



AutoCanada Inc.



# Notice of Meeting and Management Information Circular

■ Dated: March 27, 2015

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# Invitation to Shareholders

Dear Fellow Shareholders,

On behalf of AutoCanada's Board of Directors, management and employees, I invite you to attend the 2015 Annual and Special Meeting of Shareholders. The meeting will be hosted at:

**WHERE:** Hilton Doubletree West Edmonton Hotel  
Room SBCC6  
16615 - 109 Avenue  
Edmonton, Alberta

**WHEN:** Friday, May 8, 2015  
9:30 a.m. (Mountain Time)

At the meeting, we will report on AutoCanada's financial and operating performance of 2014. In addition, you will have an opportunity to meet with our Board of Directors and management to discuss items of interest to you.

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

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

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

Sincerely,



**Patrick J. Priestner**  
*Executive Chairman*  
AutoCanada Inc.

# Notice of Annual and Special Meeting of Shareholders

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (the “Shares”) of AutoCanada Inc. (the “Company” or “AutoCanada”) will be held at the Hilton Doubletree West Edmonton Hotel, Room SBCC6, 16615 - 109 Avenue, Edmonton, Alberta on Friday, May 8, 2015 at 9:30 a.m. (Mountain time) for the following purposes:

- 1. TO RECEIVE the audited consolidated financial statements for the year ended December 31, 2014, together with the report of the auditor thereon;**
- 2. TO FIX THE NUMBER OF DIRECTORS to be elected by the Shareholders at seven;**
- 3. TO ELECT the directors of the Company for the ensuing year;**
- 4. TO APPOINT PricewaterhouseCoopers LLP as the independent auditor of the Company and authorize the Board of Directors of the Company to fix their remuneration;**
- 5. TO CONFIRM a new by-law of the Company, By-Law No. 2, which contains advance notice requirements for director nominations; and**
- 6. TO TRANSACT such other business as may properly come before the Meeting or any postponement or adjournment thereof.**

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

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend and would like your shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All proxies, to be valid, must be received by Valiant Trust Company, Suite 310, 606 - 4 Street SW, Calgary, AB T2P 1T1, Attention: Proxy Department, by fax at 403-233-2857, or by internet voting at <https://proxy.valianttrust.com>; at least forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair of the Meeting is under no obligation to accept or reject any particular late proxy.

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

**DATED** at Edmonton, Alberta this 27<sup>th</sup> day of March, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**



Gordon R. Barefoot, Lead Director

# About this Information Circular and Related Proxy Materials

The management (“Management”) of AutoCanada Inc. (“AutoCanada” or the “Company”) is providing this management information circular (“Information Circular”) and related proxy materials to you in connection with the solicitation of proxies by Management for use at the annual and special meeting of holders (“Shareholders”) of common shares of the Company (“ACI Shares”) scheduled to be held at the Hilton Doubletree West Edmonton Hotel, Room SBCC6, 16615 - 109 Avenue, Edmonton, Alberta, Canada, on Friday, May 8, 2015 at 9:30 a.m. (Mountain time) or at any adjournments or postponements thereof (the “Meeting”), for the purposes set forth in the accompanying Notice of Meeting.

This Information Circular describes the business of the Meeting, resolutions to be voted upon and the voting process, and provides information about the members (“Directors”) of AutoCanada’s board of directors (the “Board”) and senior management, the Directors nominated by AutoCanada for the 2015 year, our corporate governance practices and our executive compensation philosophy.

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

Unless otherwise indicated, the information contained herein is given as at March 27, 2015.

# Solicitation, Appointment, and Revocation of Proxies

## Voting Information

### What will I be voting on?

You may vote on the following matters at the Meeting:

- 1. To fix the number of Directors to be elected by Shareholders at seven;**
- 2. To elect our Directors;**
- 3. To appoint our auditor and authorize the Directors to set their remuneration; and**
- 4. To confirm a new by-law of the Company, By-Law No. 2, which contains advance notice requirements for director nominations.**

### Who can vote?

Shareholders of record on March 27, 2015 (the "Record Date") are entitled to vote at the Meeting. To vote any ACI Shares you acquire subsequent to the Record Date, you must, not later than ten days before the Meeting:

- (a) Request through our transfer agent, Valiant Trust Company ("Valiant"), to the attention of Proxy Department at 866.313.1872, that we add your name to the voting list; and**
- (b) Produce properly endorsed Share certificates or otherwise establish that you own the ACI Shares.**

### How many votes are required to approve matters?

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

### How many votes do I have?

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

### How will meeting materials be delivered?

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

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

### How many ACI Shares can vote?

AutoCanada is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As of the Record Date, there are 24,509,683 ACI Shares issued and outstanding and no preferred shares issued and outstanding. On all matters to be considered and acted upon at the Meeting, holders of ACI Shares are entitled to one vote for each ACI Share held.

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

Name	Type of Ownership	Number of Common Shares Owned or Controlled at the Record Date	Percentage of Common Shares Outstanding
Fidelity Group	Beneficial	3,022,282	12.3%
BloombergSen Partners Fund & BloombergSen Offshore Fund	Beneficial	2,503,831	10.2%

- (1) The ACI Shares reflected in the table above are held by the Fidelity Group through Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisors Incorporated, FIL Limited, Crosby Advisors LLC and Fidelity SelectCo, LLC. This information is based upon an Alternative Monthly Report filed February 10, 2015 on SEDAR which can be retrieved at [www.sedar.com](http://www.sedar.com).
- (2) This information is based upon an Alternative Monthly Report filed January 12, 2015 on SEDAR which can be retrieved at [www.sedar.com](http://www.sedar.com).

### Who counts the votes?

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

- **You are a non-registered Shareholder if your ACI Shares are not held in your name but are held in the name of a nominee or intermediary such as a bank, trust company, securities broker, trustee or other custodian.**

### What is the deadline for proxy voting?

We encourage you to submit your proxy as soon as possible to ensure that your vote is counted. Proxies must be received by Valiant not later than 9:30 a.m. (Mountain time) on Wednesday, May 6, 2015, or if the Meeting is adjourned or postponed, 48 hours before such adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). The time limit for the deposit of proxies may be waived by the Board without notice. If you are a non-registered Shareholder exercising voting rights through a nominee, you should consult the voting instruction form from your nominee as they may have different and earlier deadlines.

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

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

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

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

## HOW DO I VOTE?

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

- **You are a registered Shareholder if your name appears on your Share certificate or if you hold your ACI Shares under your name on the records of Valiant.**

- 1. By fax, by completing and signing the enclosed Instrument of Proxy and forwarding it by fax to the attention of Valiant Trust Company at 403-233-2857; or**
- 2. By internet, by completing and submitting an Instrument of Proxy at**

<https://proxy.valianttrust.com>, to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the Instrument of Proxy. If Shareholders vote by internet, their vote must be received not later than 9:30 A.M. (Mountain Time) on Wednesday, May 6, 2015 or 48 hours prior to the time of any adjournment of the Meeting. The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their Instrument of Proxy and/or voting

direction, prior to the deadline noted above. When resubmitting an Instrument of Proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last Instrument of Proxy is submitted by the deadline noted above; or,

3. By mail, by completing and signing the enclosed Instrument of Proxy and mailing it in the envelope provided.

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



# Beneficial Shareholders

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

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

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

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

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

please contact that broker or nominee well in advance of the Meeting for assistance.

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

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

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

## **PROXY INFORMATION**

### **How are proxies solicited?**

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

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

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

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

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

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

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

**Can I revoke my proxy if I change my mind?**

You can revoke your proxy at any time before it is exercised. To do this if you are a registered Shareholder, you must deliver an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized to Valiant not later than Wednesday, May 6, 2015 at 9:30 a.m. (Mountain time), or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner prescribed by law.

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

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

# Matters to be acted upon at the Meeting

## BUSINESS OF THE MEETING

### 1. Consolidated Financial Statements

The consolidated financial statements of AutoCanada for the year ended December 31, 2014 and the auditor's report thereon have been delivered, either by mail or electronically, to all registered Shareholders and also to Non-registered Shareholders who requested such documents. These financial statements will be presented to the Shareholders at the Meeting and no vote is required with respect to this matter. The Directors have approved these financial statements. A copy of the audited consolidated financial statements is also available on our website at [www.autocan.ca](http://www.autocan.ca).

### 2. Number of Directors

According to its Articles of Incorporation, AutoCanada may have between three and 10 Directors. There are presently seven Directors of AutoCanada. The term of office of each of the present Directors expires at the close of the Meeting.

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

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

### 3. Election of Directors

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

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

1. **Gordon Barefoot**
2. **Michael Ross**
3. **Dennis DesRosiers**
4. **Barry James**
5. **Maryann Keller**
6. **Patrick Priestner**
7. **Thomas Orysiuk**

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

Detailed information about these nominees is contained in this Information Circular under the heading "Information Concerning the Director Nominees" beginning on page 12.

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

#### 4. Appointment of Independent Auditor

During the five previous financial years ended December 31, 2014, PricewaterhouseCoopers LLP has served as auditor to AutoCanada, and previously to AutoCanada Income Fund, predecessor to the Company. Representatives of the auditor will be present at the Meeting and will be given the opportunity to speak and to answer any questions.

