.

5. Description of 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 is available on SEDAR 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 certain conditions are satisfied or waived at or prior to the Expiry Time, which conditions are listed under Section 2 of the Offer, "Conditions of the Offer".

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 FGL is permitted to carry on business including, without limitation, requirements that FGL and its subsidiaries 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. A Change in Recommendation is made where the Board of Directors withdraws, amends or modifies in any manner adverse to the Offeror, or fails to recommend or reaffirm, its recommendation to Shareholders of the Offer (i) within five Business Days of an announcement of any Acquisition Proposal that the Board of Directors has determined is not a Superior Proposal, or (ii) at the request by the Offeror to make such recommendation or reaffirmation.

Except as otherwise provided in the Support Agreement, FGL (including its subsidiaries and its and their Representatives) agreed to 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, to discontinue access to any of its confidential information and request the return or destruction of all material confidential information regarding FGL and its subsidiaries previously provided to any such Person or any other Person. FGL agreed 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 FGL 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, FGL has the ability to respond to unsolicited alternative transactions in certain circumstances. If at any time following the date of the Support Agreement FGL receives a written Acquisition Proposal, provided that FGL 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, FGL may:
 - (A) furnish information with respect to FGL 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 FGL or the Offeror, shall be furnished to such Person or any of its Affiliates prior to the fifth 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 FGL 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 FGL and its Representatives not disclose any non-public information with respect to FGL (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 FGL and no more favourable to the counterparty than the confidentiality and standstill provisions contained in the confidentiality agreement made between Canadian Tire and FGL, dated March 23, 2011; and (iii) without providing a copy of such confidentiality agreement to the Offeror.

Notification of Acquisition Proposals

FGL agreed to provide written notice within 24 hours to Canadian Tire and the Offeror of any proposal, inquiry, offer or request received by FGL 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 FGL or its subsidiaries. FGL agreed to 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 FGL relating to such Acquisition Proposal.

Responding to Acquisition Proposals and Superior Proposals

If FGL is in compliance with their non-solicitation obligations as provided above and the termination provisions in the Support Agreement, FGL 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;
- FGL 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 FGL;
- 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
- FGL has paid to the Offeror the Termination Payment.

During the Response Period, the Offeror and Canadian Tire 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, FGL 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 FGL (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 FGL or FGL’s change in or failure to make a recommendation reaffirming or approving the Offer;
- FGL proposes to terminate the Support Agreement as a result of the acceptance of a Superior Proposal, in which case FGL 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 FGL does not have sufficient financial resources to make the Termination Payment, in order for FGL 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, FGL shall not enter into any such agreement unless the Person making such Acquisition Proposal or Superior Proposal, as applicable, advances or otherwise provides to FGL the cash required for FGL 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 tendered 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.

FGL has agreed 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, FGL may take such actions as may be necessary or desirable, including amending the terms of any Options and FGL'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. FGL shall resolve prior to the Take-Up Date that all Options remaining and not exercised at the Take-Up Date shall be terminated for no consideration, which termination shall not require the consent of any holders of Options.

FGL has agreed 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, FGL 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 FGL 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

FGL may take such actions as may be necessary or desirable, including amending the terms of any RSUs, PSUs and FGL'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 Take-Up Date, FGL shall pay the holders of all RSUs and PSUs remaining and not exercised at the Take-Up Date all amounts owing in accordance with the terms thereof.

DSUs

Following the Take-Up Date no amendment, modification or termination of the FGL 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 Take-Up Date, notwithstanding any term of the plan which might extend payment beyond such date.

Consents

FGL has agreed to use its commercially reasonable efforts to obtain all consents, waivers and approvals required in respect of the Offer, and FGL 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 FGL have agreed to submit the Competition Act Filing (as defined below) within three Business Days following the execution of the Support Agreement, 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 (defined below as an "ARC") 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 Offer, the take-up of Common Shares under the Offer, any Compulsory Acquisition and Subsequent Acquisition Transaction, and provide to FGL 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 FGL, the Offeror and Canadian Tire have already done so, immediately following execution of the Support Agreement, counsel for the Offeror, Canadian Tire and FGL shall contact the Competition Bureau to provide it with verbal notice of the Contemplated Transactions.
- (ii) FGL, 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) FGL, 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 FGL in consultation with each other. FGL, 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) FGL, 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 FGL, 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 tendered under the Offer and FGL 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 FGL 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 FGL 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 FGL 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, FGL 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 FGL, 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

FGL has covenanted and agreed that, during the period from the date of the Support Agreement until the earlier of the Take-Up Date 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 disclosed in writing to the Offeror or Canadian Tire 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), FGL 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, FGL 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 FGL 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 FGL 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 FGL 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 FGL 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 FGL 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 FGL 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 Take-Up Date 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 Take-Up Date restrict, in any material respect FGL 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 FGL, 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 FGL 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 FGL 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 FGL, or

- by Canadian Tire, if (a) the Offer and accompanying take-over 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) FGL is in default of any non-solicitation covenant or obligation, FGL 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 FGL 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 FGL or any Affiliate or Representative thereof to act or fail to act in a manner that would constitute a material violation of FGL's covenants under the Support Agreement, or would limit the rights of Canadian Tire or the Offer in relation to such covenants;
- by FGL, 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, take-over 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 FGL; (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) FGL terminates the Support Agreement in order to accept a Superior Proposal;
- by either Canadian Tire or FGL, 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 FGL 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 FGL, 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 FGL: (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.

6. Purpose of the Offer

The purpose of the Offer is to enable Canadian Tire to acquire beneficial ownership of all of the outstanding Common Shares not currently beneficially owned, or over which control or direction is not currently exercised, directly or indirectly, by Canadian Tire or its affiliates. If the Offer is successful, it is expected that certain changes will be effected with respect to the composition of the FGL Board and the officers of FGL to allow nominees of Canadian Tire to become directors and officers of FGL. Following consummation of the Offer, Canadian Tire intends to review the affairs and operations of FGL and consider what actions might be appropriate in the circumstances. The Offeror intends to continue to operate FGL as a wholly-owned subsidiary, but may choose to reorganize its holding of FGL.

The Common Shares are currently listed on the TSX. Subsequent to the completion of the Offer or, if required, to any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror intends to cause FGL to delist the Common Shares from the TSX. See Section 16 of the Circular, "Effect of the Offer on the Common Shares".

If the Offeror takes up and pays for the Common Shares validly deposited and not properly withdrawn under the Offer, the Offeror is obligated under the Support Agreement and intends to acquire, to the extent permitted by applicable law, any Common Shares not deposited under the Offer, including by way of an amalgamation, statutory arrangement, capital reorganization or other transaction. The taking of such action and exact timing and details of any such transaction will depend upon a number of factors, including the number of Common Shares acquired by the Offeror pursuant to the Offer.

7. Reasons to Accept the Offer

Reasons to Accept the Offer

The Offeror believes that the Offer Price for every one Common Share is full and fair consideration for the Common Shares which it is seeking to purchase under the Offer. The Offeror believes that Shareholders should consider the following factors, among others, in making a decision whether to accept the Offer:

- *Compelling Premium to Market Values:* The Offer Price represents a premium of approximately 50% over the Cdn\$17.61 closing price of the Common Shares on the TSX on May 6, 2011, the last date on which the Common Shares traded prior to the date on which the Offer was announced. The Offer also represents a 45% premium over the 10-day VWAP for the period ended May 6, 2011.
- *Unanimous FGL Board Recommendation:* The FGL Board has unanimously determined, upon the recommendation of the Special Committee and after consultation with its financial and legal advisors, that the consideration to be offered pursuant to the Offer is fair to all Shareholders (other than the Offeror,

Canadian Tire and their respective affiliates), that it would be in the best interests of FGL to support and facilitate the Offer and enter into the Support Agreement and to recommend that Shareholders deposit their Common Shares to the Offer.

