

LIMITED PARTNERSHIP AGREEMENT

CARFINCO INC.

- and -

CANADIAN AUTOMOTIVE FINANCE CORPORATION

- and -

**Each and Every Person who is granted a limited partnership
interest in the Carfinco Limited Partnership
formed by this Agreement**

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LIMITED PARTNERSHIP AGREEMENT

THIS AGREEMENT is made effective the 1st day of August, 2002,

AMONG:

CARFINCO INC., a body corporate, incorporated under the laws of the Province of Ontario, with its head office at Edmonton, Alberta ("**Carfinco**")

- and -

CANADIAN AUTOMOTIVE FINANCE CORPORATION, a body corporate, incorporated under the laws of the Province of Alberta, with its head office at Edmonton, Alberta ("**CAFC**")

- and -

EACH AND EVERY PERSON who is granted a limited partnership interest in the Carfinco Limited Partnership formed by this Agreement

CONTEXT OF THIS AGREEMENT

- A. The Parties have agreed to form a limited partnership to be known as "Carfinco Limited Partnership" for the purposes set forth herein.
- B. The initial general partner of Carfinco LP shall be CAFC and the initial limited partner of Carfinco LP shall be Carfinco.
- C. Carfinco and CAFC wish to set forth the terms and conditions governing the operation of the business and affairs of Carfinco LP.

NOW THEREFORE in consideration of the covenants and agreements contained in this Agreement, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

For all purposes of this Agreement, including the recitals hereto, except as otherwise expressly provided or unless the context otherwise requires:

- (a) "**Act**" means the *Limited Partnerships Act*, R.S.O. 1990, C. L-16, as the same may be amended from time to time;

- (b) "**Affiliate(s)**" means:
 - (i) any person who is an affiliate or associate (as those terms are defined in the OBCA) of the General Partner;
 - (ii) any director or officer of any Partner or any person referred to in (i) above;
or
 - (iii) any person who does not deal at arm's length within the meaning of the Tax Act with any Partner or any person referred to in (i) above;
- (c) "**Auditor**" means such accountant who is a member, or a partnership whose partners are members, in good standing with the Canadian Institute of Chartered Accountants and who is appointed by the General Partner as auditor for Carfinco LP;
- (d) "**Bank**" means Bank of America, National Association;
- (e) "**Business**" means the business of Carfinco LP as described in Section 2.5;
- (f) "**Capital**" at any time, means the aggregate of the amounts set out in the Partners' Capital Accounts as determined in accordance with Section 4.5;
- (g) "**Capital Account**" means the account of a Partner established pursuant to Section 4.5;
- (h) "**Capital Contribution**" means the capital contributed by a Partner;
- (i) "**Carfinco LP**" means Carfinco Limited Partnership, a limited partnership formed pursuant to this Agreement and the Act;
- (j) "**Closing**" means the date(s) on which a Person is admitted as a limited partner of Carfinco LP;
- (k) "**Declaration of Limited Partnership**" has the meaning given to it in Section 2.1;
- (l) "**Distributable Cash**" has the meaning given to it in Section 4.3;
- (m) "**Effective Date**" means the date upon which Carfinco, CAFC, Carfinco LP and the Bank shall have entered into amended loan and security documentation in respect of the Existing Credit Facility and the Bank has consented to the sale of the assets of CAFC to Carfinco LP;
- (n) "**Existing Credit Facility**" means the demand loan provided by the Bank to CAFC with interest payable at a rate equal to the prime rate of interest of the Bank plus 1.5%, in an amount equal to the lesser at anytime of (i) \$25,000,000

and (ii) the total of a specified advance rate applied to the value of acceptable outstanding finance receivables;

- (o) "**Extraordinary Resolution**" means either:
 - (i) a resolution passed by not less than 66 2/3% of the votes cast by those Partners entitled to do so in person or by proxy at a duly convened meeting of Partners, or any adjournment thereof, called for the purpose of considering such resolution; or
 - (ii) a resolution in writing in one or more counterparts approved by the Partners entitled to vote at a meeting of the Partners holding not less than 66 2/3 % of the Units;
- (p) "**Fiscal Year**" means the fiscal year of Carfinco LP which ends on December 31 in each calendar year;
- (q) "**General Partner**" means CAFC, and any successor thereto or any other Person who may be appointed a general partner of Carfinco LP, from time to time;
- (r) "**Income**" or "**Loss**" in respect of any Fiscal Year, means, respectively, the amount of income or loss of Carfinco LP for such period determined by the General Partner in accordance with generally accepted accounting principles in effect in Canada from time to time consistently applied, including the amount of gain or loss from the disposition of each capital property of Carfinco LP and after deducting the amounts referred to in Section 5.4;
- (s) "**Limited Partner**" means Carfinco, its successors, and each Person who from time to time executes this Agreement or a counterpart thereof and who is admitted as a limited partner of Carfinco LP;
- (t) "**LP Note**" means the promissory note to be issued by Carfinco LP to CAFC which will represent an indebtedness of approximately \$20,440,000 and which will bear an annual rate of interest equal to 7%;
- (u) "**OBCA**" means the *Business Corporations Act*, R.S.O. 1990, C. B-16, as amended, including the regulations promulgated thereunder;
- (v) "**Ordinary Resolution**" means either:
 - (i) a resolution passed by a majority of the votes cast by those Partners entitled to do so in person or by proxy at a duly convened meeting of Partners, or any adjournment thereof, called for the purpose of considering such resolution; or
 - (ii) a resolution in writing in one or more counterparts approved by the Partners entitled to vote at a meeting of the Partners holding the majority of Units;

- (w) "**Partners**" means the General Partner and the Limited Partner(s);
- (x) "**Person**" means an individual, corporation, body corporate, partnership, trust or any trustee, executor, administrator or other legal representative;
- (y) "**Register**" means the register of Partners maintained pursuant to Section 9.1;
- (z) "**Registrar and Transfer Agent**" means any registrar and transfer agent of the Units appointed by the General Partner, and if no registrar and transfer agent is appointed, the General Partner;
- (aa) "**Tax Act**" means the *Income Tax Act* (Canada), as the same may be amended from time to time;
- (bb) "**Transfer Form and Power of Attorney**" has the meaning given to it in Section 10.1;
- (cc) "**Unit**" means an undivided interest in Carfinco LP entitling the holder of record thereof to the rights provided in this Agreement; and
- (dd) "**Unit Certificate**" means a certificate approved by the General Partner specifying the number of Units held by a Limited Partner.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) "this Agreement" means this limited partnership agreement as it may from time to time be supplemented or amended by one or more agreements entered into pursuant to the applicable provisions hereof;
- (b) all references in this Agreement to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement;
- (c) the words "herein", "hereof", "hereto" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;
- (d) the headings of this Agreement are for convenience of reference only and do not form a part of this Agreement, nor are they intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) the word "including", when following any general statement, term or matter, shall not be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (e.g. "without limitation", or "but

not limited to" or words of similar import) is used with reference thereto but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;

- (f) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken;
- (g) all references to currency herein are deemed to mean currency of Canada;
- (h) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time and to any statute or regulation that may be passed which has the effect of supplementing or superseding that statute so referred to or the regulations made pursuant thereto;
- (i) any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity;
- (j) Persons shall be deemed not to be dealing "at arm's length" with one another if they would not be dealing at arm's length with one another for purposes of the Tax Act;
- (k) any reference to "approval", "authorization" or "consent" of the General Partner means the written approval, written authorization or written consent of the General Partner as the case may be; and
- (l) words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

ARTICLE 2 FORMATION OF THE PARTNERSHIP

2.1 Formation of the Partnership

The General Partner and the Limited Partner hereby form a limited partnership under the Act and the rights and liabilities of the Partners shall be as provided under the Act and at law, except as otherwise expressly stated in this Agreement. The Partners acknowledge and confirm that Carfinco LP has been formed by a declaration of limited partnership (the "Declaration of Limited Partnership") filed in accordance with the Act.