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

Fees payable for the years ended December 31, 2014 and December 31, 2013 to PricewaterhouseCoopers LLP were \$1,661,179 and \$829,293, respectively, as detailed in the following table:

Service	2014	2013
Audit fees	\$ 469,900	\$380,036
Audit-related fees <sup>(1)</sup>	\$ 265,027	\$130,729
Tax fees <sup>(2)</sup>	\$ 163,290	\$104,922
All other fees <sup>(3)</sup>	\$ 762,962	\$223,606
	\$1,661,179	\$839,293

<sup>(1)</sup> *Audit-related fees include all fees paid to PricewaterhouseCoopers LLP for the review of the interim consolidated financial statements and other services in connection with regulatory filings.*

<sup>(2)</sup> *Tax fees includes all fees paid to PricewaterhouseCoopers LLP for tax compliance matters.*

<sup>(3)</sup> *All other fees includes all fees paid to PricewaterhouseCoopers LLP for securities offerings and other assurance review engagements*

#### 5. Confirmation of By-Law No. 2

On March 19, 2015, the Board adopted a by-law relating to advance notice of nominations of directors of the Corporation ("By-Law No. 2"). The following is a summary only of the principal provisions of By-Law No. 2 and is qualified by reference to the full text of By-Law No. 2 attached as Appendix C this Information Circular. The full text of By-Law No. 2 is also available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com)

By-Law No. 2 establishes a framework for the advance notice by Shareholders intending to nominate directors for election. In general, By-Law No. 2:

- **sets a deadline in advance of a shareholders' meeting at which directors are to be elected for a shareholder to notify the Company of its intention to nominate one or more directors; and**
- **sets forth the information that the shareholder must include for the notice to be valid.**

By-Law No. 2 does not interfere with the ability of shareholders to requisition a meeting or to nominate directors by way of a shareholder proposal in accordance with the *Canada Business Corporations Act*.

To be timely, a shareholder must give a valid notice to the Company:

- **in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the meeting; provided, however, that if the meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made, notice shall be made not later than the close of business on the tenth day following such public announcement;**
- **in the case of a special meeting (which is not also an annual meeting) of shareholders, not later than the close of business on the fifteenth day following the date on which the first public announcement of the date of the meeting was made; and**
- **in the case of an annual meeting of shareholders or a special meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes) where notice and access is used for delivery of proxy related materials, not less than 40 days prior to the date of the meeting (but in any event, not prior to the date on which the first public announcement of the date of the meeting was made); provided, however, that if the meeting is to be held**

**on a date that is less than 50 days after the date of such public announcement, notice shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the tenth day following the date on which the first public announcement of the date of the meeting was made and, in the case of a special meeting of shareholders, not later than the close of business on the fifteenth day following the date of such public announcement.**

By-Law No. 2 authorizes the chair of the shareholders' meeting to determine whether a nomination was made in accordance with the procedures set forth in By-Law No. 2 and, if any proposed nomination is not in compliance with such provisions, to declare that such defective nomination may be disregarded. The Board may, in its sole discretion, waive any requirement of By-Law No. 2.

The Board believes that By-Law No. 2 sets out a clear and transparent process for all shareholders who intend to nominate directors at a shareholders' meeting, by providing a reasonable time frame for Shareholders to notify the Company of their intention to nominate directors and by requiring Shareholders to disclose information concerning the proposed nominees as is mandated by applicable securities laws. The Board will then be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Company. By-Law No. 2 is also intended to facilitate an orderly and efficient meeting process.

By-Law No. 2 is in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting. If confirmed, it will continue in effect. Accordingly, Shareholders are being asked to confirm By-Law No. 2 at the meeting so that By-Law No. 2 can continue in effect.

The Company believes that By-Law No. 2 conforms to the published guidelines of major proxy advisory firms.

The ordinary resolution to confirm By-Law No. 2 is as follows:

"RESOLVED as an ordinary resolution of the shareholders of AutoCanada Inc. (the "Corporation") that:

- 1. the Corporation's By-Law No. 2, in the form adopted by the Board of Directors of the Corporation on March 19, 2015 and attached as Appendix C to the management information circular of the Corporation dated March 27, 2015, be and is hereby confirmed as a by-law of the Corporation; and**
- 2. any officer or director of the Corporation be and is hereby authorized to take such actions as such officer or director may determine to be necessary or advisable to implement the foregoing resolution, such determination to be conclusively evidenced by the taking of any such actions."**

The resolution must be passed, with or without amendment, by not less than a majority of votes cast by Shareholders who vote in person or by proxy in respect of the resolution at the meeting. No Shareholders are excluded from voting in respect of the resolution.

**Unless instructed otherwise, the persons named in the Instrument of Proxy will vote FOR the resolution to confirm By-Law No. 2.**

# Information Concerning the Director Nominees

The following information relating to the nominees as Directors is based partly on our records and partly on information received from each nominee, and is current as of the date of the Information Circular. All information is presented as at March 27, 2015. Each Director elected at the Meeting will hold office until the earlier of our next annual meeting of Shareholders or until his or her successor is elected.



## Gordon R. Barefoot

<b>Age: 63</b>	<b>Vancouver, British Columbia, Canada</b>	<b>Director since: 2009</b> (former Trustee of the Fund and Trust from 2006 to 2009)	<b>Independent</b>
<b>Current occupation:</b>		President, Cabgor Management Inc., a management consulting company	
<b>Previous occupation:</b>		Senior Vice-President and Chief Financial Officer, Terasen Inc., a natural gas distributor	

<b>Board/Committee Membership as at December 31, 2014</b>	<b>2014 Attendance</b>	<b>2014 Attendance (Total)</b>	<b>Value of Total Compensation Earned in 2014 (\$)</b>
Board (Lead Director)	6 of 6	100%	132,750
Audit (Chair)	4 of 4	100%	

<b>Securities Held<sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)</b>						
<b>Year</b>	<b>Shares (#)</b>	<b>DSUs (#)</b>	<b>Total Shares and DSUs (#)</b>	<b>Total Market Value of Shares and DSUs (\$)</b>	<b>Minimum SOG (\$)</b>	<b>Meets Requirements</b>
2014	9,000	2,889	11,889	529,061	160,000	Yes
2013	9,000	1,926	10,926	501,394	40,000	Yes
2012	9,000	540	9,540	146,439	40,000	Yes

<b>Other Board/Committee Memberships in the Past Five Years</b>		
<b>Company</b>	<b>Type of Company</b>	<b>Committee(s)/Positions</b>
Corix Infrastructure Inc.	Private	Board Chair, Audit Committee Chair, Compensation Committee Member
Institute for Health System Transformation & Sustainability	Private	Board Director, Audit Committee Chair
ISE Limited	Public (TSX)	Board Director
Fraser Health	Private	Board Director



## Michael H. Ross

**Age: 64**

**Edmonton,  
Alberta, Canada**

**Director since: 2009**  
(former Trustee of the Fund and  
Trust from 2007 to 2009)

**Independent**

**Current occupation:**

President, M. H. Ross Management Ltd., a management consulting company

**Previous occupation:**

Chief Executive Officer, Conroy Ross Partners, a business advisory company

Board/Committee Membership as at December 31, 2014	2014 Attendance	2014 Attendance (Total)	Value of Total Compensation Earned in 2014 (\$)
Board	6 of 6	100%	
Governance and Compensation (Chair)	4 of 4	100%	117,750
Audit	4 of 4	100%	

Securities Held <sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)						
Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs (\$)	Minimum SOG (\$)	Meets Requirements
2014	17,000	4,897	21,897	974,417	160,000	Yes
2013	17,000	3,583	20,583	944,554	40,000	Yes
2012	17,000	1,037	18,037	276,868	40,000	Yes

Other Board/Committee Memberships in the Past Five Years		
Company	Type of Company	Committee(s)/Positions
Fountain Tire	Private	Board Director, Human Resources Committee (Chair)
Camex Equipment	Private	Lead Director
Norseman	Private	Board Director
FYi Doctors	Private	Board Director, Governance and Compensation Committee (Chair)
Systems Integrity Management Solutions, Inc.	Private	Board Director
University of Alberta	Private	Board Governor

## Dennis DesRosiers



<b>Age: 64</b>	<b>Ontario, Canada</b>	<b>Director since: 2009</b> (former Trustee of the Fund and Trust from 2007 to 2009)	<b>Independent</b>
<b>Current occupation:</b>		President, DesRosiers Automotive Consultants Inc.	
<b>Previous occupation:</b>		N/A	

Board/Committee Membership as at December 31, 2014	2014 Attendance	2014 Attendance (Total)	Value of Total Compensation Earned in 2014 (\$)
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Board	6 of 6	100%	99,250
Governance and Compensation	4 of 4	100%	

Securities Held <sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)						
Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs (\$)	Minimum SOG (\$)	Meets Requirements

2014	4,500	3,426	7,926	352,707	160,000	Yes
2013	3,500	2,153	5,653	259,416	40,000	Yes
2012	3,500	540	4,040	62,014	40,000	Yes

Other Board/Committee Memberships in the Past Five Years		
Company	Type of Company	Committee(s)/Positions

University of Windsor	Private	Board Director
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## Barry L. James



<b>Age: 56</b>	<b>Edmonton, Alberta, Canada</b>	<b>Director since: 2014</b>	<b>Independent</b>
<b>Current occupation:</b>		President, Barry L. James Advisory Services Ltd, a private consulting firm	
<b>Previous occupation:</b>		Managing Partner, PricewaterhouseCoopers LLP (Edmonton)	

Board/Committee Membership as at December 31, 2014	2014 Attendance	2014 Attendance (Total)	Value of Total Compensation Earned in 2014 (\$)
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Board	1 of 1	100%	12,333
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Securities Held <sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)						
Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs (\$)	Minimum SOG (\$)	Meets Requirements

2014	712	Nil	712	31,684	160,000	No
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Other Board/Committee Memberships in the Past Five Years		
Company	Type of Company	Committee(s)/Positions

Corus Entertainment	Public (TSX)	Board Director
ATB Financial	Crown Corporation	Board Director, Audit Committee Chair, Risk Committee Member
University of Alberta	Private	Board Governor





## Maryann N. Keller

<b>Age:</b> 71	<b>Riverside, Connecticut, USA</b>	<b>Director since:</b> N/A	<b>Independent Nominee</b>
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**Current occupation:** Principal, Maryann Keller & Associates, an automotive consultancy company

**Previous occupation:** N/A

Board/Committee Membership as at December 31, 2014	2014 Attendance	2014 Attendance (Total)	Value of Total Compensation Earned in 2014 (\$)
N/A	N/A	N/A	N/A

### Securities Held<sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)

Year	Shares (#)	DSUs (#)	Total Shares and DSUs (#)	Total Market Value of Shares and DSUs (\$)	Minimum SOG (\$)	Meets Requirements
2014	Nil	Nil	Nil	Nil	160,000	N/A

### Other Board/Committee Memberships in the Past Five Years

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



## Patrick J. Priestner

<b>Age:</b> 59	<b>Edmonton, Alberta, Canada</b>	<b>Director since:</b> 2009 (former Chair of the Board of Directors of AutoCanada GP Inc. from 2006 to 2009)	<b>Not Independent</b>
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**Current occupation:** Executive Chairman, AutoCanada Inc.