- *Fairness Opinion:* The opinion of Greenhill & Co. Canada Ltd. dated May 7, 2011, states that, subject to the assumptions, qualifications and limitations described therein and as of the date thereof, the consideration to be received by 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).
- *Cash Offer, Certainty of Value and Liquidity:* The Offer Price for the Common Shares will be paid in cash, providing you with certainty of value and immediate liquidity at a significant premium to unaffected trading prices, as well as the opportunity to sell your Common Shares free of broker commissions and fees.
- *Lock-Up Agreements:* All of the directors and senior officers of FGL have entered into the Lock-Up Agreements pursuant to which they have agreed to support the Offer, not to solicit any alternative Acquisition Proposals, to exercise any FGL Options held by them and to deposit under the Offer and not withdraw, subject to certain exceptions, all Common Shares held by them. The Locked-Up Shareholders hold approximately 8.34% of the outstanding Common Shares on a fully-diluted basis.

The foregoing list of factors is not intended to be exhaustive. Shareholders should consider the Offer carefully and come to their own conclusions as to whether to accept or reject the Offer. Shareholders who are in doubt as to how to respond should consult with their own investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Shareholders are advised that acceptance of the Offer may have tax consequences and they should consult their own professional tax advisors. See Section 18 of this Circular, "Certain Canadian Federal Income Tax Considerations".

8. Acquisition of Common Shares Not Deposited

Pursuant to the Support Agreement, the Offeror is obligated to, and it is the Offeror's current intention that, if the Offeror takes up and pays for Common Shares under the Offer, it may enter into one or more transactions to enable the Offeror or an affiliate of the Offeror to acquire all Common Shares not acquired pursuant to the Offer. There can be no assurances that such transactions will be completed.

Compulsory Acquisition

If by the Expiry Time or within 120 days after the date of the Offer, whichever is shorter, the Offer has been accepted by the holders of not less than 90% of the Common Shares (other than Common Shares held by or on behalf of the Offeror or its affiliates or associates, as such terms are defined in the ABCA) and the Offeror acquires such Deposited Shares, then the Offeror intends to acquire, pursuant to the provisions of Part 16 of the ABCA, the remaining Common Shares held by each Shareholder who did not accept the Offer and any person who subsequently acquires any such Common Shares (each, a "**Remaining Shareholder**") on the same terms and for the same consideration as the Common Shares acquired under the Offer (a "**Compulsory Acquisition**").

To exercise this statutory right, the Offeror must give notice in prescribed form (the "**Offeror's Notice**") to the Remaining Shareholders within 60 days after the date of termination of the Offer and in any event within 180 days after the date of the Offer. Within 20 days after sending the Offeror's Notice, the Offeror must pay or transfer to FGL the amount of money the Offeror would have had to pay to the Remaining Shareholders if they had elected to accept the Offer, to be held in trust for the Remaining Shareholders.

Within 20 days after receipt of the Offeror's Notice, each Remaining Shareholder must send the certificate(s) evidencing the Common Shares held by such Remaining Shareholder to FGL and must elect either: (i) to transfer such Common Shares to the Offeror on the terms on which the Offeror acquired Common Shares under the Offer; or (ii) to demand payment of the fair value of the Common Shares by so notifying the Offeror. If the Remaining Shareholder fails to notify the Offeror within the applicable time period, the Remaining Shareholder will be deemed to have elected to transfer its Common Shares to the Offeror on the same terms and for the same consideration that the Offeror acquired Common Shares from Shareholders who accepted the Offer.

If a Remaining Shareholder has elected to demand payment of the fair value of its Common Shares, the Offeror may apply to a court of competent jurisdiction (the “**Court**”) to fix the fair value of the Common Shares of that Remaining Shareholder. If the Offeror fails to apply to the Court within 20 days after it made the payment to FGL referred to above, the Remaining Shareholder may then apply to the Court within a further period of 20 days to have the Court fix the fair value. If no such application is made by the Remaining Shareholder within such period, the Remaining Shareholder will be deemed to have elected to transfer its Common Shares to the Offeror on the same terms that the Offeror acquired Common Shares from the Shareholders who accepted the Offer. Any judicial determination of the fair value of the Common Shares could be more or less than the amounts paid pursuant to the Offer.

The foregoing is only a summary of the right of Compulsory Acquisition which may become available to the Offeror. The summary is not intended to be complete and is qualified in its entirety by the provisions of Part 16 of the ABCA and other applicable laws. Shareholders should refer to Part 16 of the ABCA for the full text of the relevant statutory provisions, and those who wish to be better informed about these provisions should consult their legal advisors. The provisions of Part 16 of the ABCA are complex and require strict adherence to notice and timing provisions, failing which such rights may be lost or altered.

Subsequent Acquisition Transaction

If the Offeror takes up and pays for Common Shares validly deposited pursuant to the Offer and if the statutory right of Compulsory Acquisition described above is not available for any reason or the Offeror elects not to pursue such right, the Offeror will take such action as is necessary to acquire the remainder of the Common Shares as soon as practicable by way of a Subsequent Acquisition Transaction (as hereinafter defined).

The Offeror may seek to cause a special meeting of Shareholders to be called to consider an amalgamation, statutory plan of arrangement, merger, capital reorganization, reclassification, consolidation, recapitalization, or other transaction involving the Offeror and/or an affiliate of the Offeror and FGL and/or the Remaining Shareholders for the purpose of enabling the Offeror or an affiliate of the Offeror to acquire, directly or indirectly, all of the Common Shares and/or all of the assets of FGL (a “**Subsequent Acquisition Transaction**”). Depending upon the nature and terms of the Subsequent Acquisition Transaction, the approval of at least two-thirds of the votes cast by holders of the outstanding shares of the relevant class(es) and the approval of a majority of the votes cast by “minority” holders of such shares may be required at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. The timing and details of any such Subsequent Acquisition Transaction would necessarily depend upon a variety of factors, including the number of Common Shares acquired pursuant to the Offer. If the Offeror takes up and pays for such number of Common Shares which, together with the Common Shares directly or indirectly owned by the Offeror, Canadian Tire or any affiliate constitute at least 66 2/3% of the outstanding Common Shares (on a fully-diluted basis) under the Offer, the Offeror will own sufficient Common Shares to effect a Subsequent Acquisition Transaction.

In certain types of Subsequent Acquisition Transactions, the registered Shareholders may have the right to dissent in respect thereof and be paid fair value for their securities, with such fair value to be determined by the Court. The fair value of securities so determined could be more or less than the amount paid pursuant to the Offer or the Subsequent Acquisition Transaction. Any such judicial determination of the fair value of the Common Shares could be based upon considerations other than, or in addition to, the market price, if any, of the Common Shares.