2.2 Name and Style

The name and style of Carfinco LP shall be "Carfinco Limited Partnership". The name and style of Carfinco LP may be changed at any time and from time to time in the discretion of

the General Partner. The parties shall forthwith execute and cause to be filed or registered any assumed or fictitious names, certificates or other documents, instruments or notices as may be required by applicable laws or as may be necessary or appropriate in connection with this Agreement and the transaction of the Business of Carfinco LP. The Business of Carfinco LP shall be conducted solely under such name and all assets of Carfinco LP shall be held under such name unless otherwise herein provided.

2.3 Office

The location of the registered office of Carfinco LP will be Suite 3400, 1 First Canadian Place, Toronto, Ontario, M5X 1A4 or such other place as the General Partner may determine.

2.4 Fiscal Year

The initial Fiscal Year of Carfinco LP shall end on December 31, 2002. Thereafter, each Fiscal Year shall commence on January 1 and shall end on the earlier of December 31 of that year or the date of dissolution or other termination of Carfinco LP.

2.5 Business of Carfinco LP

The business of Carfinco LP will consist of:

- (a) the business of providing financing to purchasers of motor vehicles (including automobiles, vans, trucks and sport utility vehicles) and any other business which is related, ancillary or complimentary thereto;
- (b) such other business as the General Partner determines to be appropriate for Carfinco LP from time to time;
- (c) temporarily holding cash and short-term investments in accordance with a policy from time to time determined by the General Partner and other securities for the purposes of paying the expenses and the liabilities of Carfinco LP, or making distributions to Partners; and
- (d) performing all acts necessary, incidental, ancillary or related to any of the foregoing subsections (a), (b) or (c).

2.6 Term of Carfinco LP

Carfinco LP will carry on business until it is dissolved in accordance with the terms of this Agreement.

2.7 Amendment of Agreement

The Declaration of Limited Partnership and this Agreement shall be amended on the occurrence of one or more of the events set forth herein or in the Act requiring the same. The General Partner shall, promptly following the occurrence of any event requiring cancellation or amendment of the Declaration of Limited Partnership or the Agreement, sign and acknowledge

on behalf of all Partners a writing conforming to the requirements of the Act and shall file and record such writing as required.

ARTICLE 3 PARTNERSHIP CAPITAL

3.1 Partnership Capital

Carfinco LP is authorized to issue an unlimited number of Units. The Capital of Carfinco LP will consist of the Capital Contributions made by the Partners which shall consist of the property or proceeds received by Carfinco LP from the sale or distribution of Units to its Partners.

3.2 Fractional Units

A Unit may be divided or split into fractions.

3.3 Rights and Privileges of Unitholders

Subject to the provisions of Sections 12.4 and 12.7, each Unit will entitle the holder thereof to the same rights and obligations as the holder of any other Unit and no Limited Partner will be entitled to any privilege, priority or preference in relation to any other Limited Partner.

3.4 Initial Capital Contributions

CAFC shall initially contribute \$1,000 in cash to Carfinco LP in exchange for the issuance of one (1) initial Unit which amount shall be added to the Capital Account to be maintained for CAFC. Carfinco shall initially contribute \$1,000 in cash to Carfinco LP in exchange for the issuance of one (1) initial Unit which amount shall be added to the Capital Account to be maintained for Carfinco.

3.5 Additional Capital Contributions

On the Effective Date:

- (a) Carfinco shall contribute \$10,000 in cash to Carfinco LP in exchange for ten (10) Units, which amount shall be added to the Capital Account to be maintained for Carfinco; and
- (b) CAFC shall contribute goodwill and other business assets to Carfinco LP with a fair market value of approximately \$23,800,000 in exchange for (i) approximately Three Thousand Three Hundred and Sixty (3,360) Units with a value of \$3,360,000, which amount shall be added to the Capital Account to be maintained for CAFC, and (ii) the LP Note.

3.6 Additional Limited Partners

The General Partner may admit Limited Partners from time to time by the issue of Units,

may determine the terms and conditions of the offering and sale of the Units and may do all such things as may be necessary or advisable to give effect to such offering and sale (including, without limitation, the filing of any prospectus or offering memorandum (or any amendment thereto), the payment of issue expenses and the entry into of agreements to pay commissions with respect to the offering or sale of Units) and any such acts done are hereby ratified and confirmed. Each Person subscribing for Units must complete, execute and deliver to, or to the order of, the General Partner such documents deemed necessary by the General Partner to comply with the terms and conditions of issue, to evidence their acceptance of the terms of this Agreement and to comply with any applicable laws. A subscriber for Units shall become a Limited Partner upon the acceptance by the General Partner of the aforesaid documents and the amendment of the Declaration of Limited Partnership, as necessary, to include the subscriber as a Limited Partner in accordance with the Act and, thereupon, the Limited Partners hereby consent to the admission of, and will admit, additional Limited Partners to Carfinco LP without further act of the Partners.

3.7 Refusal of Subscriptions

The General Partner may, in its discretion for any reason, refuse to accept any subscription for additional Units.

3.8 Obligation to Contribute Capital

The Limited Partners and the General Partner will not be required to make additional Capital Contributions to Carfinco LP following the making of the Capital Contributions contemplated by Section 3.5 above.

ARTICLE 4 PARTICIPATION IN INCOME AND LOSSES AND CASH DISTRIBUTIONS

4.1 Allocation of Income and Losses

The Income for each Fiscal Year shall, effective at the end of each Fiscal Year, be allocated among the Partners in proportion to the number of Units held by each of them at the end of each Fiscal Year. The Losses for each Fiscal Year shall, effective as at the end of each Fiscal Year, be allocated among the Partners in proportion to the number of Units held by each of them at the end of each Fiscal Year.

4.2 Allocation – Tax Act

All income and losses of Carfinco LP calculated for purposes of the Tax Act, or any other relevant taxation or other legislation or similar laws of Canada or of any province or other jurisdiction, and all other items of income, gain, loss, deduction, recapture and credit of Carfinco LP, which are allocable for purposes of the Tax Act, or any other relevant taxation or other legislation or similar laws of Canada or of any province or other jurisdiction, shall be allocated to the Partners who are members of Carfinco LP at the end of a Fiscal Year in proportion to the number of Units held by them at the end of such Fiscal Year. All allocations provided for in this

Section 4.2 shall be made at the end of each Fiscal Year.

4.3 Cash Distributions

The General Partner shall, from time to time, and at least once in each Fiscal Year determine the amount of cash which, in its opinion, is required to be retained by Carfinco LP for reserves, to meet operating expenses, to comply with such limits or restrictions as may be agreed to between the General Partner and its lender(s) or contained in any loan agreement(s) and to make allowances for contingencies, working capital, capital expenditures and acquisitions and shall distribute the balance, if any, of the cash on hand of Carfinco LP (the "Distributable Cash") among the Partners in proportion to the number of Units held by each of them.