**Previous occupation:** Chief Executive Officer, AutoCanada Inc.

Board/Committee Membership as at December 31, 2014	2014 Attendance	2014 Attendance (Total)	Value of Total Compensation Earned in 2014 (\$)
Board (Chair of the Board)	6 of 6	100%	Not eligible

### Securities Held<sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)

Year	Shares (#)	RSUs (#)	Total Shares and RSUs (#)	Total Market Value of Shares and RSUs (\$)	Minimum SOG (\$)	Meets Requirements
2014	2,350,933 <sup>(2)</sup>	31,589	2,382,522	107,377,165	N/A	N/A
2013	4,963,488	39,640	5,003,128	229,593,544	N/A	N/A
2012	8,413,488	31,105	8,444,593	129,624,501	N/A	N/A

### Other Board/Committee Memberships in the Past Five Years

Company	Type of Company	Committee(s)/Positions
Rocky Mountain Dealerships Inc.	Public (TSX)	Board Director, Audit Committee



## Thomas L. Orysiuk

<b>Age: 51</b>	<b>Edmonton, Alberta, Canada</b>	<b>Director since: 2011</b>	<b>Not Independent</b>
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**Current occupation:** President and Chief Executive Officer, AutoCanada Inc.

**Previous occupations:** Executive Vice President and Chief Financial Officer, AutoCanada Inc.  
Chief Financial Officer, Liquor Stores Income Fund

<b>Board/Committee Membership as at December 31, 2014</b>	<b>2014 Attendance</b>	<b>2014 Attendance (Total)</b>	<b>Value of Total Compensation Earned in 2014 (\$)</b>
Board	6 of 6	100%	Not eligible

<b>Securities Held<sup>(1)</sup> as at December 31, 2014 (at Market Value of \$44.50 per Common Share)</b>						
<b>Year</b>	<b>Shares<sup>(3)</sup> (#)</b>	<b>RSUs (#)</b>	<b>Total Shares and RSUs (#)</b>	<b>Total Market Value of Shares and RSUs (\$)</b>	<b>Minimum SOG (\$)</b>	<b>Meets Requirements</b>
2014	25,784	30,501	56,285	2,504,683	N/A	N/A
2013	15,985	41,793	57,778	2,651,432	N/A	N/A
2012	10,000	35,802	45,802	703,061	N/A	N/A

<b>Other Board/Committee Memberships in the Past Five Years</b>		
<b>Company</b>	<b>Type of Company</b>	<b>Committee(s)/Positions</b>
Caritas Foundation	Private	Board Director, Audit Committee Chair

### Notes:

- <sup>(1)</sup> This information has been based upon information furnished by the individual and upon reports filed on the System for Electronic Disclosure by Insiders (SEDI) at [www.sedi.ca](http://www.sedi.ca) and is as of the date of the Information Circular.
- <sup>(2)</sup> Patrick J. Priestner holds 87.6% of the outstanding voting securities of Canada One Auto Group Ltd. ("COAG"), and therefore controls and directs the 2,350,933 ACI Shares owned by COAG in its wholly owned subsidiaries. The remaining 12.4% of the outstanding voting securities of COAG are held by employees of AutoCanada or employees of dealerships operated by AutoCanada.
- <sup>(3)</sup> Thomas L. Orysiuk holds ACI Shares personally, and indirectly through a 2.2% ownership interest in COAG, which 2.2% is included in the 12.4% referenced directly above in footnote (2). Mr. Orysiuk's ownership interest in COAG results in an additional 94,080 ACI Shares.

### Cease Trade Order, Bankruptcies, Penalties or Sanctions

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

Other than as described below, in the ten year period preceding the date of this Information Circular, AutoCanada is not aware of any proposed

director of the Company who had been a director or executive officer of any company which, while that person was acting in that capacity or within a year of ceasing to act in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Barefoot was a Director of EarthFirst Canada Inc. until November 2009. EarthFirst Canada Inc. sought creditor protection in November 2008 and through a court approved process successfully settled with creditors in November 2009. Effective

March 2, 2010, EarthFirst Canada Inc. amalgamated with Maxim Power Corp.

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

No proposed director has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become

subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

To the knowledge of the AutoCanada Directors, no proposed Director, or a holding company of such proposed Director, has been subject to: (i) any penalties imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

# Compensation Discussion And Analysis

## Introduction

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

The compensation discussion and analysis (“CD&A”) is intended to provide Shareholders with an understanding of the Company’s approach to compensation, including a description of the decisions and processes involved, the different components of the Company’s program, what the Company paid NEOs for the financial year ended December 31, 2014, and why. The NEOs for the financial year ended December 31, 2014 were:

- **Patrick J. (Pat) Priestner, Executive Chairman (the “Chairman”)**
- **Thomas (Tom) Orysiuk, President and Chief Executive Officer (the “CEO”)**
- **Christopher (Chris) Burrows, Vice President and Chief Financial Officer (the “CFO”)**
- **Stephen (Steve) Rose, Chief Operating Officer (the “COO”)**
- **Jeffery (Jeff) Christie, Vice-President, Operations (the “VPO”)**

For purposes of this Compensation Discussion and Analysis, members of the “senior leadership team” consist of these five officers.

In 2013, the Governance and Compensation Committee (the “Committee”) engaged Mercer, an external executive compensation consultant, to provide information and advice on the Company’s executive compensation program. The following represents the scope of work performed by Mercer as part of their review:

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

- 3. Complete a review of AutoCanada’s long-term incentive plan.**

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

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

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

## Executive Compensation Philosophy

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

- **attract and retain high caliber executives who can advance the Company’s strategy in a competitive environment;**
- **motivate executives to act in the best interests of the shareholders and other key stakeholders through performance-based compensation;**
- **reward executives for demonstrated leadership and the achievement of strategic corporate objectives; and**
- **provide market competitive compensation for delivering on the Company’s goals with increased compensation opportunity for exceptional results.**

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

### **Trading Policy**

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

### **Role and Composition of the Governance and Compensation Committee**

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

The CEO and CFO assist the Chairman in developing and presenting to the Committee all of management's recommendations and supporting material pertaining to the compensation of the senior leadership team. In addition, the CEO and CFO work with the Chair of the Committee to prepare materials for each meeting of the Committee. The Chairman is invited to attend all regular meetings of the Committee, and an in-camera session, during which management is not in attendance, is held during each Committee meeting. The Committee met four times during the fiscal year, and submitted its recommendations with respect to compensation for the Company's senior leadership team to the Board of Directors.

### **Executive Compensation**

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

To determine the appropriate compensation mix, the Committee considers the executive's ability to affect the Company's results over the longer term,

the compensation mix for similar positions in the Company's comparator groups, and local market practice. At the senior leadership team level, a much higher proportion of total compensation is at-risk and tied to the Company's mid to long-term performance.

### Annual Compensation Review Process

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

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

### Components of Executive Compensation

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

descriptions of the key attributes of the programs are outlined below. Only members of the senior leadership team participate in the Hybrid Incentive Plan ("HIP").

<i>Base Salary</i>	Compensates executives for the leadership and specific skills needed to fulfill their responsibilities.
<i>Hybrid Incentive Plan</i>	Rewards executives for their contribution to the achievement of annual financial and non-financial goals by providing performance-based bonuses and links the long term interests of executives and shareholders by rewarding executives for achieving the goals of the Company by awarding long-term equity-based incentives.

### Base Salary

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

### Hybrid Incentive Plan

The Hybrid Incentive Plan provides the senior leadership team with appropriate short-term and long-term incentives in connection with achieving performance-based goals outlined in the plan. The HIP uses a performance curve to determine the amount of performance-based compensation to

award each member of the senior leadership team, based on achieving and exceeding annual targets set by the Board. The following table displays the

target incentive in 2015 for the senior leadership team, based on achieving the corporate performance targets determined by the Board:

NEO	Annual Incentive Plan	Equity-Based Incentive Plan
Pat Priestner	80% of base salary	40% of base salary
Tom Orysiuk	80% of base salary	40% of base salary
Steve Rose	80% of base salary	40% of base salary
Chris Burrows	60% of base salary	40% of base salary
Jeff Christie	33% of base salary	17% of base salary

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

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

*Annual Incentive Plan* – The annual incentive plan aims to enhance the link between pay and performance by aligning the financial and operational interest and motivations of the Company's senior leadership team with the annual financial returns of the Company. It is designed to motivate management to work toward common annual performance objectives while acknowledging and rewarding individual goal achievement. The plan provides total cash compensation to the senior leadership team that is greater than the median of the companies of similar size and scope where exceptional performance in excess of target objectives is attained. The plan also provides total cash compensation to the senior leadership team that is below the market median in cases where performance objectives are not attained. Details of the senior leadership team's performance under the AIP are discussed under "2014 Incentive Plan Performance". The following table displays the weighting for corporate performance targets under

the AIP for the 2015 fiscal year for the senior leadership team as determined by the Committee:

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

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

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

Dividends earned on the RSUs by executives are reinvested to purchase more RSUs. The following table displays the weighting for corporate performance targets under the EIP for the 2015 fiscal year for the senior leadership team as determined by the Committee:

Component	Weighting
Adjusted earnings per share	70%
Discretionary	30%

## 2014 Incentive Plan Performance

The table below details the targeted compensation for the senior leadership team for the 2014 fiscal year as determined by the Committee:

NEO	Base Salary	AIP Target %	AIP Target Bonus	EIP Target %	EIP Target Bonus	Total Target Compensation
Pat Priestner	750,000	80%	600,000	40%	300,000	1,650,000
Tom Orysiuk	545,000	80%	436,000	40%	218,000	1,199,000
Steve Rose	380,000	80%	304,000	40%	152,000	836,000
Chris Burrows <sup>(1)</sup>	86,667	60%	52,000	40%	34,667	173,334
Jeff Christie	180,000	33%	59,400	17%	30,600	270,000

<sup>(1)</sup> Mr. Burrows' targeted compensation for the 2014 fiscal year represents the prorated amounts from September 2, his appointment date, to December 31, 2014.