A Subsequent Acquisition Transaction described above may constitute a “business combination” within the meaning of MI 61-101. Under MI 61-101, subject to certain exceptions, a Subsequent Acquisition Transaction may constitute a business combination if it would result in the interest of a holder of Common Shares being terminated without such holder’s consent, irrespective of the nature of the consideration provided in substitution thereof. In certain circumstances, the provisions of MI 61-101 may also deem certain types of Subsequent Acquisition Transactions to be “related party transactions”. However, if the Subsequent Acquisition Transaction is a business combination carried out in accordance with MI 61-101 or an exemption therefrom, the “related party transaction” provisions therein do not apply to such transaction. The Offeror intends to carry out any such business combination in accordance with MI 61-101, or any successor provision, or exemptions therefrom such that the “related party transaction” provisions of MI 61-101 will not apply to the business combination.

MI 61-101 provides that unless exempted, an issuer proposing to carry out a business combination is required to obtain a formal valuation of the affected securities (in this case, the Common Shares) and, subject to certain

exceptions, any non-cash consideration being offered to, or received by, the holders of the affected securities and provide to the holders of the Common Shares a summary of such valuation. The Offeror currently intends to rely on available exemptions (or, if such exemptions are not available, to seek waivers pursuant to MI 61-101 exempting FGL and the Offeror or one or more of its affiliates, as appropriate) from the valuation requirements of MI 61-101. An exemption to the formal valuation requirement is available under MI 61-101 where all of the following conditions are satisfied:

- (a) the Subsequent Acquisition Transaction is effected by the Offeror or an affiliate of the Offeror in respect of the Common Shares not acquired pursuant to the Offer;
- (b) the Subsequent Acquisition Transaction is completed no later than 120 days after the expiry of the Offer;
- (c) the consideration per Common Share paid by the Offeror or an affiliate of the Offeror in the Subsequent Acquisition Transaction:
 - (i) is at least equal in value to the consideration per Common Share paid under the Offer; and
 - (ii) is in the same form as the consideration per Common Share paid by the Offeror under the Offer;
- (d) the intent of the Offeror to effect a Compulsory Acquisition or Subsequent Acquisition Transaction is disclosed in the Offer and Circular; and
- (e) the Offer and Circular:
 - (i) describes the expected Canadian tax consequences to a Shareholder of both the Offer and a Subsequent Acquisition Transaction if, at the time the Offer was made, the tax consequences arising from a Subsequent Acquisition Transaction were reasonably foreseeable to the Offeror and were reasonably expected to be different from the tax consequences of tendering to the Offer; and
 - (ii) discloses that the Canadian tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ from the tax consequences to such Shareholder having Common Shares acquired pursuant to the Offer if, at the time the Offer was made, the Offeror could not reasonably foresee the tax consequences arising from the Subsequent Acquisition Transaction.

See Section 18 of this Circular, "Certain Canadian Federal Income Tax Considerations".

The Offeror currently intends that the consideration offered under any Subsequent Acquisition Transaction proposed by it would be at least equal in value to and in the same form as the consideration offered under the Offer and that such Subsequent Acquisition Transaction would be completed no later than 120 days after the Expiry Date. In addition, the Offeror has included the disclosure required under MI 61-101 in the Offer and Circular. Accordingly, the Offeror may in the circumstances described rely on the exemption from the requirement to prepare a valuation in connection with a Subsequent Acquisition Transaction.

MI 61-101 also requires that, unless exempted, in addition to any other required shareholder approval, in order to complete a business combination, the approval of a majority of the votes cast by holders of each class of affected securities at a meeting of security holders of that class called to consider the transaction be obtained. In relation to the Offer and any second step business combination, this "minority approval" must be obtained from, unless an exemption is available or discretionary relief is granted by the securities regulatory authorities, all Shareholders, other than the Offeror, any interested party (within the meaning of MI 61-101), a "related party" of an "interested party" (unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor issuer insiders of the issuer) or a joint actor with any such interested party or related party of an interested party for purposes of MI 61-101.

However, under MI 61-101 if, following the Offer, the Offeror and its affiliates beneficially own, in the aggregate, 90% or more of the Common Shares at the time the business combination is agreed to, the requirement for minority approval under MI 61-101 would not apply to the business combination if a statutory appraisal remedy is available, or if no statutory appraisal remedy is available, a substantially equivalent enforceable right is provided to holders of the class of affected securities and that is described in the disclosure document for the business combination. Accordingly, if following the completion of the Offer the Offeror holds more than 90% of the outstanding Common Shares the Offeror expects that it would rely on the exemption from the requirement to obtain "minority approval" in connection with a Subsequent Acquisition Transaction.

In relation to the Offer and any business combination, the “minority” Shareholders will be, unless an exemption is available or discretionary relief is granted by applicable Canadian securities regulatory authorities, all Shareholders other than the Offeror, any “interested party” (within the meaning of MI 61-101), certain “related parties” of the Offeror or of any other “interested party” (in each case within the meaning of MI 61-101) including any director or senior officer of the Offeror, affiliate or insider of the Offeror or any of their directors or senior officers and any “joint actor” (within the meaning of MI 61-101) with any of the foregoing persons. MI 61-101 also provides that the Offeror may treat Common Shares acquired under the Offer as “minority” shares and to vote them, or to consider them voted, in favour of such business combination if, among other things: (a) the business combination is completed not later than 120 days after the Expiry Time; (b) the consideration per Common Share in the business combination is at least equal in value to and in the same form as the consideration paid under the Offer; and (c) the Shareholders who tendered such Common Shares to the Offer were not (i) “joint actors” (within the meaning of MI 61-101) with the Offeror in respect of the Offer, (ii) direct or indirect parties to any “connected transaction” (within the meaning of MI 61-101) to the Offer, or (iii) entitled to receive, directly or indirectly, in connection with the Offer, a “collateral benefit” (within the meaning of MI 61-101) or consideration per Common Share that is not identical in amount and form to the entitlement of the general body of holders in Canada of Common Shares. The Offeror currently intends that the consideration offered for Common Shares under any Subsequent Acquisition Transaction would be equal in value to, and in the same form as, the consideration paid to Shareholders under the Offer and that any such Subsequent Acquisition Transaction will be completed no later than 120 days after the Expiry Time and, accordingly, the Offeror intends to cause Common Shares acquired under the Offer to be voted in favour of any such transaction, as applicable, and, where permitted by MI 61-101, to be counted as part of any minority approval required in connection with any such transaction, as applicable. Only the votes attached to any Common Shares acquired after the date hereof by the Offeror other than pursuant to the Offer would be required to be excluded in determining whether minority approval for a Subsequent Acquisition Transaction had been obtained for the purposes of MI 61-101.

The Canadian federal income tax consequences to a Shareholder arising from a Subsequent Acquisition Transaction may be materially different from the tax consequences to such Shareholder of tendering its Common Shares to the Offer. See Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations”. Shareholders should consult their personal legal advisors for a determination of their legal rights with respect to a Subsequent Acquisition Transaction if and when proposed.

Other Alternatives

If the Offeror is unable to effect a statutory Compulsory Acquisition or a Subsequent Acquisition Transaction, then it will evaluate other available alternatives to acquire the remaining Common Shares. Such alternatives could include, to the extent permitted by applicable law, purchasing additional Common Shares in the open market, in privately negotiated transactions, in another take-over bid or exchange offer or otherwise, or taking no further action to acquire additional Common Shares. Any additional purchases of Common Shares could be at a price greater than, equal to or less than the price to be paid for Common Shares under the Offer and could be for cash and/or securities or other consideration. Alternatively, the Offeror may sell or otherwise dispose of any or all Common Shares acquired pursuant to the Offer or otherwise. Such transactions may be effected on terms and at prices then determined by the Offeror, which may vary from the price paid for Common Shares under the Offer.