4.4 Repayments

If, as determined by the General Partner, it appears that any Partner has received an amount which is in excess of that Partner's entitlement, the Partner will, forthwith upon notice from the General Partner, reimburse Carfinco LP to the extent of the excess, and failing immediate reimbursement, the General Partner may withhold the amount of the excess (with interest at the variable annual rate quoted from time to time by the Canadian chartered bank at which Carfinco LP maintains its accounts and referred to as its prime rate, plus 2% per annum, calculated and compounded monthly) from further distributions otherwise paid to the Partner.

4.5 Capital Account

The General Partner shall establish and maintain on the books of Carfinco LP a capital account (the "Capital Account") for the General Partner and each of the Limited Partners, which account shall be credited with each Capital Contribution to Carfinco LP made by the Partner and credited or debited, as the case may be, with amounts of capital allocated or distributed to each Partner from time to time in accordance with generally accepted accounting principles in effect in Canada consistently applied.

4.6 Tax and Other Information

In accordance with the requirements of the Tax Act, the General Partner will provide each Limited Partner with information on Carfinco LP's income, loss or other amounts relevant for the purposes of the Tax Act.

4.7 Restricted Right of Withdrawal

No Partner will have any right to withdraw any amount or receive any distribution from Carfinco LP except as expressly provided for in this Agreement and as permitted by law.

ARTICLE 5
FUNCTIONS AND POWERS OF THE PARTNERS

5.1 Authority of the General Partner

- (a) The General Partner will have the exclusive authority to manage the operations and affairs of Carfinco LP, to make all decisions regarding the Business and to bind Carfinco LP. The General Partner will co-ordinate the organization and registration of Carfinco LP, manage the ongoing business and administrative affairs of Carfinco LP and monitor the Business and investment portfolio of Carfinco LP.
- (b) No Person dealing with Carfinco LP will be required to verify the power of the General Partner to take any measure or to make any decision in the name of or on behalf of Carfinco LP.

5.2 Rights, Powers and Obligations of the General Partner

- (a) The General Partner will have all of the rights, powers and obligations that may be possessed by a general partner pursuant to the Act and such rights, powers and obligations otherwise conferred by law. Without limiting the generality of anything herein, the General Partner will be vested with the following rights and powers and shall have the following obligations, as the case may be:
 - (i) to enter into agreements by or on behalf of Carfinco LP involving matters or transactions that are within the ordinary course of the Business;
 - (ii) to manage, control and develop all of the activities of Carfinco LP and to take all measures necessary or appropriate for the Business or ancillary thereto, and to ensure that Carfinco LP complies with all necessary reporting and administrative requirements;
 - (iii) to sell, transfer, assign and convey, for and on behalf of Carfinco LP, all or any part of the property of Carfinco LP on such terms and conditions as the General Partner shall deem best;
 - (iv) to collect, sue for and receive all sums of money coming due to Carfinco LP, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to Carfinco LP, the Business or the assets of Carfinco LP;
 - (v) to keep adequate books and records reflecting the activities of Carfinco LP;
 - (vi) subject to the provisions of Sections 3.5, 3.6 and 10.2, to admit any Person as a Limited Partner;

- (vii) to open and to manage, in the name of Carfinco LP, bank accounts, to name signing officers for these accounts and to spend the funds of Carfinco LP in the exercise of any right or power possessed by the General Partner;
- (viii) to spend the capital of Carfinco LP in the exercise of any right or power exercisable by the General Partner hereunder;
- (ix) without limit as to amount, to borrow money in the name of Carfinco LP from time to time, from any Partner or its Affiliates, banks, financial institutions and/or any other lenders, for the purpose of carrying out the Business or any other purposes of Carfinco LP and for such purpose to draw, make, execute and issue loan agreements, promissory notes, debentures, convertible debentures, notes or similar debt securities and other negotiable and non-negotiable instruments and evidences of indebtedness (any or all of which may contain limitations or restrictions on payments, transfers, distributions or dispositions), and secure the payment of sums so borrowed and mortgage, pledge, assign or grant a security interest in all or part of the property of Carfinco LP or assign or grant a security interest in any money owing to Carfinco LP or engage in any other means of financing Carfinco LP;
- (x) without limit as to amount, to lend funds to such parties, in such manner and for such purposes as have been and may be approved and determined to be in the best interests of Carfinco LP by the General Partner;
- (xi) to guarantee, indemnify or act as a surety with respect to the payment or performance of any indebtedness, liabilities or obligation of any kind of any person including, without limitation, any Partner or any Affiliate of any Partner; enter into any subordination, postponement and priority agreement on behalf of Carfinco LP or any other person and subordinate and postpone any debt or security; and assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate or grant any security interest, mortgage or encumbrance over or with respect to all or any portion of the property of Carfinco LP;
- (xii) to distribute the assets of Carfinco LP to the Partners in specie;
- (xiii) to continue the Business for the period outlined in Section 15.1 on the death, retirement or mental incompetence of a general partner or dissolution of a corporate general partner;
- (xiv) to employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals or other investment participants with the powers and duties upon the terms and for the compensation as in the discretion of the General Partner may be necessary or advisable in the carrying on of the Business;

- (xv) to commence or defend any action or proceeding in connection with Carfinco LP;
 - (xvi) to retain legal counsel, experts, advisors or consultants as the General Partner considers appropriate and rely upon the advice of such Persons; and
 - (xvii) to execute any and all deeds, documents and instruments and to do all acts as may be necessary or desirable in the opinion of the General Partner to carry out the intent and the purpose of this Agreement.
- (b) Subject to Section 5.4 concerning expenses of the General Partner in the performance of its duties hereunder, the General Partner may itself render additional services to Carfinco LP, provided that the services rendered by the General Partner or by any other party associated with the General Partner are performed pursuant to a written agreement and are charged to Carfinco LP at rates consistent with those of a third party dealing at arm's length with the General Partner and furnishing similar services.
- (c) The General Partner will have the power on behalf of Carfinco LP and of each Limited Partner to make, in respect of Carfinco LP and of any Partner's interest in Carfinco LP, any and all elections, determinations or designations under the Tax Act or any other taxation or other similar legislation in Canada or of any province or other jurisdiction, and to prepare any information return required in respect of the activities of Carfinco LP and to file any such elections, determinations, designations or information returns, except to the extent that any such elections or information returns may have to be completed or filed by the Limited Partners.
- (d) Unless authorized by an Extraordinary Resolution, the General Partner will not be entitled to effect the sale, lease, transfer or other disposition of all or substantially all of the assets of Carfinco LP.

5.3 Delegation

The General Partner may contract with any Person to carry out any of the duties of the General Partner hereunder and may delegate to such Person any power and authority of the General Partner hereunder, but no such contract or delegation will relieve the General Partner of any of its obligations hereunder.