In 2014, if 100% of the corporate performance targets were achieved and 100% of the discretionary component was awarded by the Committee, the senior management team would be entitled to the total target compensation above. As noted above, a performance curve is used to determine payouts and can range between 50% and 200% of the target incentive amount based on under or over achievement of the corporate performance targets.

As noted above, the HIP was revised for 2014 to incorporate new corporate performance targets and weighting for such targets. The HIP for the 2014 fiscal year incorporated the same corporate performance targets and weighting for both the AIP and the EIP. The following table displays the previous weighting for corporate performance targets which was used in determining executive compensation for the 2014 fiscal year for the senior leadership team as determined by the Committee:

Approved Model – AIP	
Weighting	Measurement
40%	Adjusted Free Cash Flow per Share
30%	Adjusted Gross Profit Growth
30%	Discretionary

Approved Model – EIP	
Weighting	Measurement
70%	Adjusted Earnings Per Share
30%	Discretionary



The adjusted free cash flow per share component is based on the Company's adjusted free cash flow (as defined in our Management's Discussion and Analysis for the year ended December 31, 2014 available on [www.sedar.com](http://www.sedar.com)). For purposes of the Hybrid Incentive Plan, the adjusted free cash flow amount excludes amounts accrued under the Hybrid Incentive Plan and removes compensation expense related to the Hybrid Incentive Plan, share-based payments, amortization of prepaid rent, and net income from non-controlling interests from the calculation of "cash flow from operating activities before changes in non-cash working capital". For purposes of the Hybrid Incentive Plan, the Committee had set a target of \$2.49 for the 2014 fiscal year. Management achieved \$2.64 adjusted free cash flow per share as calculated under the Hybrid Incentive Plan or 106% of target.

The adjusted gross profit growth component is based on the Company's gross profit (as defined in our Management's Discussion and Analysis for the year ended December 31, 2014 available on [www.sedar.com](http://www.sedar.com)). For purposes of the Hybrid Incentive Plan, the adjusted gross profit growth amount excludes gross profit from non-controlling interests. For purposes of the Hybrid Incentive Plan, the Committee had set a target of \$297,100,000 adjusted gross profit growth for the 2014 fiscal year. Management achieved \$370,995,000 adjusted gross profit growth as calculated under the Hybrid Incentive Plan or 125% of target.

The adjusted earnings per share component is based on a three year rolling average of performance to adjusted earnings per share. The adjusted earnings per share component is based on the Company's earnings per share (as defined in our Management's Discussion and Analysis for the year ended December 31, 2014 available on [www.sedar.com](http://www.sedar.com)). For purposes of the Hybrid Incentive Plan, the adjusted earnings per share amount removes compensation expense related to the Hybrid Incentive Plan, and share-based compensation attributed to changes in share price (net of tax) from the calculation of earnings. For purposes of the Hybrid Incentive Plan, the Committee had set a target of \$2.12 adjusted earnings per share for the 2014 fiscal year. Management achieved \$2.40 adjusted earnings per share calculated under the Hybrid Incentive Plan or 113% of target. The three year rolling average payout was 190%.

The discretionary components are awarded by the Committee based on a number of non-financial factors. Based on the performance of management against these factors, the Committee awarded 150% of the discretionary component to the Chairman, CEO, COO, CFO, and VPO.

As discussed above, the fiscal 2014 financial results of the Company exceeded targets set by the Committee which resulted in compensation earned by the NEOs in excess of the targeted compensation. The following table outlines the achievement levels of each target and the resulting payout percentage used in determining the Hybrid Incentive Plan amount for the Chairman, CEO, COO, CFO, and VPO.

Component	Achievement to Target	Payout %	Weighting	Weighted Average Payout %	Total AIP HIP Payout %
Adjusted Free Cash Flow per Share	106%	163%	40%	65%	
Adjusted Gross Profit Growth	125%	200%	30%	60%	170%
Discretionary	N/A	150%	30%	45%	

Component	Achievement to Target	Payout %	Weighting	Weighted Average Payout %	Total EIP HIP Payout %
Adjusted Earnings Per Share	113%	190%	70%	133%	
Discretionary	N/A	150%	30%	45%	178%

Based on the financial performance in 2014 and achievement of results in excess of targets, the

senior leadership team earned the following under the executive compensation plan:

<b>NEO</b>	<b>Base Salary</b>	<b>AIP Payout % (rounded)</b>	<b>AIP Bonus Earned</b>	<b>EIP Payout % (rounded)</b>	<b>EIP Bonus Earned</b>	<b>Total Compensation under Plan</b>
Pat Priestner	750,000	170%	1,020,000	178%	534,000	2,304,000
Tom Orysiuk	545,000	170%	741,200	178%	388,040	1,674,240
Steve Rose	380,000	170%	516,800	178%	270,560	1,167,360
Chris Burrows	86,667	170%	76,800	178%	52,800	216,267
Jeff Christie	180,000	170%	100,980	178%	54,468	335,448

### **AutoCanada Stock Option Plan**

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

Pursuant to the Option Plan, AutoCanada may issue up to and including 10% of its issued and outstanding AutoCanada Shares (on a non-diluted basis) as Options. The aggregate number of AutoCanada Shares reserved for issuance to insiders pursuant to Options or other security based compensation arrangements of AutoCanada shall not at any time exceed 10% of the total number of AutoCanada Shares then outstanding, and the aggregate number of AutoCanada Shares reserved for issuance to any one person shall not at any time exceed 5% of the total number of AutoCanada Shares then outstanding. The issuance of AutoCanada Shares to insiders of AutoCanada pursuant to Options or any other security based compensation arrangements shall not exceed more than 10% of the total number of AutoCanada Shares outstanding within a one year period and the issuance of AutoCanada Shares to any one insider and such insider's associates shall not exceed more than 5% of the total number of AutoCanada Shares outstanding within a one year period.

Pursuant to the Option Plan, the Board shall make all necessary or desirable determinations regarding the granting of Options to Participants and may take into consideration the present and potential

contributions of a particular Participant to the success of AutoCanada and any other factors which it may deem proper and relevant. The exercise price of each Option is determined by the Board and shall not be lower than the closing price of the AutoCanada Shares on the Toronto Stock Exchange ("TSX") immediately preceding the date of grant.

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

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

the black-out period. Options are non-transferable except to the extent the rights of an optionee pass to another person upon death by will or pursuant to the laws of descent and distribution.

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

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

- **is for the purpose of curing any ambiguity, error or omission in the Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan;**
- **is necessary to comply with applicable law or the requirements of any stock exchange on which the AutoCanada Shares are listed;**
- **is an amendment to the Option Plan respecting administration and eligibility for participation under the Option Plan;**
- **changes the terms and conditions on which Options may be granted pursuant to the Option Plan including the provisions relating to vesting provisions and the period during which an Option may be exercised;**
- **changes the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date;**
- **is an amendment of the cashless exercise feature, payable in cash or securities which provides for a full deduction of the number of underlying securities from the Option Plan; or**

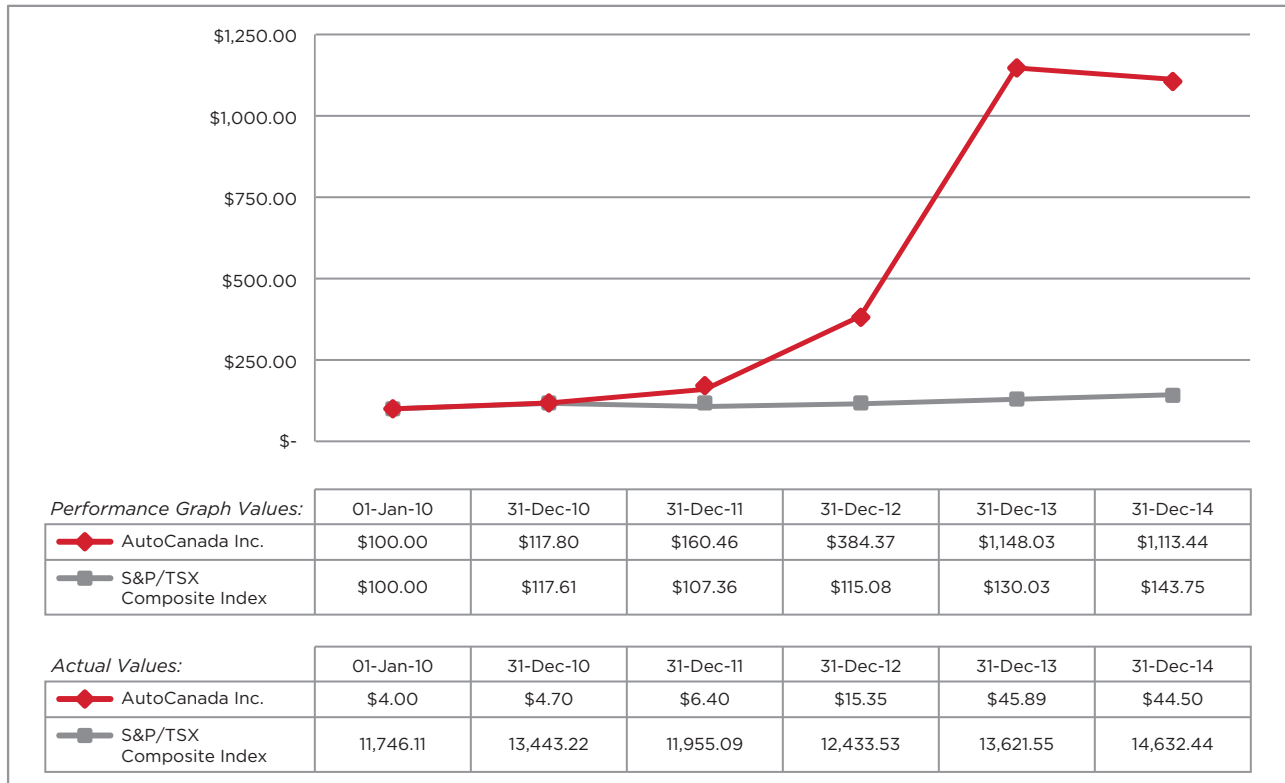
- **is an amendment to the Option Plan of a "housekeeping nature", provided that the amendment does not change the number of AutoCanada Shares issuable under the Option Plan, add any form of financial assistance by the Company, change the class of eligible Participants to the Option Plan, extend the term of Options held by insiders or reduce the exercise price of Options held by insiders. Amendments are subject to any required approval of any regulatory authority or stock exchange.**

There are currently an aggregate of 24,509,683 AutoCanada Shares outstanding. Therefore, a maximum of 2,450,968 AutoCanada Shares are reserved for issuance under the AutoCanada Stock Option Plan. This number may increase if and as the issued and outstanding AutoCanada Shares increases.