Judicial Developments

Prior to the adoption of MI 61-101 (or its predecessors), Canadian courts had in several instances granted preliminary injunctions to prohibit transactions involving going private transactions. The trend in both legislation and Canadian jurisprudence has been towards permitting going private transactions to proceed subject to compliance with procedures designed to ensure substantive fairness to the minority shareholders. Shareholders should consult their legal advisors for a determination of their legal rights.

9. Ownership of and Trading in Securities of FGL and Benefits from the Offer

Canadian Tire and the Offeror together own, or exercise control or direction over, 1,336,625 Common Shares representing approximately 4% of the outstanding Common Shares (on a fully-diluted basis). No director or officer of the Offeror nor, to the knowledge of the directors and officers of the Offeror after reasonable enquiry, any (a) associate

or affiliate of an insider of the Offeror, (b) insider of the Offeror other than a director or officer of the Offeror, or (c) any person acting jointly or in concert with the Offeror, owns or exercises control or direction over any of the securities of FGL.

Other than as set out below, during the six-month period preceding the date of the Offer, no securities of FGL have been traded by the Offeror or its directors or officers, or, to the knowledge of the Offeror, after reasonable enquiry, any (a) associate or affiliate of the Offeror, (b) any insider of the Offeror other than a director or officer of the Offeror, or (c) any person acting jointly or in concert with the Offeror. None of the foregoing will receive any direct or indirect benefit from the consummation of the Offer or from accepting or refusing to accept the Offer, other than the consideration available to any Shareholder who participates in the Offer.

The following table sets forth Canadian Tire's purchases of Common Shares on the TSX for the dates indicated:

<u>Trade Date</u>	<u>Shares Purchased</u>	<u>Average Price</u>
February 9, 2011	1,132,925	\$18.70
February 8, 2011	27,000	\$18.83
February 7, 2011	7,100	\$18.93
February 4, 2011	12,700	\$19.05
February 3, 2011	6,500	\$19.31
January 31, 2011	10,500	\$19.27
January 25, 2011	17,700	\$18.69
January 24, 2011	10,700	\$18.78
January 21, 2011	7,800	\$19.01
January 20, 2011	4,600	\$19.04
January 19, 2011	700	\$18.86
January 18, 2011	13,900	\$19.02
January 14, 2011	4,300	\$19.18
January 13, 2011	4,500	\$19.03
January 12, 2011	7,700	\$19.17
January 11, 2011	6,200	\$19.18
January 10, 2011	3,100	\$18.95
January 7, 2011	3,200	\$18.97
January 5, 2011	1,600	\$18.38
January 4, 2011	200	\$18.25
December 31, 2010	1,200	\$18.25
December 29, 2010	1,900	\$18.25
December 23, 2010	800	\$18.26
December 21, 2010	1,800	\$18.31
December 20, 2010	11,100	\$18.04
December 17, 2010	24,600	\$17.99
December 16, 2010	9,200	\$18.13
December 15, 2010	3,100	\$17.70

10. Source of Funds

Canadian Tire estimates that if the Offeror acquires all of the outstanding Common Shares which are subject to the Offer (calculated on a fully-diluted basis, but excluding Common Shares held by the Offeror, and its joint actors), the total amount of cash required to fund such purchase, will be approximately \$769 million. Canadian Tire intends to finance the Offer with \$500 million of cash on hand and the balance with Canadian Tire's syndicated credit facility provided by Royal Bank of Canada, Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank and Alberta Treasury Branches (the "**Syndicated Credit Facility**"). The Syndicated Credit Facility is available to Canadian Tire until June 2013. Canadian Tire intends to repay such borrowed funds from future revenues.

11. Commitments to Acquire Securities of FGL

Other than pursuant to the Lock-Up Agreements, neither the Offeror nor any director or officer of the Offeror, nor to the knowledge of the directors and officers of the Offeror after reasonable inquiry (a) any associate or affiliate of an insider of the Offeror, (b) any insider of the Offeror other than a director or officer of the Offeror, or (c) any person acting jointly or in concert with the Offeror, has entered into any arrangement, agreement, commitment or understanding to acquire any equity securities of FGL.

12. Arrangements, Agreements, Commitments or Understandings

Lock-Up Agreements

As of May 8, 2011, the Locked-Up Shareholders had delivered executed Lock-Up Agreements to the Offeror. Pursuant to the Lock-Up Agreements, the Locked-Up Shareholders have agreed to deposit an aggregate of approximately 8.34% of Common Shares (on a fully-diluted basis), subject to certain conditions, and not to withdraw such Common Shares except in certain circumstances.

The following is a summary of the principal terms of the Lock-Up Agreements and is qualified in its entirety by reference to the full text of the form of Lock-Up Agreement, a copy of which may be obtained under FGL's profile on SEDAR at www.sedar.com. The Lock-Up Agreements contain certain customary representations and warranties of the Offeror and each Locked-Up Shareholder.

The Lock-Up Agreements 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 FGL Options (collectively, the "**Locked-Up Shareholder's Securities**") and surrender for cancellation all out-of-the-money FGL Options.

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

Each Locked-Up Shareholder must also immediately cease and terminate any solicitation, encouragement, discussion or negotiation with any Persons (other than Canadian Tire, the Offeror and their respective Representatives) with respect to any potential Acquisition Proposal, and must promptly notify Canadian Tire and the Offeror of any discussions or negotiations relating to an Acquisition Proposal or a request for non-public information relating to FGL of which the Locked-Up Shareholder becomes aware. In addition to the non-solicitation covenants listed above, each Locked-Up Shareholder covenants not to:

- grant an option on, sell, transfer, pledge, encumber or enter into any agreement relating to the Locked-Up Shareholder's Securities;
- grant any proxy, power of attorney or other right to vote the Locked-Up Shareholder's Securities;
- requisition or join in any requisition of any meeting of Shareholders; or
- take any action, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or delay or interfere with completion of, the Offer or the contemplated transactions (including voting any of the Locked-Up Shareholder's Securities on any proposed action that would have such result).

If Canadian Tire and the Offeror decide to proceed with another form of transaction that would allow the Offeror or its Affiliates to own or control, directly or indirectly, 100% of the Common Shares on a fully-diluted basis or substantially all of the assets of FGL, and such transaction provides the Shareholders with a financial result at least equivalent to or better than the Offer, each 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.

Confidentiality Agreement

Canadian Tire and FGL entered into a 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 FGL, solicit proxies of Shareholders of FGL or its related parties or seek to control or otherwise influence the management of FGL. Pursuant to the Support Agreement, FGL 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 FGL 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 FGL that it determined in good faith to terminate negotiations, FGL 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, 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 FGL or seek to influence the Board of Directors or securityholders of FGL, or initiate any other take-over bid or similar transaction with respect to FGL 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.