5.4 Expenses of Carfinco LP

Carfinco LP will reimburse the General Partner for all reasonable costs incurred by the General Partner or its designees or subcontractors in the performance of its duties hereunder, including costs and expenses of the directors of the General Partner, costs associated with the business of the General Partner in acting as a general partner of Carfinco LP, and including, without limitation, costs specifically incurred for the benefit of Carfinco LP, including salaries and benefits payable to employees of the General Partner and costs associated with the holding of Partners' meetings and professional fees, but specifically excluding expenses of any action,

suit or other proceeding in which or in relation to which the General Partner is adjudged to be in breach of any duty or responsibility imposed upon the General Partner hereunder. All such direct and allocated expenses will be subject to an independent audit report thereon to the Limited Partners at the request of the Limited Partners expressed by Ordinary Resolution and the General Partner covenants to provide reasonable access to its books and records for such purpose.

5.5 No Management or Control by Limited Partners

No Limited Partner shall:

- (a) take part in the control or management of the Business or exercise any power in connection therewith;
- (b) execute any document which binds or purports to bind any other Partner or Carfinco LP;
- (c) hold itself out as having the power or authority to bind any other Partner or Carfinco LP;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other Partner or Carfinco LP;
- (e) bring any action for partition or sale or otherwise in connection with Carfinco LP, any interest in any property of Carfinco LP, whether real or personal, tangible or intangible, or register or permit to be filed, registered or remain undischarged any lien or charge in respect of any property of Carfinco LP; or
- (f) compel or seek a partition, judicial or otherwise, to have any of the assets of Carfinco LP distributed or to have any of the assets of Carfinco LP distributed to the Partners in kind.

5.6 Title to Property

Without altering or affecting the rights, titles and interests hereby, the Partners hereby agree that the assets of Carfinco LP may be held in the name of the General Partner, as nominee for Carfinco LP, and for the use and benefit of the Partners in accordance with the terms and provisions hereof, until such time as the General Partner determines that it is appropriate or advisable for the assets to be held or registered in the name of Carfinco LP, another nominee or otherwise. Such holding of the assets will not prevent the vesting of the legal and beneficial title thereto in Carfinco LP in the manner and at the time that may be otherwise herein provided.

5.7 Required Documents

The General Partner will maintain and file on behalf of Carfinco LP, on a timely basis, any amendments to the Declaration of Limited Partnership and any other declarations, certificates or amendments that might be required by any applicable legislation.

5.8 Compliance with Laws

Each Limited Partner will, on the request of the General Partner, immediately execute such documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in Canada, for the continuation, operation or good standing of Carfinco LP.

5.9 Restriction Upon the General Partner

The General Partner's power and authority does not extend to any powers, actions or authority enumerated in Section 12.8 unless and until the requisite Extraordinary Resolution is passed by the Partners. In addition, the General Partner will not:

- (a) co-mingle the funds of Carfinco LP with the funds of the General Partner or its Affiliates or associates or with the funds of any other Person;
- (b) dissolve the affairs of Carfinco LP except in accordance with the provisions of Article 8 of this Agreement; or
- (c) assign, transfer or otherwise dispose of its interest in Carfinco LP as General Partner other than to an Affiliate.

ARTICLE 6 ACCOUNTING AND REPORTING

6.1 Records and Books of Carfinco LP

- (a) During the term of Carfinco LP and for a period of six years thereafter, the General Partner will keep at its principal place of business, proper and complete records and books of account reflecting the assets, liabilities, income and expenditures of Carfinco LP and copies of those documents and records described in Section 6.1(b).
- (b) The General Partner, either directly or by the Registrar and Transfer Agent, must maintain a Register that will, among other things, list the names and addresses of all the Partners and the number of Units held by each of them. The Register, this Agreement, and all amendments thereto, minutes of Limited Partners' Meetings, resolutions of the Limited Partners and publicly issued financial statements of Carfinco LP will be available for inspection and audit by any Limited Partner or its duly authorized representative during business hours at the office of the General Partner.
- (c) In the event that there is a change in the Registrar and Transfer Agent, the General Partner will notify the Limited Partners of any such change.

6.2 Annual Report and Income Tax Information

The General Partner will forward to each person who was a Limited Partner at the end of such Fiscal Year:

- (a) an annual report for such Fiscal Year within 60 days of the end of such Fiscal Year which annual will contain:
 - (i) financial statements of Carfinco LP as at the end of and for such Fiscal Year (prepared in accordance with the provisions of this Agreement), with comparative financial statements as at the end of and for the immediately preceding Fiscal Year, including:
 - (A) a balance sheet;
 - (B) a statement of income;
 - (C) a statement of changes in financial position; and
 - (D) a statement of changes in capital;
 - (ii) a report on allocations and distributions to Limited Partners; and
 - (iii) such other information as, in the opinion of the General Partner, is material to the business of Carfinco LP;
- (b) by March 31 of the subsequent Fiscal Year such other information or tax information returns as is necessary to enable such person to file returns under the Tax Act and under the income tax laws of the province in which he or she resides and with respect to his or her income from, and expenses and deductions derived from his or her participation in, Carfinco LP in such Fiscal Year; and
- (c) income and cash flow statements and a balance sheet for the three months ended each calendar quarter and the corresponding three months of the preceding year, within 45 days following each calendar quarter;

but neither the General Partner nor Carfinco LP shall have any responsibility to prepare or file income tax returns for any Limited Partner.

6.3 Auditors

The appointment of Auditors, if any, for Carfinco LP will be made by the General Partner in its sole and unfettered discretion provided only that such auditors be chartered accountants licensed to practice accounting in Canada.

ARTICLE 7 LIABILITIES OF THE PARTNERS

7.1 Liability of General and Limited Partners

- (a) The General Partner has unlimited liability for the undertakings, liabilities and obligations of Carfinco LP.
- (b) Subject to applicable law, the liability of each Limited Partner for the undertakings, liabilities and obligations of Carfinco LP will be limited to the amount of such Limited Partner's Capital Contribution plus its share of the undistributed income of Carfinco LP. A Limited Partner will have no further liability. However, if as a result of a distribution to the Partners, the capital of Carfinco LP is reduced and Carfinco LP becomes unable to discharge its debts in the normal course, each Partner having received any such distribution is bound to return same to Carfinco LP to the extent necessary to restore the capital of Carfinco LP to its existing amount immediately before such distribution.
- (c) The Limited Partners acknowledge the possibility that, among other reasons, they may lose limited liability:
 - (i) due to uncertainty in Canadian law in respect of the recognition of the limitation of liability of limited partners of limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province; or
 - (ii) for taking part in the control or management of the Business; or
 - (iii) for making or being responsible for false statements in the public filings made pursuant to the Act, in which case the Limited Partners may be liable to third parties.

7.2 General Partner's Standard of Care

- (a) The General Partner will exercise its powers and discharge its duties honestly, in good faith and in the best interests of Carfinco LP and will exercise the degree of care, diligence and skill of a reasonably prudent and qualified manager.
- (b) The General Partner will indemnify Carfinco LP for any losses, liabilities, expenses and damages incurred by Carfinco LP as a result of the General Partner's breach of the provisions of Section 7.2(a).

7.3 Confidentiality of Information

The General Partner will at all times maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of Carfinco LP, the disclosure of which may adversely affect the interests of Carfinco LP or any Limited Partner, save and except to the extent that disclosure of all or any part thereof is required by law or is in the best interests

of Carfinco LP, and the General Partner will utilize such information and data only for the Business.