Currently, no Options have been issued and there are no plans to issue Options at this time.

# Performance Graph

The Board recognizes that in a cyclical industry such as the retail automotive industry, AutoCanada's focus is on long-term shareholder value growth. The following chart compares the cumulative total shareholder return, including the reinvestment of distributions, from January 1, 2010 to the end of the most recently completed financial year on December 31, 2014 for \$100 invested in ACI Shares with the cumulative total return from the S&P/TSX Composite Index (Total Return). The Board believes that the trend in executive compensation as noted on the following page appropriately reflects the trend in performance of the Company.



# Summary Compensation Tables and Named Executive Officers

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

Name and Principal Position	Year	Base Salary (\$)	Share-Based Awards (\$)	Non-Equity Compensation		All other Compensation (\$) <sup>(1)</sup>	Total Compensation (\$)
				Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)		
Patrick Priestner <sup>(2)</sup> Executive Chairman	2014	750,000	534,700	1,020,000	–	84,630	2,389,330
	2013	550,000	416,720	833,440	–	78,355	1,878,515
	2012	475,000	339,500	679,000	–	29,528	1,523,028
Thomas Orysiuk <sup>(3)</sup> President & Chief Executive Officer	2014	545,000	388,549	741,200	–	40,614	1,715,363
	2013	512,500	388,310	776,610	–	29,921	1,707,341
	2012	475,000	339,500	679,000	–	33,900	1,527,400
Stephen Rose <sup>(4)</sup> Chief Operating Officer	2014	380,000	270,915	516,800	–	41,894	1,209,609
	2013	357,500	270,870	541,740	–	40,972	1,211,082
	2012	350,000	218,890	406,510	–	32,379	1,007,779
Christopher Burrows <sup>(5)</sup> Vice-President & Chief Financial Officer	2014	86,667	202,800	76,800	–	11,409	377,676
	2013	–	–	–	–	–	–
	2012	–	–	–	–	–	–
Jeffery Christie <sup>(6)</sup> Vice-President, Operations	2014	180,000	54,539	100,980	–	17,555	353,074
	2013	160,000	50,610	100,920	–	15,631	327,161
	2012	150,000	–	40,000	–	14,494	204,494

<sup>(1)</sup> Represents fees paid on account of healthcare plans and the taxable benefit related to the usage of Company vehicles.

<sup>(2)</sup> Mr. Priestner served as the Chief Executive Officer throughout fiscal 2014 and effective January 1, 2015 was appointed as the Executive Chairman.

<sup>(3)</sup> Mr. Orysiuk served as the President & Chief Financial Officer from January 1 until September 1, 2014. From September 2 until December 31, 2014, Mr. Orysiuk served as the President. Effective January 1, 2015 the role of Chief Executive Officer was added to Mr. Orysiuk's responsibilities.

<sup>(4)</sup> Mr. Rose served as the Senior-Vice President, Sales, Marketing & Corporate Operations throughout fiscal 2014 and effective January 1, 2015 was appointed as the Senior-Vice President & Chief Operating Officer.

<sup>(5)</sup> Mr. Burrows joined the Company on September 2, 2014 and was appointed as the Vice-President & Chief Financial Officer. Mr. Burrows' base salary represents the amount paid by the Company from September 2 to December 31, 2014. Mr. Burrows was awarded \$150,000 upon commencement, to be paid in ACI Shares of the Company.

<sup>(6)</sup> Mr. Christie served as the Vice-President, Finance from January 1 until September 1, 2014. On September 2, 2014, Mr. Christie was appointed as the Vice-President, Operations.

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

NEO	Fiscal Year Of Award	Grant Date	RSUs Granted (#)	Market Value of AutoCanada Inc. Shares (\$)	Share-Based Awards (\$)
Pat Priestner	2014	19-Mar-15	12,511	\$42.74	534,700
	2013	20-Mar-14	8,229	\$50.64	416,720
	2012	26-Mar-13	18,001	\$18.86	339,500
Tom Orysiuk	2014	19-Mar-15	9,091	\$42.74	388,549
	2013	20-Mar-14	7,668	\$50.64	388,310
	2012	26-Mar-13	18,001	\$18.86	339,500
Steve Rose	2014	19-Mar-15	6,339	\$42.74	270,915
	2013	20-Mar-14	5,349	\$50.64	270,870
	2012	26-Mar-13	11,606	\$18.86	218,890
Chris Burrows	2014	19-Mar-15	1,235	\$4,274	52,800
	2013	20-Mar-14	–	\$50.64	–
	2012	26-Mar-13	–	\$18.86	–
Jeff Christie	2014	19-Mar-15	1,276	\$42.74	54,539
	2013	20-Mar-14	999	\$50.64	50,610
	2012	26-Mar-13	–	\$18.86	–

## Incentive Plan Awards

### Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2014 to the NEOs of the Company.

NEO	Number of share-based awards that have not vested (#)	Market value of share-based awards that have not vested <sup>(1)</sup> (\$)	Market value of vested share-based awards not paid out or distributed <sup>(1)</sup> (\$)
Pat Priestner	31,589	1,405,692	Nil
Tom Orysiuk	30,500	1,357,264	Nil
Steve Rose	20,075	893,335	Nil
Chris Burrows	Nil	Nil	Nil
Jeff Christie	1,011	45,000	Nil

<sup>(1)</sup> Market value for RSUs is calculated based on the closing price of the ACI Shares on the TSX on December 31, 2014 of \$44.50 per share.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information relating to the value vested or earned during the Company's financial year ended December 31, 2014 in respect of share-based awards and non-equity incentive plan compensation for NEOs of the Company.

<b>NEO</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Pat Priestner	Nil	455,461	1,020,000
Tom Orysiuk	Nil	477,061	741,200
Steve Rose	Nil	312,769	516,800
Chris Burrows	Nil	Nil	88,400
Jeff Christie	Nil	Nil	100,980

#### **Termination of Employment, Change in Responsibilities and Employment Contracts**

*Pat Priestner, Executive Chairman.* The employment agreement with Mr. Priestner is for a five year term ending on May 31, 2019, but may be terminated by Mr. Priestner upon three months' notice. Effective January 1, 2015, Mr. Priestner is paid an annual salary of \$650,000 plus incentive awards determined under the Hybrid Incentive Plan discussed above. In the event we terminate the employment of Mr. Priestner without cause, we will pay Mr. Priestner, for 12 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Priestner will be entitled to continue his employee benefits for a term of 12 months. The employment agreement contains confidentiality, non-solicitation and non-competition covenants by Mr. Priestner, which continue for three years after Mr. Priestner ceases to be employed by us.

*Tom Orysiuk, President and Chief Executive Officer.* The employment agreement with Mr. Orysiuk is for an indefinite term but may be terminated on three months' notice. Effective January 1, 2015, Mr. Orysiuk is paid an annual salary of \$650,000 plus incentive awards determined under the Hybrid Incentive Plan discussed above. In the event we terminate the employment of Mr. Orysiuk without cause, we will pay Mr. Orysiuk, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Orysiuk will

be entitled to continued employment benefits for a term of 24 months. The employment agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Orysiuk which will continue for 24 months after such person ceases to be employed by us.

*Steve Rose, Chief Operating Officer.* The employment agreement with Mr. Rose is for an indefinite term but may be terminated on three months' notice. Effective January 1, 2015, Mr. Rose is paid an annual salary of \$450,000 plus incentive awards determined under the Hybrid Incentive Plan. In the event we terminate the employment of Mr. Rose without cause, we will pay Mr. Rose, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Rose will be entitled to continued employment benefits for a term of 24 months. The employment agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Rose which will continue for 24 months after such person ceases to be employed by us.

*Chris Burrows, Vice-President and Chief Financial Officer.* The employment agreement with Mr. Burrows is for an indefinite term but may be terminated on three months' notice. Effective January 1, 2015, Mr. Burrows is paid an annual salary of \$260,000 plus incentive awards determined under the Hybrid Incentive Plan. In the event we terminate the employment of Mr. Burrows without cause, we will pay

Mr. Burrows, for 24 months, the monthly average of the total base salary paid to him in our fiscal year immediately preceding the date of his termination. In addition, Mr. Burrows will be entitled to continued employment benefits for a term of 24 months. The employment agreement contains confidentiality, non-solicitation and non-competition agreements by Mr. Burrows which will continue for 24 months after such person ceases to be employed by us.

*Jeff Christie, Vice-President, Operations.* The employment agreement with Mr. Christie is for an indefinite term but may be terminated without notice. Effective January 1, 2015, Mr. Christie is paid an annual salary of \$180,000 plus incentive awards determined under the Hybrid Incentive Plan. In the event we terminate the employment of Mr. Christie without cause, we will pay Mr. Christie an amount equal to his annual salary. The employment agreement also contains change of control provisions similar to the other members of the senior leadership team.

The following table summarizes the payments that would be received by each NEO in each circumstance where the NEO ceases to be employed by AutoCanada on December 31, 2014. The amounts are in excess of the amount currently payable to executives under the Annual Incentive Plan for the fiscal 2014 year. The amounts shown in the table are calculated based on positions held, and the terms applicable, as at December 31, 2014.