Directors' and Officers' Insurance and Indemnification Arrangements

Pursuant to the Support Agreement, Canadian Tire and the Offeror have agreed that for the period from the Take-Up Date until six years after the Take-Up Date, the Offeror will cause FGL to maintain FGL'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 FGL 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 FGL and its subsidiaries, covering claims made prior to or within six years after the Take-Up Date; provided, however, that neither FGL 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, FGL 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 Take-Up Date, FGL may, in the alternative, purchase, either as an extension to the current insurance policies of FGL 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 Take-Up Date providing such coverage for all present and former directors and officers of FGL and its subsidiaries on terms comparable to those contained in the current insurance policies of FGL and its subsidiaries and at a cost that does not exceed \$425,000.

Canadian Tire and the Offeror have agreed to cause FGL to keep current indemnity agreements in place for each present and former director, officer and employee of FGL and its subsidiaries (each an "**Indemnified Party**" and collectively, the "**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 FGL, 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 Party acted honestly and in good faith with a view to the best interests of FGL 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.

Other than as provided in the Support Agreement and the Lock-Up Agreements, or as described above, there are no arrangements, agreements, commitments or understandings made or proposed to be made between the Offeror or Canadian Tire on the one hand and any of the directors or officers of FGL on the other hand, and no payments or other benefits are proposed to be made or given by either of the Offeror or Canadian Tire to such directors or officers as compensation for loss of office or as compensation for remaining in or retiring from office if the Offer is successful.

Other than as provided in the Support Agreement and the Lock-Up Agreements, there are no contracts, arrangements, agreements, commitments or understandings, formal or informal, made or proposed to be made between the Offeror or Canadian Tire and any Shareholder with respect to the Offer or between the Offeror or Canadian Tire and any person or company with respect to any securities of FGL in relation to the Offer.

Other than as provided in the Support Agreement, the Lock-Up Agreements, the Confidentiality Agreement and the Exclusivity Agreement, there are no arrangements, agreements, commitments or understandings between the Offeror or Canadian Tire and FGL, or their respective associates or affiliates, relating to the Offer, or any other agreements, commitments or understandings of which the Offeror or Canadian Tire is aware that could affect control of FGL that would reasonably be regarded as material to a Shareholder in deciding whether to deposit Common Shares under the Offer.

13. Acceptance of the Offer

Other than as described herein, the Offeror has no knowledge, after reasonable enquiry, of whether any Shareholder will accept the Offer.

14. Material Changes and Other Information

The Offeror is not aware of any material facts concerning the Common Shares that has not previously been generally disclosed, and does not have any knowledge of any other matter that has not previously been generally disclosed and which could reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

15. Price Range and Trading Volume of Common Shares

The Common Shares are listed and posted for trading on the TSX under the symbol “FGL”. The following tables set forth the high and low closing prices in Canadian dollars and the aggregate volume of trading of the Common Shares on the TSX for the periods indicated:

	<u>High</u>	<u>Low</u>	<u>Volume</u>
2010			
November	16.70	15.08	1,829,820
December	18.56	15.32	1,409,772
2011			
January	19.47	18.30	956,892
February	19.58	17.05	1,130,312
March	17.71	16.49	919,399
April	18.75	17.00	981,646
May 1 to May 19	26.37	17.61	14,842,583

The closing price of the Common Shares on May 6, 2011, the last trading day prior to the announcement of the Offeror’s intention to make the Offer, was Cdn\$17.61. The consideration under the Offer represents a premium of approximately 50% over this closing price. The consideration under the Offer also represents a premium of approximately 45% over the Cdn\$18.25 VWAP closing price of the Common Shares on the TSX during the 10 trading days up to and including May 6, 2011.

16. Effect of the Offer on the Common Shares

The purchase of Common Shares by the Offeror pursuant to the Offer will reduce the number of Common Shares that might otherwise be available for sale and will reduce the number of Shareholders and, depending on the number of Common Shares acquired by the Offeror, could materially affect the liquidity and market value of the remaining Common Shares held by Shareholders.

The rules and regulations of the TSX establish certain criteria which, if not met, could, upon successful completion of the Offer, lead to the delisting of the Common Shares from the TSX. Among such criteria is the number of Shareholders, the number of Common Shares publicly held and the aggregate market value of the Common Shares

publicly held. Depending on the number of Common Shares purchased under the Offer, it is possible that the Common Shares will fail to meet the criteria for continued listing on the TSX. If this were to happen, the Common Shares could be delisted and this could, in turn, materially adversely affect the market or result in a lack of an established market for such Common Shares.

If permitted by applicable law, subsequent to completion of the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, if necessary, the Offeror intends to apply to delist the Common Shares from the TSX. If the Common Shares are delisted from the TSX, the extent of the public market for the Common Shares and the availability of price or other quotations would depend upon the number of Shareholders, the number of Common Shares publicly held and the aggregate market value of the Common Shares remaining at such time, the interest in maintaining a market in Common Shares on the part of securities firms, whether FGL remains subject to public reporting requirements in Canada and other factors.

After the purchase of the Common Shares under the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, FGL may cease to be subject to the public reporting and proxy solicitation requirements of the ABCA and the securities laws of the provinces and territories of Canada, and it may be possible for FGL to request to cease to be a reporting issuer under the securities laws of each province of Canada in which it is a reporting issuer.

17. Regulatory Matters

Competition Act Approval

The Offeror's obligation to take up and pay for Common Shares tendered under the Offers is conditional upon appropriate regulatory approvals having been obtained. These approvals include the approval of the Commissioner of Competition pursuant to the Competition Act, as described below.

Part IX of the Competition Act requires that the parties to certain transactions that exceed the thresholds set out in Sections 109 and 110 of the Competition Act ("**Notifiable Transactions**") provide the Commissioner of Competition with prior written notice of the transaction. Subject to certain limited exceptions, the parties to a Notifiable Transaction cannot complete such transaction until they have provided to the Commissioner of Competition the information prescribed pursuant to Subsection 114(1) of the Competition Act (the "**Competition Act Filing**") and the applicable waiting period pursuant to Section 123 of the Competition Act has expired or has been waived or terminated. The waiting period is thirty (30) calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner of Competition has not notified the parties pursuant to Subsection 114(2) of the Competition Act that she requires additional information that is relevant to her assessment of the transaction (a "**Supplementary Information Request**") and provided the parties have not entered into a timing agreement with the Commissioner of Competition that has the effect of delaying the completion of the transaction. If the Commissioner of Competition issues a Supplementary Information Request to one or more parties, the parties cannot complete the transaction until thirty (30) calendar days after compliance with the Supplementary Information Request, provided that there is no order in effect prohibiting completion of the transaction at that time and provided the parties have not entered into a timing agreement with the Commissioner of Competition that has the effect of delaying completion of the transaction. A transaction may be completed before the end of the applicable waiting period if the Commissioner of Competition notifies the parties that she does not, at such time, intend to challenge the transaction by making an application under Section 92 of the Competition Act.

Alternatively, or in addition to filing the prescribed information, a party to a Notifiable Transaction may apply to the Commissioner of Competition for: (i) an advance ruling certificate (an "**ARC**"); or (ii) a "no-action" letter advising the parties that the Commissioner of Competition does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the Notifiable Transaction (but that she retains the authority to do so for one (1) year after completion of the Notifiable Transaction) and, if necessary, an exemption from the pre-merger notification obligation under paragraph 113(c) of the Competition Act (a "**No-Action Letter**"). The Commissioner of Competition may issue either an ARC or No-Action Letter in respect of a proposed transaction if she is satisfied that there are not sufficient grounds on which to apply to the Competition Tribunal for an order under Section 92 of the Competition Act.