7.4 Indemnity of Limited Partners

- (a) The General Partner will indemnify and hold harmless each Limited Partner from and against all losses, liabilities, expenses and damages suffered or incurred by the Limited Partners by reason that liability of Carfinco LP is not limited as provided in Section 7.1(b), except where the lack or loss of limited liability is caused by some act or omission of such Limited Partner or a change in any applicable legislation. Such indemnity will apply only with respect to losses in excess of the agreed capital contribution of the Limited Partner.
- (b) The amount of such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of the General Partner's parent corporation or trust or any Affiliate of the General Partner. Except as specifically provided for in Sections 7.2 and 7.4, the General Partner will not otherwise be called upon or be liable to indemnify Carfinco LP or any Limited Partner.

7.5 Costs of Litigation

In any action, suit or other proceeding commenced by a Limited Partner against the General Partner, Carfinco LP shall bear the reasonable expenses of the General Partner required to be borne by the General Partner in any such action, suit or other proceedings in which or in relation to which the General Partner is adjudged not to be in breach of any duty or responsibility imposed upon it hereunder; otherwise, such costs will be borne by the General Partner or Limited Partner, as the case may be.

ARTICLE 8 DISSOLUTION

8.1 Dissolution Events

- (a) Carfinco LP will be dissolved only as a result of the occurrence of any of the following events:
 - (i) if the General Partner makes a proposal in writing to dissolve Carfinco LP and the Limited Partners consent thereto by means of an Extraordinary Resolution;
 - (ii) the dissolution, liquidation, bankruptcy, insolvency or winding-up or the making of any assignment for the benefit of creditors of the General Partner or the appointment of a trustee, receiver, receiver and manager or liquidator, or following any event permitting a trustee or receiver or receiver and manager to administer the affairs of the General Partner, if the trustee, receiver, receiver and manager or liquidator performs its

functions for 180 consecutive days, unless a new General Partner is appointed pursuant to Article 15; or

- (iii) the failure to appoint a successor to the General Partner in accordance with Section 15.1(b).
- (b) Carfinco LP will not come to an end by reason of the death, insolvency, bankruptcy or other disability or withdrawal of any Limited Partner or upon the transfer of any Units.
- (c) Subject to any agreements with its secured lender(s), the General Partner (or in the event of an occurrence described in Section 8.1(a) (ii) or (iii), such other person as may be appointed by Ordinary Resolution of the Limited Partners) shall act as receiver of the assets of Carfinco LP and, in the order of priority set forth below, shall:
 - (i) sell or otherwise dispose of such part of Carfinco LP's assets as the General Partner or such other person considers appropriate for the purpose of making the payments contemplated in (ii) and (iii) below;
 - (ii) pay or provide for the payment of the debts and liabilities of Carfinco LP and liquidation expense, and thereafter;
 - (iii) distribute the remaining assets of Carfinco LP, if any, to the Partners on the Register on the date of dissolution, proportionate to the number of Units held by them, and if necessary, take steps to partition undivided interests in property to pass direct ownership to Partners; and
 - (iv) satisfy all applicable formalities relating to the dissolution of limited partnerships in such circumstances as may be prescribed by applicable law.
- (d) Except upon dissolution of Carfinco LP, no Limited Partner may request any reimbursement of their respective Capital Contributions by it to Carfinco LP.
- (e) Except as provided for in this Article 8, no Limited Partner will have the right to ask for the dissolution of Carfinco LP, for the winding-up of its affairs or for the distribution of its assets.
- (f) Notwithstanding the dissolution of Carfinco LP, this Agreement will not terminate until the provisions of Section 8.1(c) have been complied with.

ARTICLE 9 UNIT CERTIFICATES

9.1 Registrar and Transfer Agent

- (a) The General Partner may appoint a trust company or other qualified corporation to be the Registrar and Transfer Agent upon such terms and conditions as the General Partner considers appropriate. The General Partner may from time to time terminate the engagement of a particular Registrar and Transfer Agent and engage another. If no such Registrar and Transfer Agent is appointed, the General Partner will act as Registrar and Transfer Agent.
- (b) The Registrar and Transfer Agent will maintain the register, record issues and transfers of Units and carry out such other formalities related to the records of Carfinco LP as is agreed between the Registrar and Transfer Agent and the General Partner.

9.2 Issuance of Receipts and Unit Certificates

- (a) The Registrar and Transfer Agent will, within 30 days after the acceptance of a Limited Partner, issue Unit Certificates to the Limited Partner.
- (b) The General Partner will adopt a form of Unit Certificate to be used by Carfinco LP to represent the Units.

9.3 Execution of Unit Certificates

Every Unit Certificate must be signed by at least one officer or director of the General Partner and by at least one authorized representative of the Registrar and Transfer Agent (if the General Partner is not the Registrar and Transfer Agent), but any signature, other than that of the authorized representative of the Registrar and Transfer Agent, appearing thereon may be mechanically reproduced, and the validity of a Unit Certificate will not be affected by reason that a person whose signature is so reproduced is deceased or no longer holds the office which he or she held when the reproduction of his or her signature was authorized.

9.4 Delivery, Loss and Registration of Holders of Unit Certificates

- (a) A Unit Certificate may be sent by registered or first class prepaid mail or delivered to the order of a Limited Partner, and none of the General Partner, Carfinco LP or the Registrar and Transfer Agent will be liable for any damages, whether direct or indirect, by a Limited Partner that results from the loss of a Unit Certificate by reason that it is so sent.
- (b) If any Unit Certificate is lost, mutilated, stolen or destroyed, the Registrar and Transfer Agent will issue a replacement Unit Certificate to a Limited Partner upon receipt of evidence satisfactory to the Registrar and Transfer Agent of such loss, mutilation, theft or destruction, and upon receiving such indemnification as it deems appropriate in the circumstances.

ARTICLE 10 TRANSFER OF UNITS

10.1 General Provisions

- (a) Transfers of Units shall be subject to Sections 10.2 and 11.2(b), and the following provisions:
 - (i) a Limited Partner may transfer all or part of its Units only by delivering to the Registrar and Transfer Agent the Unit Certificate representing the Unit or Units to be transferred together with a form acceptable to the General Partner, including a power of attorney (the "Transfer Form and Power of Attorney"), or the Transfer Form and Power of Attorney alone if the Unit Certificate has not yet been issued, duly completed and executed by both parties to such transfer with the signature of the transferor;
 - (ii) the effective date of any transfer is the day on which all necessary documentation respecting such transfer has been filed or completed in accordance with applicable legislation, as of which date the transferee will become a Limited Partner and will be deemed to have been accepted as such by every other Limited Partner;
 - (iii) any transfer of a Unit shall be at the expense of the transferee (provided, however, that Carfinco LP shall be responsible for all costs in relation to the preparation of any amendment to Carfinco LP's Register and similar documents in other jurisdictions); and
 - (iv) no transfer of Units will be accepted by the Registrar and Transfer Agent after notice of dissolution of Carfinco LP is given to the Limited Partners.
- (b) A transferee of Units will automatically become bound and subject to this Agreement, without execution of further instruments.
- (c) In the case of a transfer of less than all of the Units represented by a Unit Certificate, a new Unit Certificate for the balance of Units retained by the transferor will be issued.