Name	Termination for Cause (\$)	Termination Other than for Cause (\$)	Change of Control (\$)	Retirement (\$)	Resignation (\$)	Death or Disability (\$)
<b>Pat Priestner</b>						
Lump-sum Payment	–	650,000	2,052,080	–	–	–
Accelerated RSU Vesting	–	887,250	1,405,692	1,099,408	–	1,405,692
Total	–	1,537,250	3,457,772	1,099,408	–	1,405,692
<b>Tom Orysiuk</b>						
Lump-sum payment	–	1,300,000	1,797,080	–	–	–
Accelerated RSU Vesting	–	855,491	1,357,264	1,082,779	–	1,357,264
Total	–	2,155,491	3,154,344	1,082,779	–	1,357,264
<b>Steve Rose</b>						
Lump-sum payment	–	900,000	1,249,985	–	–	–
Accelerated RSU Vesting	–	557,690	893,335	697,164	–	893,335
Total	–	1,457,690	2,143,320	697,164	–	893,335
<b>Chris Burrows</b>						
Lump-sum payment	–	520,000	390,000	–	–	–
Accelerated RSU Vesting	–	150,000	150,000	–	–	–
Total	–	670,000	540,000	–	–	–
<b>Jeff Christie</b>						
Lump-sum payment	–	180,000	–	–	–	–
Accelerated RSU Vesting	–	–	45,000	29,624	–	45,000
Total	–	180,000	45,000	29,624	–	45,000

Except as described above, there is no compensatory plan, contract or arrangement where a NEO is entitled to receive any payment from us or our subsidiaries, including periodic payments or instalments, in the event of the resignation,

retirement or any other termination of the NEO's employment, a change of control of us or any of our subsidiaries or a change in the NEO's responsibilities following a change in control.



# Compensation of Directors

Compensation for Directors is currently \$50,000 per Director per year and \$2,000 per Director for each meeting of the Directors attended in person. The Lead Director of the Board receives additional compensation of \$20,000 per year. The Chairs of the Audit Committee and Governance and Compensation Committee each receive additional compensation of \$15,000 per year. Directors receive \$1,000 for each meeting of the Directors attended by telephone if more than 6 hours and \$500 if less than 6 hours. We reimburse Directors for out of pocket expenses for attending meetings. Directors also participate in our insurance and indemnification arrangements. No Director compensation is paid to Directors who are members of management of the Company. If deemed appropriate by the Directors, special committees of the Directors may be established for certain purposes, the compensation of the members thereof to be at the discretion of the Board. Each Director is an eligible participant in the

AutoCanada Stock Option Plan and may be awarded options as further compensation.

In 2012, the Board of Directors approved the Deferred Share Unit Plan ("DSU Plan") for eligible Directors. The DSU Plan allows the eligible Board Directors to elect to receive up to 100% of total Directors' compensation, excluding the Deferred Share Unit Retainer ("DSU Retainer"), in the form of Deferred Share Units ("DSUs"). The DSU retainer was approved by the Board of Directors in 2012, in addition to compensation noted above, to each eligible Board Director, which must be fully paid in the form of DSUs. The amount of the DSU retainer is \$30,000 per eligible Director per year. The purpose of the DSU Plan and the DSU Retainer is to provide eligible directors with the opportunity to participate in the long-term success of AutoCanada and to promote a greater financial interest of Directors in the Company.

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

Name	Cash fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total compensation (\$)
Gordon Barefoot	78,938	53,812	–	–	–	132,750
Michael Ross	45,250	72,500	–	–	–	117,750
Dennis DesRosiers	27,625	71,625	–	–	–	99,250
Christopher Cumming	–	96,250	–	–	–	96,250
Barry James	12,333	–	–	–	–	12,333

The aggregate amount earned by the Directors as compensation, in their capacity as such, during the financial year ended December 31, 2014 was \$458,333. The aggregate amount we reimbursed

the Directors for out of pocket expenses incurred to attend meetings during the financial year ended December 31, 2014 was \$11,955.

## Incentive Plan Awards

### Outstanding Share-Based Awards

The following table sets forth information in respect of all share-based awards outstanding at the end of the financial year ended December 31, 2014 to the directors of the Company.

Director	Number of share-based awards that have not vested (#)	Market value of share-based awards that have not vested <sup>(1)</sup> (\$)	Market value of vested share-based awards not paid out or distributed <sup>(1)</sup> (\$)
Gordon Barefoot	2,889	128,561	Nil
Michael Ross	4,897	217,917	Nil
Dennis DesRosiers	3,426	152,457	Nil
Christopher Cumming	5,400	240,300	Nil
Barry James	Nil	Nil	Nil

<sup>(1)</sup> Value is calculated based on the closing price of the ACI Shares on the TSX on December 31, 2014 of \$44.50 per share.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information relating to the value vested or earned during the Company's financial year ended December 31, 2014 in respect of share-based awards and non-equity incentive plan compensation for the directors of the Company.

Director	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gordon Barefoot	Nil	Nil	Nil
Michael Ross	Nil	Nil	Nil
Dennis DesRosiers	Nil	Nil	Nil
Christopher Cumming	Nil	Nil	Nil
Barry James	Nil	Nil	Nil

<sup>(1)</sup> Value is calculated based on the closing price of the ACI Shares on the TSX on December 31, 2014 of \$44.50 per share.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table provides details on securities authorized for issuance under the Company's equity compensation plans as at December 31, 2014:

Plan Category	Securities to be issued upon exercise of outstanding options, warrants and rights		Weighted average exercise price of outstanding options, warrants and rights	Securities remaining available for future issuance under equity compensation plans		Aggregate to be issued upon exercise plus available for issuance	
	#	% of outstanding ACI Shares		#	% of outstanding ACI Shares	#	% of outstanding ACI Shares
Equity compensation plans approved by securityholders (being the AutoCanada Stock Option Plan)	Nil	Nil	Nil	2,450,968	10.0%	2,450,968	10.0%
Equity compensation plans not approved by securityholders	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	Nil	Nil	Nil	2,450,968	10.0%	2,450,968	10.0%

No options have been granted under the AutoCanada Stock Option Plan. See "Executive Compensation – AutoCanada Stock Option Plan"

for a description of the material features of the Plan.

## Indebtedness of Directors and Executive Officers

No individual who is, or at any time during our most recently completed financial year was, a Director or executive officer, as applicable, of us, no proposed nominee for election as a Director of us, and no associate of any such Director, executive officer or proposed Director is, or at any time during our most recently completed financial year was, indebted to

(i) us or any of our subsidiaries, or (ii) another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries, other than routine indebtedness.

## Interest of Informed Persons in Material Transactions

Other than as set forth below, no informed person of the Company, nor any proposed Director, nor any associate or affiliate of any informed person or proposed Director, has any material interest, direct or indirect, in any transaction since the

commencement of our last financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

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

To the knowledge of the management of the Company, other than as set forth elsewhere in this Information Circular, no person who has been a Director or executive officer of the Company at any time since the beginning of our last financial year, nor any proposed nominee for election as a

Director, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors or the appointment of the auditor.

## Statement of Corporate Governance

A discussion of our governance system within the context of National Instrument 58-101 – *Disclosure*

*of Corporate Governance Practices* is attached to this Information Circular as Appendix “A”.

## Other Business

As at the date hereof, the Directors are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters

properly come before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote in respect of those matters in accordance with their judgment.

# Additional Information

Additional information relating to the Company can be found at [www.sedar.com](http://www.sedar.com) or our website at [www.autocan.ca](http://www.autocan.ca). Additional financial information is contained in the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013, and the Company's annual management's discussion and analysis of financial condition and results of operations for fiscal 2014.

Copies of the Annual Information Form, the Company's Annual Report (including management's discussion and analysis), consolidated financial statements and this Information Circular may be obtained by request to AutoCanada Inc., #200, 15505 Yellowhead Trail, Edmonton, Alberta, T5V 1E5, Attention: Chief Financial Officer.

## **BOARD OF DIRECTORS APPROVAL**

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

**DATED** at Edmonton, Alberta this 27<sup>th</sup> day of March, 2015.

# Appendix A – Statement of Corporate Governance Practices

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

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES																
1. Board of Directors																	
(a) Disclose the identity of Directors who are independent.	Gordon Barefoot, Dennis DesRosiers, Michael Ross, and Barry James are all independent Directors of AutoCanada. Maryann Keller is an independent Director Nominee to the Board of Directors.																
(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.	The Board has determined that Pat Priestner and Tom Orysiuk are not independent directors, as independence is defined in <i>Multilateral Instrument 52-110 – Audit Committees</i> , as each is an officer of AutoCanada Inc.																
(c) Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	A majority of the Directors are independent.																
(d) If a Director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.	Directors who are presently a director of another reporting issuer are as follows:																
	<table border="1"> <thead> <tr> <th data-bbox="778 1170 1029 1218">Director</th> <th data-bbox="1035 1170 1442 1218">Name of Reporting Issuer</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 1226 1029 1253">Gordon Barefoot</td> <td data-bbox="1035 1226 1442 1253">none</td> </tr> <tr> <td data-bbox="778 1261 1029 1288">Dennis DesRosiers</td> <td data-bbox="1035 1261 1442 1288">none</td> </tr> <tr> <td data-bbox="778 1297 1029 1324">Barry James</td> <td data-bbox="1035 1297 1442 1324">Corus Entertainment</td> </tr> <tr> <td data-bbox="778 1332 1029 1359">Maryann Keller</td> <td data-bbox="1035 1332 1442 1359">none</td> </tr> <tr> <td data-bbox="778 1367 1029 1394">Michael Ross</td> <td data-bbox="1035 1367 1442 1394">none</td> </tr> <tr> <td data-bbox="778 1402 1029 1429">Patrick Priestner</td> <td data-bbox="1035 1402 1442 1429">Rocky Mountain Dealerships Inc.</td> </tr> <tr> <td data-bbox="778 1437 1029 1464">Thomas Orysiuk</td> <td data-bbox="1035 1437 1442 1464">none</td> </tr> </tbody> </table>	Director	Name of Reporting Issuer	Gordon Barefoot	none	Dennis DesRosiers	none	Barry James	Corus Entertainment	Maryann Keller	none	Michael Ross	none	Patrick Priestner	Rocky Mountain Dealerships Inc.	Thomas Orysiuk	none
	Director	Name of Reporting Issuer															
Gordon Barefoot	none																
Dennis DesRosiers	none																
Barry James	Corus Entertainment																
Maryann Keller	none																
Michael Ross	none																
Patrick Priestner	Rocky Mountain Dealerships Inc.																
Thomas Orysiuk	none																
(e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	Mr. Priestner and Mr. Orysiuk, who are members of management and are non-independent directors, are excluded from a portion of each regularly scheduled meeting of the Board.  The Board held all six (6) regularly scheduled meetings in 2014.																