The Commissioner of Competition may: (i) challenge a Notifiable Transaction, if she concludes that it is likely to substantially prevent or lessen competition, and seek an order of the Competition Tribunal (a) prohibiting the completion of the Notifiable Transaction on an interim or permanent basis if the parties insist on proceeding with it

without addressing the Commissioner of Competition's concerns, (b) requiring the divestiture of shares or assets or the dissolution of the Notifiable Transaction, if it has been completed, or (c) with the consent of the person against whom the order is directed, requiring that person to take any other action; (ii) seek a consent agreement with one or more of the parties providing for voluntary remedies, including divestitures of assets or shares, to resolve any concerns that the Commissioner of Competition may have; (iii) issue an ARC; or (iv) issue a No-Action Letter. Where an ARC is issued and the Notifiable Transaction to which the ARC relates is substantially completed within one (1) year after the ARC is issued, the Commissioner of Competition cannot seek an order of the Competition Tribunal in respect of the Notifiable Transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

The Offeror, together with Canadian Tire and FGL, each submitted the Competition Act Filing on May 17, 2011. Canadian Tire and the Offeror have also submitted to the Commissioner of Competition a competitive impact analysis in which they requested that the Commissioner of Competition issue an ARC 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 Offer (the "**Competitive Impact Analysis**").

The obligation of the Offeror to take up and pay for Common Shares under the Offer is conditional upon satisfaction of the Competition Act Clearance Conditions. See Section 5 of this Circular, "Description of the Support Agreement".

U.S. Securities Laws

The Offer involves the securities of a Canadian issuer, which securities are not registered with the United States Securities and Exchange Commission under the U.S. Exchange Act. The Offer is subject to the disclosure requirements of Canada, which are different from those of the United States. The solicitation of acceptances of the Offer is not subject to the requirements of Regulation 14D under the US Exchange Act. Accordingly, the solicitations and transactions contemplated in the Offer and Circular are made in accordance with Canadian corporate and securities laws, and the Offer and Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to tender offers subject to Regulation 14D under the U.S. Exchange Act.

18. Certain Canadian Federal Income Tax Considerations

General

In the opinion of Goodmans LLP, Canadian counsel to the Offeror, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to a beneficial owner of Common Shares who disposes of Common Shares pursuant to the Offer (or otherwise disposes of Common Shares pursuant to certain transactions described in Section 8 of this Circular, "Acquisition of Common Shares Not Deposited") and who, for the purposes of the Tax Act and at all relevant times: (i) holds the Common Shares as capital property; and (ii) deals at arm's length with and is not affiliated with the Offeror or FGL. Persons meeting such requirements are referred to as a "Holder" or "Holders" herein, and this summary only addresses such Holders. Common Shares will generally constitute capital property to a Holder unless the Holder holds such shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder in force as of the date hereof ("**Tax Act**"), and counsel's understanding, based on publicly available materials published in writing prior to the date hereof, of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary also takes into account all specific proposed amendments to the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**"), and assumes that the Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not otherwise take into account or anticipate changes in law, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account or consider other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is not applicable to persons holding FGL Options or other rights to acquire Common Shares or persons who acquired Common Shares on the exercise of employee stock options, and all such persons should consult their own tax advisors in this regard. In addition, this summary is not applicable to a Shareholder that is a “financial institution” for the purposes of the mark-to-market rules in the Tax Act, to a Shareholder that is a “specified financial institution”, to a Shareholder an interest in which is, or for whom a Common Share would be, a “tax shelter investment”, or to a Shareholder whose “functional currency” for purposes of the Tax Act is the currency of a country other than Canada (each as defined in the Tax Act). Such Shareholders should consult their own tax advisors.

All amounts relating to the acquisition or disposition of Common Shares must be determined in Canadian dollars for the purposes of the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to Shareholders in all circumstances. Accordingly, all Shareholders are urged to consult their own independent tax advisors having regard to their own particular circumstances, including the application and effect of the income and other tax law of any national, provincial, state or local tax authority.

Holders Resident in Canada

This part of the summary is generally applicable to Holders who, for purposes of the Tax Act are, or are deemed to be, resident in Canada (a “**Canadian Holder**” or “**Canadian Holders**”).

Certain Canadian Holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make, or may have already made, an irrevocable election in accordance with subsection 39(4) of the Tax Act the effect of which may be to deem their Common Shares and every “Canadian security” (as defined in the Tax Act) owned by such Canadian Holders in the taxation year in which the election is made and in all subsequent taxation years to be capital property. Canadian Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisor to determine if this election is available and advisable in their particular circumstances.

Sale Pursuant to the Offer

A Canadian Holder who disposes of Common Shares pursuant to the Offer will be considered to have disposed of such Common Shares for proceeds of disposition equal to the Offer Price paid in exchange for such shares. The Canadian Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian Holder of such Common Shares immediately before the disposition.

Generally, a Canadian Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Canadian Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Canadian Holder in the year. Any allowable capital loss not deductible in the year it is realized generally may be carried back and deducted against taxable capital gains in any of the three preceding years or carried forward and deducted against taxable capital gains in any subsequent year in accordance with the rules contained in the Tax Act.

Capital gains realized by an individual and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act. Canadian Holders should consult their own tax advisors with respect to the potential application of alternative minimum tax.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends previously received or deemed to have been received on such Common Share, subject to and in accordance with the provisions of the Tax Act. Similar rules may apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Canadian Holders should consult their own tax advisors regarding these rules.

A Canadian Holder that is throughout the year a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including capital gains.

Compulsory Acquisition

As described under Section 8 of this Circular, “Acquisition of Common Shares Not Deposited – Compulsory Acquisition”, the Offeror may, in certain circumstances, acquire Common Shares pursuant to Part 16 of the ABCA. A Canadian Holder disposing of Common Shares pursuant to a Compulsory Acquisition will realize a capital gain (or capital loss) generally calculated in the same manner and with the tax consequences as described above under “Sale Pursuant to the Offer”.

A Canadian Holder who dissents in a Compulsory Acquisition and is entitled to receive from the Offeror the fair value of its Common Shares will be considered to have disposed of the Common Shares for proceeds of disposition equal to the amount fixed as such by the Court (not including the amount of any interest awarded by the Court). As a result, such dissenting Canadian Holder will realize a capital gain (or a capital loss) generally calculated in the same manner and with the tax consequences as described above under “Sale Pursuant to the Offer”. Any interest awarded to a dissenting Canadian Holder by the Court is required to be included in computing such Canadian Holder’s income for the purposes of the Tax Act.

A Canadian Holder that is throughout the year a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including interest and taxable capital gains.

Subsequent Acquisition Transaction

As described in Section 8 of this Circular, “Acquisition of Common Shares Not Deposited – Subsequent Acquisition Transaction”, if the Offeror does not acquire all of the Common Shares pursuant to the Offer, the Offeror may consider proposing other means of acquiring the remaining issued and outstanding Common Shares. The Offeror may propose to carry out a Subsequent Acquisition Transaction by means of an amalgamation, statutory arrangement, consolidation, capital reorganization or other transaction. The tax treatment of a Subsequent Acquisition Transaction to a Canadian Holder will depend upon the manner in which the Subsequent Acquisition Transaction is carried out. Canadian Holders should consult their own tax advisors for advice with respect to the income tax consequences of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

A Subsequent Acquisition Transaction could be implemented by means of an amalgamation of FGL with the Offeror or one or more affiliates of the Offeror pursuant to which Canadian Holders who had not tendered their Common Shares under the Offer would have their Common Shares exchanged on the amalgamation solely for redeemable preference shares of the amalgamated corporation (“**Redeemable Shares**”), which would immediately thereafter be redeemed for cash. Generally, in those circumstances, a Canadian Holder would not realize a capital gain or capital loss as a result of such exchange of Common Shares for Redeemable Shares, and the cost of the Redeemable Shares received would be the aggregate adjusted cost base of the Common Shares to the Canadian Holder immediately before the amalgamation.