10.2 Rejection of Transfers

- (a) The General Partner shall have the right, in its sole and absolute discretion, to reject any transfer, in whole or in part, for any reason, including the General Partner's belief that the representations and warranties provided by a transferee in the Transfer Form and Power of Attorney are untrue, and the transferee is a "non-resident" for the purposes of the Tax Act.
- (b) The General Partner has the right to deny any transfer where there has been default in payment of any amount to Carfinco LP by the transferor or transferee,

until all amounts required to be paid (including interest, if any) have been paid in full.

10.3 No Duty to Execute Trusts

Subject to Section 10.6, the General Partner will not be bound to see to the execution of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the Units or any interests therein are subject, to ascertain or inquire whether any sale or transfer of any such Units or interest therein by a Limited Partner or its personal representatives is authorized by such trust, charge, pledge or equity or to recognize any person having any interest therein except for the person recorded as such Limited Partner. No transfer will relieve the transferor from any obligations to Carfinco LP incurred prior to the transfer becoming effective.

10.4 Registration

Where a person becomes entitled to a Unit on the incapacity, death or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to the other requirements hereof, such entitlement will not be recognized or entered in the Register evidencing ownership of the Units until that person has produced evidence satisfactory to the Registrar and Transfer Agent of such entitlement and otherwise complies with the provisions of Section 10.1.

10.5 Continuing Liability After Transfer

A transferor of Units will remain liable for reimbursement to Carfinco LP of any amounts distributed to it by Carfinco LP that may be necessary to restore the capital of Carfinco LP to the amount existing immediately prior to such distribution, if such distribution resulted in reduction in capital of Carfinco LP and in the incapacity of Carfinco LP to pay its debts as and when such debts become due.

10.6 Units as Security

A Partner may, mortgage, pledge, charge or grant a security interest in a Unit as security for a loan to or an obligation of such Partner. If a Unit becomes subject to such security, the General Partner will deliver, upon receipt of a written request from the Limited Partner, to the person specified by the Limited Partner in the written request, a written acknowledgment of a notice of the mortgage, pledge, charge or security interest and confirmation that, upon receipt by the General Partner of a written order from that person setting forth an address for payment in Canada, all distributions by Carfinco LP in respect of the Unit thereafter will be made to that person at that address, or at such other address in Canada as that person from time to time advises the General Partner in writing, until that person delivers to the General Partner a written release from such acknowledgment and order. The Limited Partner, by delivering the written request to the General Partner, will thereby be authorizing the General Partner to make, and consenting to the making of, all distributions so made.

ARTICLE 11
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTNERS

11.1 Representations, Warranties and Covenants of the General Partner

- (a) The General Partner hereby represents and warrants to the Limited Partners that:
 - (i) the General Partner is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation with the corporate power to own its assets and to carry on its business and has made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which the General Partner is subject;
 - (ii) the General Partner has good and sufficient power, authority and right to enter into and deliver this Agreement and act as the General Partner and its obligations herein do not conflict with or constitute a default under its articles of incorporation, its by-laws or any agreement by which it is bound or laws to which it is subject; and
 - (iii) this Agreement constitutes a valid and legally binding obligation of the General Partner, enforceable against the General Partner in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

- (b) The General Partner hereby covenants that:
 - (i) the General Partner will maintain the registrations necessary for the conduct of its business and will have the licenses and permits necessary to carry on the Business in all jurisdictions where the activities of Carfinco LP require such licensing or other form of registration;
 - (ii) the General Partner will make in a timely manner all filings respecting Carfinco LP which may be required to be made pursuant to the terms of this Agreement or applicable legislation;
 - (iii) the General Partner will exercise the powers conferred upon it hereunder in pursuance of the Business and will devote such time, with the appropriate personnel, to the conduct of the affairs of Carfinco LP as may be reasonably required for the proper management of the affairs of Carfinco LP; and
 - (iv) the General Partner is not and will not be a "non-resident" for the purposes of the Tax Act.

11.2 Representations, Warranties and Covenants of Limited Partners

- (a) The Limited Partner represents and warrants to the General Partner and all the other Limited Partners, if any, that:
 - (i) the Limited Partner has the capacity and good and sufficient power, authority and right to enter into this Agreement;
 - (ii) the Limited Partner, or any other beneficial owner of the Units registered in its name, is not a "non-resident" for the purposes of the Tax Act; and
 - (iii) this Agreement constitutes a valid and legally binding obligation of the Limited Partner, enforceable against the Limited Partner in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.
- (b) The Limited Partner covenants that the Limited Partner will ensure that its status as described in Section 11.2(a)(ii) above will not be modified and it will not transfer its Units in whole or in part in a manner that would not conform with Section 10.1.

11.3 Term of Representations

The representations, warranties and covenants contained in this Article 11 will remain valid after execution of this Agreement and each party will be required to ensure that each representation, warranty and covenant made pursuant to the above provisions remains true so long as such party remains a Partner, unless such representation, warranty or covenant states otherwise.

11.4 Evidence of Status

Each Limited Partner covenants and agrees that he or she will, upon request, promptly provide evidence to the General Partner that they are not a "non-resident" as referred to in Section 11.2(a)(ii). In the event that a Limited Partner fails to comply with such a request or in the event that reasonably satisfactory evidence is not provided, the General Partner will have the right to sell such Limited Partner's Units or to purchase the same on behalf of Carfinco LP at fair market value as determined by an independent member in good standing of the Canadian Institute of Chartered Accountants appointed by the General Partner.

ARTICLE 12 PARTNERSHIP MEETINGS

12.1 Meetings

The General Partner may at any time call a meeting of Partners, and will call such a

meeting on receipt of a written request from the Limited Partners holding, in the aggregate, not less than 25% of all Units outstanding stating sufficiently for compliance with Section 12.2 the purpose for which the meeting is to be held. If the General Partner fails to call a meeting of Partners within 30 days after receipt of such written request, any Limited Partner may call such meeting in accordance with the terms hereof.

12.2 Notice

Notice of any Partners' meeting will be given to each Limited Partner and the General Partner. The notice will be mailed at least 14 (or such shorter period as the General Partner may deem to be acceptable) and not more than 50 days prior to the meeting and must specify the time and place of the meeting and in reasonable detail, the nature of all business to be transacted. Notice of adjourned meetings will be given not less than 10 days in advance and otherwise in accordance with the provisions for notice contained in this Article 12, except that the nature of the business to be transacted need not be specified. Partners shall be entitled to waive notice of any meeting.

12.3 Place of Meetings

All Partners' meetings will be held in the cities of Toronto, Ontario; Calgary, Alberta; Edmonton, Alberta or in such other municipality as the General Partner may designate.

12.4 Record Dates

For the purpose of determining those Limited Partners who are entitled to vote or act at any meeting or any adjournment of any meeting, or for the purpose of any other action, the General Partner shall fix a date not more than 60 days prior to the date of any meeting of Limited Partners or such other action, as a record date for the determination of those Limited Partners entitled to vote at such meeting or any adjournment of any meeting, or to be treated as Limited Partners of record for purposes of any other such action. The persons so determined shall be the persons deemed to have such entitlements, except to the extent that a Limited Partner has transferred any of his or her Units after such record date and the transferee of the Units (a) produces properly endorsed Unit Certificates or otherwise establishes to the satisfaction of the General Partner that he or she is the owner of the Units in question, and (b) requests, not later than 10 days before the meeting, or such shorter period before the meeting as the General Partner may deem to be acceptable, that the transferee's name be included in the list of Limited Partners as at such record date, in which case the transferee shall be treated as a Limited Partner of Record for purposes of such entitlements in place of the transferor.