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES
(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.	Gordon Barefoot is the independent Lead Director of the Board of AutoCanada. The Lead Director's roles and responsibilities are outlined in our Terms of Reference for the Chair of the Board of Directors of AutoCanada and include working with the subsidiaries and various limited partnerships, monitoring investments of AutoCanada, including AutoCanada's investment in its subsidiaries and various limited partnerships, and managing relations with Shareholders, other stakeholders and the public.
(g) Disclose the attendance record of each Director for all board meetings held since the beginning of the issuer's most recently completed financial year.	The Directors held six regular meetings in 2014. Meeting attendance is disclosed for each Director under the "Election of Directors" section above.
2. Board Mandate  Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The text of the mandate of the Board of Directors of AutoCanada (entitled "Mandate for the Board of Directors of AutoCanada"), is attached to this information circular as Appendix "B".
3. Position Descriptions  (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.  (b) Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.	A written position description is included in the applicable Terms of Reference for the Chair of the Board of AutoCanada.  No written position descriptions for chairs of our committees have been developed; however each such chair is aware that they are obliged to conduct the affairs of the Board or the committee, as the case may be, so as to meet their respective obligations pursuant to each of their separate mandates or charters.  The Board and the Chief Executive Officer have developed terms of reference for the Chief Executive Officer, which include a written position description for the Chief Executive Officer.

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4. Orientation and Continuing Education

(a) Briefly describe what measures the Board takes to orient new directors regarding

(i) the role of the Board, its committees and its directors, and

The Board has adopted a Directors Information Manual which contains, among other things, the mandates of the Board and committee charters for each of the committees of the Board. This manual has been reviewed by the directors, and a copy of the manual has been provided to each of the directors.

(ii) the nature and operation of the issuer's business.

The Chief Executive Officer reviews with the Board at each meeting the nature and operations of our business. The Board meets with other members of our senior management periodically to review each of their specific operations.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Members of the Board are encouraged to participate in seminars and other continuing education programs for directors. The auditors periodically review at meetings of the audit committee the emerging standards for corporate governance, and the Board meets with our independent counsel to review the governance practices of the directors and the obligations of the Board.

5. Ethical Business Conduct

(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

We have adopted a written code of ethical business conduct applicable to our directors, officers and employees, including the officers and employees of our related dealerships.

(i) disclose how a person or company may obtain a copy of the code;

The code is available at the Canadian Securities Administrator's System for Electronic Dissemination and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and on our website at [www.autocan.ca](http://www.autocan.ca). It is entitled Code of Conduct, AutoCanada Inc.

(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and

A copy of the code of conduct is provided to each of our directors, officers and employees, including the officers and employees of our related dealerships, and each is requested to certify that he/she has read the code. A copy of the code is provided to each new director, officer or employee, including the new officers and employees of our related dealerships.



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- (iii) provide a cross-reference to any material change report(s) filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.
- (b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- (c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.
6. Nomination of Directors
- (a) Describe the process by which the Board identifies new candidates for Board nomination.
- No material change reports have been filed by us since the beginning of our most recently completed financial year that pertains to the conduct of a director or executive officer that constitutes a departure from the code.
- A director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any matter in respect of such transaction or agreement in which the director has an interest. The Board may request the director to recuse himself from the portion of any meeting at which such transaction or agreement is discussed.
- All non-management directors are subject to the Company's policy with respect to non-management director's interests in auto dealerships, whereby non-management directors shall not invest directly or indirectly in any automotive dealership enterprise without prior express approval of the Board.
- The Board encourages and promotes a culture of ethical business conduct by requiring the Chief Executive Officer to conduct himself in a manner that exemplifies ethical business conduct.
- In addition, our directors, officers and employees, including the officers and employees of our related dealerships are required to certify that they have read the code of conduct.
- The members of our committees are entitled to engage an outside advisor at our expense in appropriate circumstances.
- The governance and compensation committee of AutoCanada surveys existing directors regarding new candidates as part of an annual assessment of the constitution of the Board. The chair of the governance and compensation committee meets with candidates in person or by phone and management meets in person with the candidates. Candidates are evaluated by the governance and compensation committee and management based on the perceived needs of the current Board members.

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- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.
- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The governance and compensation committee is composed of three independent directors.

The charter of the governance and compensation committee delineates the responsibilities, powers and operation of the committee when discharging its duties as a nominating committee. The committee meets regularly.

7. Director Term Limits

- (a) Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Company does not have a policy that limits the term of the directors on its board and has not provided other mechanisms of board renewal.

The Board has determined that the term limit of the director's mandate or the mandatory retirement age is not essential. The Board is of the opinion however that the directors must understand the business in which the Company operates and that a balance between long-term directors with in-depth knowledge of the Company and new directors who bring a different experience and new ideas is paramount.

8. Policies Regarding the Representation of Women on the Board

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Company has adopted a written diversity policy (the "Diversity Policy") relating to the identification and nomination of women directors and executive officers among other things.

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(b) Disclose the following in respect of the Diversity Policy: a) short summary of its objectives and key provisions, b) the measures taken to ensure that the policy has been effectively implemented, iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and iv) whether and, if so, how the Board or its committees measure the effectiveness of the Diversity Policy.

The Diversity Policy aims to ensure there are a broad range of approaches, backgrounds, skills and experience represented on the Board to make appointments on merit and against objective criteria, including but not limited to, gender diversity. Board and committee members engaged in nominations are to conduct searches for potential board nominees so as to put forward a diverse range of candidates, including women candidates. Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain, however the Board has made a commitment to the recruitment of women by making the identification of women candidates as a key search criterion. The Diversity Policy was adopted on March 19, 2015 so the effectiveness of the Diversity Policy cannot be measured as of yet. The Governance and Compensation Committee will be required to annually report on and evaluate the effectiveness of the Diversity Policy in the boardroom and at the executive level.

(c) Disclosure whether or not the Board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election.

Board and committee members are to conduct searches for potential board nominees so as to put forward candidates with a broad range of approaches, backgrounds, skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.

9. Policies Regarding the Representation of Women in Executive Officer Appointments

(a) Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Company plans to identify candidates for executive positions with a broad range of skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.

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10. Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- (a) Disclose whether the issuer has adopted a target regarding women on the issuer's Board and in Executive Officer Appointments. If the issuer has not adopted a target, disclose why it has not done so.

Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain. The Company believes that the Board needs to be able to assess a potential nominee's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.

The Company has not adopted a specific target regarding the representation of women in executive officer positions of the Company. The Company believes that recruiting for executive level positions should involve an assessment of a candidate's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.

11. Number of Women on the Board and in Executive Officer Positions

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's Board who are women.
- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

The Company currently has zero women directors, which represents 0% of the Board. Maryann Keller has been nominated for election as a director at the Meeting. Assuming that Maryann is elected, the Board will have one women director, representing 14% of the Board.

The Company currently has one women executive officer, which represents 10% of the Company's executive officers.

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12. Compensation
- (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.
- The Board determined the compensation for the directors with reference to market rates for such services. The charter of the governance and compensation committee includes responsibility to review and recommend adjustments for compensation to directors as warranted in the future. Compensation for the CEO and officers of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the governance and compensation committee.
- (b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.
- The governance and compensation committee of the Board is composed entirely of independent directors.
- (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.
- The charter of the governance and compensation committee of the Board delineates the responsibilities, powers and operation of the committee when discharging its duties as a compensation committee, and the committee has followed this charter in discharging its responsibilities, powers and operations. The committee meets regularly.
13. Other Board Committees
- If the Board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.
- AutoCanada has a disclosure committee, comprised of Tom Orysiuk, Chris Burrows and Erin Oor (Vice-President, Corporate Development). The function of the disclosure committee is to ensure that all written and oral communications to the public or to regulators are timely and accurate and to assist AutoCanada with its disclosure controls and procedures.
14. Assessments
- Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.
- Each individual director provides an annual self-assessment to the chair of the governance and compensation committee. The chair then reviews the assessments and provides to each individual specific recommendation for improvement. Implementation of such recommendations is overseen by the chair.

# Appendix B – Mandate for the Board of Directors of AutoCanada Inc.

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

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

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

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

## **DUTIES OF DIRECTORS**

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

### **Oversight Responsibility**

1. The Board has the responsibility for approving the appointment of the Chairman and the Chief Executive Officer and any other officers of the Company (collectively, the “**Officers**”), and

approving the compensation of the Chairman of the Board, Chief Executive Officer and other officers and employees of the Company following a review of the recommendations of the Governance and Compensation Committee.

2. The Board has delegated authority to the Chief Executive Officer for the overall management and operations of the Company, to ensure the long term success of the Company. The Chief Executive Officer will work in conjunction with the Chairman or Lead Director on strategy related issues to ensure the long term success of the Company. This delegation is subject to the General Authority Guidelines in Schedule “**A**” that require either prior authorization by the Board or periodic review by the Board in respect of specified matters.
3. The Board may from time to time delegate authority to the Officers, subject to specified limits. Matters that are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.

### **Monitoring of Financial Performance and Other Financial Reporting Matters**

4. The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Company.
5. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Company’s business including insurance coverage, conduct of material litigation and the effectiveness of internal controls.
6. The Board is responsible for considering appropriate measures it may take if the performance of the Company falls short of their goals or other special circumstances warrant.
7. The Board shall be responsible for approving the unaudited financial statements and the notes of the Company, and shall be responsible to review the consolidated financial statements of the Company and shall provide its recommendation for approval of such consolidated financial statements to the Audit Committee.