Upon redemption of its Redeemable Shares, the Canadian Holder would be deemed to have received a dividend (subject to the potential application of subsection 55(2) of the Tax Act to Canadian Holders that are corporations, as discussed below) equal to the amount by which the redemption price of its Redeemable Shares exceeds their paid-up capital for purposes of the Tax Act. The difference between the redemption price and the amount of the deemed dividend would be treated as proceeds of disposition of such shares for purposes of computing any capital gain or capital loss arising on the redemption of such shares. The tax consequences to the Canadian Holder in respect of such capital gain or capital loss would be as described under the heading “Sale Pursuant to the Offer”.

Subsection 55(2) of the Tax Act provides that where a Canadian Holder that is a corporation is deemed to receive a dividend in certain circumstances, all or part of the deemed dividend may be treated instead as proceeds of disposition of the Redeemable Shares for the purpose of computing the Canadian Holder’s capital gain on the redemption of such shares. Accordingly, Canadian Holders that are corporations should consult their own tax advisors for specific advice with respect to the potential application of this provision. Subject to the potential application of this

provision, dividends deemed to be received by a Canadian Holder that is a corporation as a result of the redemption of its Redeemable Shares will be included in computing the Canadian Holder's income, but generally will also be deductible in computing taxable income.

A Canadian Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends deemed to be received on the redemption of its Redeemable Shares to the extent that such dividends are deductible in computing the Canadian Holder's taxable income.

In the case of a Canadian Holder who is an individual, dividends deemed to be received as a result of the redemption of its Redeemable Shares will be included in computing the Canadian Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act). There can be no assurance that any deemed dividend will be designated as an eligible dividend.

Pursuant to the current administrative practice of the CRA, a Canadian Holder who exercises his or her statutory right of dissent in respect of an amalgamation would be considered to have disposed of his or her Common Shares for proceeds of disposition equal to the amount paid by the amalgamated corporation to the dissenting Canadian Holder (other than interest awarded by the court). In this case, the tax consequences of the Canadian Holder in respect of such capital gain or capital loss would be as described under the heading "Sale Pursuant to the Offer". However, as the legislative basis of this treatment may be uncertain, there is a risk that all or part of such amounts paid to a dissenting Canadian Holder could be treated as a deemed dividend. Dissenting Canadian Holders should consult with their own tax advisors in this regard.

Any interest awarded to a dissenting Canadian Holder by a court must be included in computing the Canadian Holder's income for purposes of the Tax Act.

As an alternative to the amalgamation discussed herein, the Offeror may propose a Subsequent Acquisition Transaction to be effected by a capital reorganization, share consolidation, statutory arrangement or other transaction, the tax consequences of which may differ from those arising on the sale of Common Shares under the Offer or an amalgamation involving FGL, and will depend on the particular form and circumstances of such alternative transaction. No view is expressed herein as to the tax consequences of any such transaction to a Canadian Holder.

Qualified Investment – Potential Delisting

As described under Section 16 of this Circular, "Effect of the Offer on Common Shares", the Common Shares may cease to be listed on the TSX following the completion of the Offer. Canadian Holders are cautioned that the Common Shares will cease to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts if the Common Shares are no longer listed on a designated stock exchange (which currently includes the TSX) and FGL ceases to be a "public corporation" for purposes of the Tax Act.

Holdings Not Resident in Canada

This portion of the summary generally is applicable to Holders who, at all relevant times, for the purposes of the Tax Act, are not resident in Canada or deemed to be resident in Canada and do not use or hold, and are not deemed to use or hold their Common Shares in carrying on a business in Canada (a "**Non-Canadian Holder**" or "**Non-Canadian Holders**"). Special rules, which are not discussed in this summary, may apply to Holders that are insurers carrying on an insurance business in Canada and elsewhere. Such Holders should consult their own tax advisors.

Disposition of Common Shares Pursuant to the Offer or a Compulsory Acquisition

A Non-Canadian Holder who disposes of Common Shares pursuant to the Offer, a Compulsory Acquisition or as a result of exercising dissent rights under a Compulsory Acquisition will realize a capital gain or a capital loss computed in the manner described above under "Holders Resident in Canada – Sale Pursuant to the Offer". A Non-Canadian

Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of Common Shares pursuant to the Offer, a Compulsory Acquisition or the exercise of dissent rights under a Compulsory Acquisition unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) to the Non-Canadian Holder and the Non-Canadian Holder is not entitled to relief from Canadian tax by virtue of an applicable income tax treaty or convention between Canada and the country in which the Non-Canadian Holder is resident.

Generally, a Common Share will not constitute “taxable Canadian property” to a Non-Canadian Holder at a particular time, provided that (a) such Common Share is listed at that time on a designated stock exchange (which currently includes the TSX), (b) at no time during the 60-month period that ends at that particular time: (i) were 25% or more of the issued shares of any class of the capital stock of the particular corporation owned by one or any combination of the Non-Canadian Holder, and persons with whom the Non-Canadian Holder does not deal with at arm’s length (for the purposes of the Tax Act), and (ii) was more than 50% of the fair market value of the shares derived directly or indirectly from one, or any combination of, real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act) or options in respect of, interests in or civil rights in any such property (whether or not such property exists), and (c) such Common Share is not deemed to be taxable Canadian property to such Non-Canadian Holder under the Tax Act.

In the event that Common Shares constitute taxable Canadian property but not “treaty-protected property” (as defined in the Tax Act) to a particular Non-Canadian Holder, the tax consequences as described above under “Holders Resident in Canada – Sale Pursuant to the Offer” generally will apply. A Non-Canadian Holder who disposes of “taxable Canadian property” may be required to file a Canadian income tax return for the year in which the disposition occurs. Non-Canadian Holders whose Common Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

Any interest awarded by the Court and paid or credited to a Non-Canadian Holder generally will not be subject to Canadian withholding tax.

Disposition of Common Shares Pursuant to a Subsequent Acquisition Transaction

As described in Section 8 of this Circular, “Acquisition of Common Shares Not Deposited – Subsequent Acquisition Transaction”, if the Offeror does not acquire all of the Common Shares pursuant to the Offer, the Offeror may propose other means of acquiring the remaining issued and outstanding Common Shares. The Offeror may propose to carry out a Subsequent Acquisition Transaction by means of an amalgamation, statutory arrangement, consolidation, capital reorganization or other transaction. The tax treatment of a Subsequent Acquisition Transaction to a Non-Canadian Holder will depend upon the manner in which the Subsequent Acquisition Transaction is carried out and may be substantially the same, or materially different from, those described above. Non-Canadian Holders should consult their own tax advisors for advice with respect to the income tax consequences of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

A Non-Canadian Holder may realize a capital gain or a capital loss and/or be deemed to receive a dividend pursuant to a Subsequent Acquisition Transaction, as discussed above under “Holders Resident in Canada – Subsequent Acquisition Transaction”. Capital gains and capital losses realized by a Non-Canadian Holder in connection with a Subsequent Acquisition Transaction will be subject to taxation as described under “Holders Not Resident in Canada – Disposition of Common Shares Pursuant to the Offer or a Compulsory Acquisition”. Dividends paid or deemed to be paid to a Non-Canadian Holder will be subject to Canadian withholding tax at a rate of 25%, subject to any reduction in the rate of withholding under the provisions of an applicable income tax convention. Non-Canadian Holders should consult their own tax advisors for advice with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

Any interest paid or credited to a Non-Canadian Holder exercising its right to dissent in respect of a Subsequent Acquisition Transaction will generally not be subject to Canadian withholding tax.