12.5 Chair

The Chair of all meetings will be chosen by the General Partner unless those Limited Partners present in person or represented by proxy at the meeting choose, by Ordinary Resolution, some other person present to be Chair.

12.6 Quorum

- (a) One or more Limited Partners present in person or by proxy and representing not less than 25% of the Units then outstanding will constitute a quorum at a meeting of the Partners except a meeting called to consider an Extraordinary Resolution at which one Limited Partners present in person or by proxy and representing not less than 50% of the Units then outstanding will constitute a quorum.
- (b) If a quorum is not present for a meeting of Partners within 30 minutes after the time fixed for holding the meeting, the meeting, if convened pursuant to a written request, will not be cancelled, but otherwise will be adjourned to such date not less than 10 and not more than 21 days after the original date for the meeting as is determined by the Chair, and the Partners present in person or by proxy at such adjourned meeting will constitute a quorum for the transaction of any business that might have been dealt with at the original meeting in accordance with the notice calling same, with the exception of any adjourned meeting to remove the General Partner, in which case there must one Limited Partner present in person and holding or representing the proxy at least 67% of the Units outstanding and entitled to vote thereon.

12.7 Voting Rights

- (a) At all meetings of Partners, each Limited Partner will be entitled to one vote for each Unit held by it and, where a Unit is held by joint holders, these holders shall be entitled to only one vote per Unit. The General Partner will be entitled to one vote in its capacity as General Partner. The Chair will not have a casting vote. Every question submitted to a meeting will be decided by a show of hands unless a poll is demanded by a Limited Partner or the Chair before the question is put or after the results of the show of hands have been announced and before the meeting proceeds to the next item of business, in which case a poll will be taken. At any meeting of the Partners, on a matter voted upon:
 - (i) for which no poll is requested, a declaration made by the Chair of the meeting as to the voting on any particular resolution will be conclusive evidence thereof; or
 - (ii) for which a poll is requested, the result of the poll will be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.
- (b) At any meeting of Partners, any Limited Partner may vote by proxy in a form acceptable to the General Partner, provided the proxy has been received by the General Partner prior to the meeting. Any individual who is 18 years of age or older may be appointed as proxy. No instrument of proxy will be considered valid if dated more than one year before the date of the meeting. A proxy given on behalf of joint holders must be executed by all of them and may only be

revoked by all of them. The Chair will determine the validity of any challenged instrument of proxy.

- (c) A proxy will be valid notwithstanding the subsequent death, incapacity, insolvency, bankruptcy or dissolution of the Limited Partner giving the proxy or the revocation of the proxy, provided that no written notice of such death, incapacity, insolvency, bankruptcy, dissolution or revocation has been received by the General Partner at the place of meeting prior to the time fixed for the holding of the meeting. A Limited Partner that is a corporation may appoint an officer, director or other authorized individual who is 18 years of age or older as its representative to attend, vote and act on its behalf at meetings of Partners, and may by a like instrument revoke any such appointment, and for all purposes of meetings of Partners, other than the giving of notice, an individual so appointed will be deemed to be the holder of every Unit held by the corporation it represents.

12.8 Extraordinary Resolutions

- (a) In addition to all other powers conferred on them by this Agreement, the Limited Partners may, by Extraordinary Resolution:
 - (i) remove the General Partner and appoint a successor, as provided in Section 15.1;
 - (ii) approve the transfer of the interest of the General Partner in Carfinco LP as provided in Section 15.2;
 - (iii) waive any default on the part of the General Partner on such terms as they may determine and release the General Partner from any claims in respect thereof;
 - (iv) approve the dissolution of Carfinco LP as provided in Section 8.1(a)(i);
 - (v) authorize the sale, lease, transfer or other disposition of all or substantially all of the assets of Carfinco LP;
 - (vi) authorize the actions described in Section 5.2(d);
 - (vii) amend, modify, alter or repeal any Extraordinary Resolution previously passed by the Limited Partners;
 - (viii) amend this Agreement; and
 - (ix) approve any transaction proposed to be made outside the normal course of the Business.

12.9 Minutes of Meetings

Minutes and proceedings of every meeting of the Partners will be recorded by the General Partner. Minutes, when signed by the Chair of the meeting, will be prima facie evidence of the matters therein stated. Until the contrary is proved, every meeting in respect of which minutes have been made will be taken to have been duly held and convened and all proceedings referred to in the minutes will be deemed to have been duly passed.

12.10 Effect of Resolutions

Any Extraordinary Resolution or Ordinary Resolution will be binding on all Partners, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted in favor of such resolution.

12.11 Non-Prescribed Rules

To the extent that the rules and procedures for the conduct of a meeting of the Partners are not prescribed in this Agreement, such rules and procedures may be determined by the Chair of the meeting.

ARTICLE 13 AMENDMENTS

13.1 Requirements for Amendments

- (a) Subject to Section 13.2, this Agreement may be amended only in writing and with the consent of the Limited Partners given by Extraordinary Resolution, but any amendment to this Article 13 may be made only with the unanimous consent of the Partners.
- (b) Notwithstanding Section 13.1(a) or any other section of this Agreement, no amendment may be made that would have the effect of reducing a Partner's share of the Income or assets of Carfinco LP, reducing the interest in Carfinco LP of the Partners (unless all of the Partners consent thereto), changing in any manner any allocation for tax purposes, changing the liability of any Limited Partner, allowing any Limited Partner to exercise control over or management of the Business, changing the right of a Limited Partner or the General Partner to vote at any meeting or changing Carfinco LP from a limited partnership to a general partnership.
- (c) No amendment to this Agreement that would have the effect of adversely affecting the rights and obligations of the General Partner will become effective before 60 days after the date of the meeting at which such amendment was adopted, unless the General Partner consents to an earlier date.

13.2 Amendments Benefiting Limited Partners

The General Partner may, without prior notice to or consent from any Limited Partner, amend from time to time any provision of this Agreement, if such amendment is:

- (a) in the opinion of the General Partner, based on counsel's recommendation, for the protection or benefit of the Limited Partners or Carfinco LP or to cure an ambiguity or to correct or supplement any provision contained herein that may be defective or inconsistent with any other provision contained herein, and the amendment does not and will not, in the opinion of the General Partner, materially adversely affect the rights of any Limited Partner;
- (b) for the purpose of reflecting the admission, substitution, withdrawal or removal of Limited Partners in accordance with this Agreement;
- (c) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of Carfinco LP as a limited partnership in which the Limited Partners have limited liability under the applicable laws; and
- (d) a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to enable Limited Partners to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws.

13.3 Notice of Amendment

Limited Partners will be notified of the full details of any amendment to this Agreement within 30 days after the effective date of the amendment.

ARTICLE 14 NOTICES

14.1 Notices

- (a) Any demand, notice or other communication which must be given or sent under this Agreement will be given in writing and will be given by personal delivery, by prepaid mail or by facsimile or other means of electronic communication addressed to the General Partner and the Limited Partners as follows:

in the case of the General Partner, at:

Suite 100, 4207 – 98 Street
Edmonton, Alberta T6E 5R7

Attention: President

and in the case of the Limited Partners, at their respective addresses recorded in

the Register maintained by the Registrar and Transfer Agent.