8. The Board is responsible for reviewing and approving material transactions involving the Company, including the payment of dividends, acquisitions and dispositions of material assets by the Company and material expenditures by the Company.
9. The Board is responsible for reviewing and directing how the Company will exercise its voting and managerial rights in respect of matters relating to the Company.
10. The Board has responsibility for effectively monitoring the principal risks of the Company.

### **Board Organization**

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

### **Policies and Procedures**

13. The Board is responsible for:
  - a. approving and monitoring compliance with all significant policies and procedures by which the Company is operated;
  - b. approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - c. enforcing obligations of the directors respecting confidential treatment of the Company's proprietary information and Board deliberations.

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

### **Communications and Reporting**

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

**SCHEDULE A to APPENDIX B**  
**(MANDATE FOR THE BOARD OF DIRECTORS OF AUTOCANADA INC.)**  
**AUTOCANADA INC.**  
**GENERAL AUTHORITY GUIDELINES**

**AUTHORITY OF THE MANAGEMENT**

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

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

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

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

**MATTERS REQUIRING DIRECTORS OR COMMITTEE OF DIRECTORS APPROVAL OR REVIEW**

**I. Organizational Changes and Policy**

1. Subject to the discretionary limits set out in paragraphs 6, 7 and 8 below, approve major changes to the organization of the Company or their respective subsidiaries, such as the creation or divestiture of investments or acquisitions.
2. Approve the adoption of or changes to Company policies with application to the conduct of directors, including the Joint Disclosure Policy of the Company.
3. Review of adherence to the policies of the Company.

4. Approve any proposed changes to the Company's articles or by-laws.

**II. Budgets, Plans and Commitments**

5. Review and approve the annual budget of the Company.
6. Approve any capital commitments in any year not contained in the approved budget of the Company over \$300,000 in aggregate ("Capital Commitment Approval Threshold").
7. Approve any single capital commitment for an acquisition or acquisitions exceeding \$2,000,000 (inclusive of related store development costs), in aggregate ("Acquisition Approval Threshold").
8. Approve any single divestiture of more than \$2,000,000 ("Divestiture Approval Threshold").
9. Approve long range business planning in accordance with the policies of the Company.
10. Approve major agreements or long-term leases outside the ordinary course of business of the Company, including, without limitation, approving all related party agreements and or related party leases.

**III. Financial and Corporate**

11. Approve the annual audited financial statements of the Company.
12. Approve the interim financial statements of the Company.
13. Approve the dividend policy of the Company, including approving declaration of dividends.



14. Approve changes in authorized capital, issuance or repurchase of shares, debt securities and related prospectuses or trust indentures, if any.
15. Generally review operating and financial performance relative to budgets and objectives.
16. Review significant changes in accounting practices or policies.
17. Approve all borrowing, hedging, credit agreements, amendments to credit agreements, and the granting of guarantees and/or letters of credit outside the ordinary course of business or pursuant to related party agreements and/or leases.
18. Review significant changes in accounting practices or policies.
29. Approve compensation for the Chairman and the Chief Executive Officer and other Senior Executives and review performance.
30. Approve contracts with Senior Executives including special termination provisions or payments.
31. Approve adoption of share purchase or other share based compensation arrangements, if any.
32. Approve short-term and long-term incentive plan criteria, targets and awards, if any, in so far as such plans are a direct activity of the Company.
33. Review Senior Executive succession plans.

#### **IV. External Auditors of the Fund**

19. Approve appointment of external auditors, establishment of their fees and annual audit plan.
20. Review independence of external auditors.
21. Review findings of external audit review and Management's response.
22. Risk Management.
23. Review the Company's risk management and insurance coverage.
24. Review the Company's conduct of litigation that could materially affect the financial condition of the Company.
25. Review effectiveness of internal control procedures.

#### **V. Management and Human Resources**

26. Approve appointment or removal of the Chief Executive Officer, the Chairman, the Chief Operations Officer and the Chief Financial Officer ("**Senior Executives**");
27. Confirm appointments of other officers.
28. Evaluate performance of the Chairman and the Chief Executive Officer

## BY-LAW NO. 2

### A by-law relating to the advance notice of nominations of directors

of

### AUTOCANADA INC.

#### SECTION 1 INTERPRETATION

- 1.1 **Definitions** – In this by-law of the Corporation, unless the context otherwise requires:
- “Act”** means the *Canada Business Corporations Act*, and any statute that may be substituted therefor, as from time to time amended;
- “Affiliate”** when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
- “Applicable Securities Laws”** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada;
- “Associate”** when used to indicate a relationship with a specified person, shall mean:
- a) any body corporate or trust of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such body corporate or trust for the time being outstanding;
  - b) any partner of that person;
  - c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
  - d) a spouse of such specified person;
  - e) any person of either sex with whom such specified person is living in conjugal relationship outside marriage; or
  - f) any relative of such specified person or of a person mentioned in clauses (d) or (e) of this definition if that relative has the same residence as the specified person;
- “beneficially owns”** or **“beneficially owned”** means, in connection with the ownership of shares in the capital of the Corporation by a person, (i) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any

agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person beneficially owns pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities;

**"Board"** means the board of directors of the Corporation;

**"Corporation"** means the corporation incorporated by certificate of Incorporation under the Act and named AUTOCANADA INC.;

**"Corporate Secretary"** means the corporate secretary of the Corporation or, if there is no corporate secretary, the person who acts in a similar capacity;

**"close of business"** means 5:00 p.m. (Edmonton time) on a business day in Alberta, Canada;

**"Derivatives Contract"** shall mean a contract between two parties (the **"Receiving Party"** and the **"Counterparty"**) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Corporation or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Corporation or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts; and

**"public announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

## SECTION 2 INTRODUCTION

- 2.1 The Corporation is committed to:
- (i) facilitating an orderly and efficient annual or, where the need arises, special, meeting process; (ii) ensuring that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; (iii) allowing the Corporation and shareholders to evaluate each nominee's qualifications and suitability as a director of the Corporation; and (iv) allowing shareholders to cast an informed vote.

The purpose of this By-law No. 2 of the Corporation (the "**By-law**") is to provide shareholders, directors and management of the Corporation with guidance on the nomination of directors. This By-law is the framework by which the Corporation seeks to fix a deadline by which holders of record of shares of the Corporation carrying the right to vote must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the belief of the Corporation and the Board that this By-law is beneficial to the Corporation, shareholders and other stakeholders. This By-law will be subject to periodic review and, subject to the Act, will reflect changes as required by securities regulatory agencies or stock exchanges and, at the discretion of the Board, amendments necessary to meet evolving industry standards.

## SECTION 3 ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

- 3.1 **Nomination Procedures** – Subject only to the Act, Applicable Securities Laws and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if the election of directors is a matter specified in the notice of meeting,
- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a shareholders' meeting by one or more of the shareholders made in accordance with the provisions of the Act; or give a guarantee on behalf of the Corporation to secure performance of an obligation of any person;
  - (c) by any person (a "**Nominating Shareholder**") who:
    - (i) at the close of business on the date of the giving of the notice provided for in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who has beneficial ownership of shares pursuant to the Act that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and
    - (ii) complies with the notice procedures set forth below in this By-law.

- 3.2 **Nominations for Election** – For the avoidance of doubt, the procedures set forth in this By-law shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation.
- 3.3 **Timely Notice** – In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary in accordance with this By-law.
- 3.4 **Manner of Timely Notice** – To be timely, a Nominating Shareholder’s notice must be given:
- (a) in the case of an annual meeting (including an annual and special meeting) of shareholders, not less than 30 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (each such date being, the “**Notice Date**”), notice by the Nominating Shareholder shall be made not later than the close of business on the 10th day following the Notice Date;
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the 15th day following the Notice Date; and
  - (c) in the case of an annual meeting (including an annual and special meeting) of shareholders or a special meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes) where notice-and-access is used for delivery of proxy related materials, not less than 40 days prior to the date of the meeting (but in any event, not prior to the Notice Date); provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the Notice Date, notice by the Nominating Shareholder shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the 10th day following the Notice Date and, in the case of a special meeting of shareholders, not later than the close of business on the 15th day following the Notice Date.
- 3.5 **Proper form of Notice** – To be in proper written form, a Nominating Shareholder’s notice must set forth or be accompanied by the following as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Proposed Nominee**”):
- (a) the name, age and business and residential address of the Proposed Nominee;
  - (b) the principal occupation, business or employment of the Proposed Nominee, both present and within the five years preceding the notice;
  - (c) whether the Proposed Nominee is a resident Canadian within the meaning of the Act;
  - (d) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (e) a description of any relationship, agreement, arrangement or understanding (financial, compensation or indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any Affiliates or Associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee’s nomination and election as a director;
  - (f) whether the Proposed Nominee is party to any existing or proposed relationship,

agreement, arrangement or understanding with any competitor of the Corporation or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee;

- (g) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws;
- (h) a written consent duly signed by each Proposed Nominee to being named as a nominee for election to the Board and to serve as a director of the Corporation, if elected;

and as to the Nominating Shareholder:

- (a) their name, and business and residential address;
- (b) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
- (c) whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
- (d) any other information relating to such person that would be required to be made in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

References to "Nominating Shareholder" in this section shall be deemed to refer to each shareholder that nominates or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

3.6 **Notice to be Updated** – In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

3.7 **Power of the Chair** – The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

3.8 **Delivery of notice** – Notwithstanding any other provision of this By-law, notice given to the Corporate Secretary pursuant to this By-law may only be given by personal delivery, facsimile transmission or by e-mail (provided that the Corporate Secretary has stipulated an e-mail address for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, e-mail (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received) to the Corporate Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Edmonton time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

3.9 **Discussion of matters** – Nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act.

3.10 **Board discretion** – Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.

#### **SECTION 4 EFFECTIVE DATE**

4.1 **Effective Date** – This By-law shall come into force when approved by the Board in accordance with the Act.

**ADOPTED** by the Board the 19<sup>th</sup> day of March, 2015.

*“Patrick Priestner”*  
Executive Chair

*“Thomas Orysiuk”*  
President and Chief Executive Officer



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