Delisting of Common Shares Following Completion of the Offer

As described under Section 16 of this Circular, “Effect of the Offer on the Common Shares”, the Common Shares may cease to be listed on the TSX following the completion of the Offer and may not be listed on any such exchange at the time of their disposition pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction. If the

Common Shares are not listed on a designated stock exchange at the time they are disposed of, Non-Canadian Holders are cautioned that the Common Shares may constitute taxable Canadian property to a Non-Canadian Holder at that particular time, if at any time during the 60-month period that ends at that particular time more than 50% of the fair market value of the shares was derived directly or indirectly from one, or any combination of, real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act) or options in respect of, interests in or civil rights in any such property whether or not such property exists. Notwithstanding the foregoing, a Common Share may otherwise be deemed to be taxable Canadian property for purposes of the Tax Act. Non-Canadian Holders may be required to file a Canadian tax return for the years in which the disposition occurs and may be subject to certain other notification and withholding rules contained in the Tax Act.

Non-Canadian Holders are urged to consult their own tax advisors with respect to the potential income tax consequences to them of not disposing of their Common Shares pursuant to the Offer.

19. Depositary

The Offeror has engaged Computershare Investor Services Inc. to act as Depositary for the receipt of Common Shares and related Letters of Transmittal deposited to the Offer and for the payment for Common Shares purchased by the Offeror pursuant to the Offer. The Depositary will also receive Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving notices, if required, and for making payment for all Common Shares purchased by the Offeror under the Offer. The Depositary will receive reasonable and customary compensation from the Offeror for its services relating to the Offer and will be reimbursed for certain out-of-pocket expenses. The Offeror has also agreed to indemnify the Depositary against certain liabilities and expenses in connection with the Offer, including certain liabilities under the securities laws of Canada.

20. Information Agent

The Offeror has engaged Phoenix Advisory Partners as Information Agent in connection with the Offer. The Information Agent may contact Shareholders by mail, telephone, facsimile and personal interviews and may request brokers, dealers and other nominees to forward materials relating to the Offer to beneficial owners of Common Shares. The Offeror will pay the Information Agent reasonable and customary compensation for its services in connection with the Offer, plus reimbursement for out-of-pocket expenses, and will indemnify the Information Agent against certain liabilities and expenses that may arise out of the performance of its obligations as an Information Agent.

21. Dealer Manager and Soliciting Dealer Group

The Offeror may, in its sole discretion, retain the services of a dealer manager to form and manage a soliciting dealer group to solicit acceptances of the Offer on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in a retainer agreement for such services. The cost of solicitation will be borne by the Offeror. No fee or commission will be payable by Shareholders who transmit their Common Shares directly to the Depositary to accept the Offer. The Offeror expects that if a dealer manager is engaged and/or a soliciting dealer group is formed, then the Offeror will provide notice of such event by press release and/or such other means as the Offeror may determine. Investment advisors or registered representatives employed by soliciting dealers, if any, may solicit their clients to tender their Common Shares to the Offer. Soliciting dealers may pay an investment advisor or registered representative a portion of the solicitation fee, if any, for each Common Share tendered to the Offer by clients of or served by the investment advisor or registered representative.

22. Statutory Rights

Securities legislation in the provinces and territories of Canada provides security holders of FGL 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 of FGL should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

23. Legal Matters and Experts

Certain Canadian legal matters relating to the Offer will be reviewed by Goodmans LLP, Canadian counsel to the Offeror and the opinions contained under Section 18 of the Circular, “Certain Canadian Federal Income Tax Considerations” have been provided by Goodmans LLP. As at the date hereof, the partners and associates of Goodmans LLP as a group, beneficially own, directly or indirectly, less than 1% of any class of FGL’s issued and outstanding securities.

24. Directors’ Approval

The contents of the Offer and Circular have been approved and the sending thereof to the Shareholders has been authorized by the board of directors of the Offeror.

CONSENT OF GOODMAN'S LLP

To: The Board of Directors of FGL Acquisition Co Limited (the "Offeror")

We hereby consent to the references to our name contained under the heading "Legal Matters and Experts" and to our opinion contained under "Certain Canadian Federal Income Tax Considerations" in the take-over bid circular accompanying the offer to purchase dated May 20, 2011 made by the Offeror to purchase all of the issued and outstanding Class "A" shares of The Forzani Group Ltd.

(Signed) "Goodmans LLP"

Toronto, Ontario
May 20, 2011

CERTIFICATE OF FGL ACQUISITIONCO LIMITED

The contents of the Offer and Circular have been approved and the sending, communication or delivery thereof to the holders of Class “A” shares of The Forzani Group Ltd. has been authorized by the board of directors of FGL AcquisitionCo Limited. 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 is made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or market price of the securities which are the subject of the Offer.

Dated: May 20, 2011

FGL ACQUISITIONCO LIMITED

(Signed) “Stephen Wetmore”
Chief Executive Officer

(Signed) “Marco Marrone”
Chief Financial Officer

On behalf of the board of directors

(Signed) “Stephen Wetmore”
Director

(Signed) “Marco Marrone”
Director

CERTIFICATE OF CANADIAN TIRE CORPORATION, LIMITED

The contents of the Offer and Circular have been approved and the sending, communication or delivery thereof to the holders of Class "A" shares of The Forzani Group Ltd. has been authorized by the board of directors of Canadian Tire Corporation, Limited. 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 is made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or market price of the securities which are the subject of the Offer.

Dated: May 20, 2011

CANADIAN TIRE CORPORATION, LIMITED

(Signed) "Stephen Wetmore"
Chief Executive Officer

(Signed) "Marco Marrone"
Chief Financial Officer

On behalf of the board of directors

(Signed) "Maureen Sabia"
Director

(Signed) "Graham Savage"
Director

The Information Agent for the Offer is:

PHOENIX ADVISORY PARTNERS



LINK GROUP *network*

North American Toll Free Phone:

1-866-793-5520

Banks, Brokers and collect calls: 647-426-7309

Toll Free Facsimile: 1-877-907-3176

Email: inquiries@phoenixadvisorypartners.com

The Depositary for the Offer is:

COMPUTERSHARE INVESTOR SERVICES INC.



By Mail

P.O. Box 7021
31 Adelaide St E
Toronto, ON
M5C 3H2

Attention: Corporate Actions

By Registered Mail, Hand or by Courier

100 University Avenue
9th Floor
Toronto, ON
M5J 2Y1

Attention: Corporate Actions

Toll Free (North America): 1-800-564-6253

Overseas: 1-514-982-7555

E-Mail: corporateactions@computershare.com