

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer or other professional advisor. No securities commission or similar authority in Canada or the Securities and Exchange Commission in the United States has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

## **NOTICE OF EXTENSION**

by

**OFFICE SPECIALTY INC.  
(OPERATING AS INSCAPE)  
together with its wholly-owned subsidiary,  
INSCAPE ACQUISITION INC.  
in respect of their**

**OFFER TO PURCHASE**

**all the outstanding Common Shares of**

**SMED INTERNATIONAL INC.**

**on the basis of, for each Common Share of SMED, either:**

**(i) Cdn. \$19.00 cash**

**or**

**(ii) at the option of each holder of Common Shares other than a U.S. Shareholder,  
0.95 of a Class B Subordinated Voting Share of Office Specialty Inc.,  
subject to proration as described in the Offer.**

Office Specialty Inc. ("OSI") and INSCAPE Acquisition Inc. ("AcquisitionCo" and, together with OSI, the "Offerors") hereby give notice that they have extended the time for which their offer to purchase Common Shares ("SMED Common Shares") of SMED International Inc. ("SMED") is open for acceptance to 12:01 a.m. (local time) on Thursday, February 10, 2000 (the "Expiry Time") (such offer as so extended, the "Offer").

Questions and requests for assistance may be directed to the Dealer Co-Managers, the Depositary or the U.S. Forwarding Agent and additional copies of this Notice of Extension, the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from those persons at their respective offices shown on the last page of this document. Persons whose SMED Common Shares are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact such nominee if they wish to accept the Offer.

The Dealer Co-Managers for the Offer are:

**RBC Dominion Securities Inc.**

**National Bank Financial Corp.**

January 28, 2000



## NOTICE OF EXTENSION

January 28, 2000

TO: THE HOLDERS OF COMMON SHARES OF  
SMED INTERNATIONAL INC.

This Notice of Extension amends and supplements the offer and circular of Office Specialty Inc. (“OSI”) and its wholly owned subsidiary, INSCAPE Acquisition Inc. (together with OSI, the “Offerors”), pursuant to which the Offerors offered to purchase all the outstanding common shares of SMED International Inc. (“SMED”), together with the associated rights (the “Rights”) issued under the shareholder rights plan of SMED (collectively the “SMED Common Shares”), including SMED Common Shares which may become outstanding on the exercise of stock options or rights (other than Rights) or the conversion of convertible securities but excluding the SMED Common Shares owned by the Offerors or their affiliates (such offer being herein referred to as the “Original Offer” and the circular which accompanied the Original Offer being herein referred to as the “Circular”).

Except as otherwise set forth in this Notice of Extension, the terms and conditions of the Original Offer and the information contained in the Circular continue to be applicable in all respects and this Notice of Extension should be read in conjunction with the Original Offer and Circular, the provisions of which (as hereby amended) are incorporated herein by reference. Unless the context requires otherwise, terms defined in the Original Offer and Circular (including the accompanying Glossary) but not defined herein have the meanings set forth therein. All references to the Offer in the Original Offer, the Circular, the Glossary, the Letter of Transmittal and the Notice of Guaranteed Delivery shall be deemed to be, where appropriate, references to the Original Offer as varied hereby.

### **1. Time for Acceptance of Offer**

The Offerors hereby give notice that, in order to respond to certain recent events as described in Section 2 of this Notice of Extension, “Recent Developments”, the Offerors have varied the Original Offer by extending the time for which the Offer is open for acceptance from 12:01 a.m. (local time) on January 27, 2000 to 12:01 a.m. (local time) on Thursday, February 10, 2000 (the “Expiry Time”), or such later time or times and date or dates as may be fixed by the Offerors from time to time pursuant to Section 5 of the Original Offer, “Extension, Variation or Change in the Offer”, unless the Offer is withdrawn by the Offerors.

### **2. Recent Developments**

On December 27, 1999, SMED announced that its board of directors had adopted the SMED Rights Plan in response to the Offerors’ announcement of their intention to make the Offer. See Sections 4 and 13 of the Circular, “Background to the Offer” and “Information Concerning SMED Common Shares and the SMED Rights Plan — SMED Rights Plan”.

On January 18, 2000 the Offerors applied to the Alberta and Ontario securities commissions (the “Commissions”) for permanent cease trade orders in respect of the securities issued or to be issued in connection with the SMED Rights Plan.

A joint hearing of the Commissions was scheduled to be held on Tuesday, January 25, 2000. On January 24, 2000, following discussions among representatives of each of OSI and SMED and Staff of the Commissions, the Offerors agreed to extend the expiry of the Offer as provided for herein and the board of directors of SMED waived the application of the SMED Rights Plan to the Offer effective 5:00 p.m. (Calgary time) on February 9, 2000.

On January 25, 2000, SMED announced that it had entered into an agreement with Haworth Inc. (“Haworth”) pursuant to which Haworth will offer to acquire the SMED Common Shares at a price of \$24 per share. SMED also stated that its agreement with Haworth contains certain break fee and non-solicitation provisions. SMED indicated that the Haworth offer is expected to be mailed on or before January 31, 2000. The Offerors intend to review the Haworth offer and the further disclosure to be made in respect of the agreement between Haworth and SMED before determining what action, if any, they intend to take in respect of the Offer.

In light of the foregoing, on January 26, 2000 the Offerors extended the Expiry Time of the Offer to 12:01 a.m. (local time) on Thursday, February 10, 2000.

### **3. Amendments to Offering Documents**

The Original Offer, the Circular, the Glossary which accompanied them, the Letter of Transmittal and the Notice of Guaranteed Delivery shall be amended *mutatis mutandis* to reflect the amendments contemplated by this Notice of Extension.

### **4. Information Regarding the Deposit of SMED Common Shares**

Upon the terms and subject to the conditions referred to in Section 4 of the Original Offer, “Conditions of the Offer”, the Offerors will take up SMED Common Shares validly deposited under the Offer and not withdrawn at or as soon after the Expiry Time as (a) the Offerors are permitted by law to take up such SMED Common Shares and (b) the conditions of the Offer have been satisfied or waived. Any SMED Common Shares taken up will be paid for not later than the earlier of three days after they are taken up and 10 days after the Expiry Time. Any SMED Common Shares deposited pursuant to the Offer after the first date on which SMED Common Shares have been taken up and paid for by the Offerors will be taken up and paid for within 10 days of such deposit. See Section 6 of the Original Offer, “Payment for Deposited Shares”.

### **5. Withdrawal of Deposited Shares**

Except as otherwise stated in Section 5 of the Offer, “Withdrawal of Deposited Shares”, as modified by this Section 5, all deposits of SMED Common Shares pursuant to the Offer are irrevocable. Unless otherwise required or permitted by applicable law, any SMED Common Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder:

- (a) at any time before 12:00 midnight (local time) on Wednesday, February 9, 2000;
- (b) at any time after Monday, February 21, 2000 provided that the SMED Common Shares have not been taken up and paid for by the Offerors prior to the receipt by the Depository of the notice of withdrawal in respect of such SMED Common Shares; or
- (c) at any time before the expiration of 10 days from the date upon which either:
  - (i) a notice of change relating to a change which has occurred in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offerors or of an affiliate of the Offerors, unless it is a change in a material fact relating to the OSI Subordinated Voting Shares) in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or
  - (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the SMED Common Shares where the Expiry Time is not extended for more than 10 days),

is mailed, delivered or otherwise properly communicated, but subject to abridgment of that period pursuant to such order or orders as may be granted by applicable securities regulatory authorities and only if such deposited SMED Common Shares have not been taken up by the Offerors at the date of the notice.

Except as set forth in this Section 5, the provisions of Section 8 of the Offer, “Withdrawal of Deposited Shares”, shall continue to apply in all respects.

### **6. Statutory Rights**

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

**APPROVAL AND CERTIFICATE  
OF OFFICE SPECIALTY INC.**

The contents of this Notice of Extension have been approved, and the sending, communication or delivery thereof to the Shareholders of SMED has been authorized by, the board of directors of Office Specialty Inc. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or the market price of the SMED Common Shares which are the subject of the Offer.

DATED: January 28, 2000.

(signed) MADAN BHAYANA  
Chairman and Chief Executive Officer

(signed) BARTLEY BULL  
Chief Financial Officer, Executive  
Vice-President, Finance and Treasurer

On behalf of the board of directors

(signed) HON. DAVID R. PETERSON  
Director

(signed) HON. MICHAEL H. WILSON  
Director

**APPROVAL AND CERTIFICATE  
OF INSCAPE ACQUISITION INC.**

The contents of this Notice of Extension have been approved, and the sending, communication or delivery thereof to the Shareholders of SMED has been authorized by, the board of directors of INSCAPE Acquisition Inc. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. In addition, the foregoing does not contain any misrepresentation likely to affect the value or the market price of the SMED Common Shares which are the subject of the Offer.

DATED: January 28, 2000

(signed) MADAN BHAYANA  
Chairman and Chief Executive Officer

(signed) BARTLEY BULL  
Chief Financial Officer, Executive  
Vice-President, Finance and Treasurer

On behalf of the board of directors

(signed) RAM RAMKUMAR  
Director

**The Depositary for the Offer is:**

**CIBC MELLON TRUST COMPANY**

*Toronto Mailing Address*  
P.O. Box 1036  
Adelaide Street Postal Station  
Toronto, Ontario  
M5C 2K4

*By Hand or Courier*

**Vancouver**  
1066 West Hastings Street  
16th Floor  
Vancouver,  
British Columbia  
V6E 3X1

**Calgary**  
600 The Dome Tower  
333-7th Avenue S.W.  
Calgary, Alberta  
T2P 2Z1

**Toronto**  
199 Bay Street  
Commerce Court West  
Securities Level  
Toronto, Ontario  
M5L 1G9

**Montreal**  
2001 University Street  
16th Floor  
Montreal, Quebec  
H3A 2A6

Tel: (416) 643-5500  
1-800-387-0825

(Toll Free throughout North America)

Inquiries by E-mail: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)

**The U.S. Forwarding Agent is:**

ChaseMellon Shareholder Services L.L.C.  
120 Broadway, 13th Floor  
New York, New York  
10271  
Tel: (416) 643-5500  
Toll Free: 1-800-387-0825

**The Dealer Co-Managers for the Offer are:**

**RBC Dominion Securities Inc.**  
Royal Bank Plaza  
South Tower, 4th Floor  
200 Bay Street  
Toronto, Ontario  
M5J 2W7  
Tel: (416) 842-7728  
Fax: (416) 842-7700

**National Bank Financial Corp.**  
The Exchange Tower  
130 King Street West  
Suite 3200, P.O. Box 21  
Toronto, Ontario  
M5X 1J9  
Tel: (416) 869-6423  
Fax: (416) 869-6411

**Any questions and requests for assistance may be directed by holders of SMED Common Shares to either of the Dealer Co-Managers or the Depositary at their respective telephone numbers and locations set out above.**