- (b) A Limited Partner may at any time change its address for the purposes of service by giving written notice thereof to the Registrar and Transfer Agent. The General Partner may change its address for the purposes of service by giving written notice thereof to the Registrar and Transfer Agent and to all the Limited Partners.
- (c) Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by prepaid mail, on the fifth day following the deposit thereof in the mail, and, if given by facsimile or other electronic means of communication on the day of transmittal thereof, if given during the normal business hours of the recipient, and on the next day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by facsimile or other electronic means of communication.
- (d) An accidental omission in the giving of, or failure to give, a notice required by this Section 14.1 will not invalidate or affect in any way the legality of any meeting or other proceeding in respect of which such notice was or was intended to be given.

ARTICLE 15 CHANGE OF GENERAL PARTNER

15.1 Removal or Resignation of General Partner

The General Partner will continue as general partner of Carfinco LP until termination of Carfinco LP unless the General Partner is removed or resigns as set out below:

- (a) upon the dissolution, liquidation, bankruptcy, insolvency or winding-up or the making of any assignment for the benefit of creditors of the General Partner or the appointment of a trustee, receiver, receiver and manager or liquidator, or following any event permitting a trustee or receiver or receiver and manager to administer the affairs of the General Partner, if the trustee, receiver, receiver and manager or liquidator performs its functions for 180 consecutive days, provided a new General Partner shall be appointed by the Limited Partners by Ordinary Resolution within 180 days' notice of such event provided that the General Partner shall not cease to be the general partner of Carfinco LP until the earlier of the appointment of a new General Partner or the expiry of the 180 day period;
- (b) the Limited Partners may remove the General Partner and appoint a successor by Extraordinary Resolution, but only if the General Partner has breached its obligations under this Agreement in such manner as would have a material adverse effect on the business, assets or financial condition of Carfinco LP taken

as a whole and, if capable of being cured, such breach continues unremedied for a period of 20 business days after the General Partner has received written notice thereof from any Limited Partner; and the Limited Partners shall appoint, concurrently with the removal of the General Partner, a replacement General Partner which shall assume all the responsibilities and obligations of the General Partner under this Agreement; or

- (c) the General Partner may resign voluntarily upon giving at least 180 days' written notice to the Limited Partners provided the General Partner nominates a qualified successor whose appointment is ratified by the Limited Partners by Ordinary Resolution within such period.

As a condition precedent to the resignation or removal of the General Partner, Carfinco LP shall pay all amounts payable by Carfinco LP to the General Partner pursuant to this Agreement accrued to the date of resignation or removal.

Any successor General Partner must be a resident of Canada for income tax purposes, must agree in writing to be bound by the provisions of this Agreement and in such writing must repeat the representations, warranties and covenants set out in Section 11.1.

The General Partner that has been removed or resigned will do all things and take all steps necessary to effectively transfer the administration, management, control and operation of the business of Carfinco LP to the new General Partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer in a timely fashion.

15.2 Assignment of Interest of General Partner

The interest of the General Partner, as such, in Carfinco LP may only be transferred with the consent of the Limited Partners granted by an Extraordinary Resolution, except in the case of the transfer to a person or an entity controlling more than 50% of the equity shares of the General Partner or controlled in the same manner by the latter provided that the transferee assumes all of the obligations of the General Partner with respect to Carfinco LP. Notwithstanding the foregoing, the General Partner shall remain liable for the obligations of the General Partner hereunder unless the Limited Partners consent to a release of the General Partner from such obligations.

15.3 Release

In the event of a change of the General Partner, Carfinco LP and the Limited Partners will release and hold harmless the former General Partner from all actions, claims, costs, demands, losses, damages and expenses with respect to events that occur in relation to Carfinco LP after the effective date of removal or resignation of the former General Partner, except to the extent that any such action, claim, cost, demand, loss, damage or expense arose out of any fault of the former General Partner prior to such effective date.

15.4 Non-Termination of Carfinco LP

Carfinco LP will not come to an end by reason of the removal, replacement or withdrawal of the General Partner provided a new General Partner has been appointed.

15.5 Prohibition on Resignation

The General Partner may not resign if the effect of its resignation would be to dissolve Carfinco LP.

ARTICLE 16 POWER OF ATTORNEY

16.1 Power of Attorney to General Partner

Each Limited Partner, and each person who is a transferee of a Unit or assignee of the interest of a Limited Partner as the holder of a Unit, hereby irrevocably nominates, constitutes and appoints the General Partner as its true and lawful attorney and agent, with full power of substitution and authority in its name, place and stead both before and after the dissolution of Carfinco LP, but subject to the terms and restrictions of this Agreement, to:

- (a) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices in any jurisdiction where the General Partner considers it appropriate any and all of:
 - (i) this Agreement, the Register, the Declaration of Limited Partnership, any amendments to this Agreement made in accordance with the terms of this Agreement or the Declaration of Limited Partnership and every other instrument required to form, qualify, continue and keep in good standing Carfinco LP as a limited partnership in or otherwise to comply with the laws of any jurisdiction in which Carfinco LP may carry on business or own property in order to establish and maintain the limited liability of the Limited Partners and to comply with the applicable laws of such jurisdiction (including such amendments to the Register as may be necessary to reflect the admission to Carfinco LP of additional Limited Partners or the transfer of a Unit);
 - (ii) any instrument and any amendment to the Declaration of Limited Partnership necessary to reflect this Agreement and any amendment to this Agreement made in accordance with the terms of this Agreement;
 - (iii) any instrument required in connection with the dissolution and termination of Carfinco LP and partition of assets distributed to Partners on dissolution in accordance with the terms of this Agreement;

- (iv) any instrument, deed, agreement or document executed by the General Partner in carrying on the business of Carfinco LP as authorized by this Agreement;
 - (v) all elections, determinations or designations under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any province or other jurisdiction in respect of the affairs of Carfinco LP or a Partner's interest in Carfinco LP including, without limitation, elections under subsections 22, 85(2), 97(2) and 98(3) of the Tax Act and the corresponding provisions of applicable provincial legislation in respect of the dissolution of Carfinco LP;
 - (vi) any instrument required to be filed with any governmental body and any document in connection with the business of Carfinco LP;
 - (vii) any instrument required to convey a Limited Partner's interest pursuant to Sections 10.1 or 10.4; and
- (b) make any application for and receive any amount of credit and/or grant under any federal or provincial incentive program.

16.2 Binding Effect of General Partner Representations

Each Limited Partner agrees to be bound by any representation and action of the General Partner made or taken in conformity with the power of attorney granted in Section 16.1 and waives any and all defenses which may be available to contest, negate or disaffirm the actions of the General Partner taken in good faith under such powers of attorney.

16.3 Power of Attorney Irrevocable

The powers of attorney granted in Section 16.1 are irrevocable, except as may therein be provided, and are a power coupled with an interest, will survive the death, disability, subsequent legal incapacity or bankruptcy of the Limited Partner or the assignment or transfer by the Limited Partner of the whole or any part of his or her interest in Carfinco LP, extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns, and may be exercised by the General Partner on behalf of the Limited Partner in executing any instrument by facsimile signature or by listing thereon or on a schedule thereto the name of such Limited Partner together with the names of other Limited Partners and executing such instrument with a single signature as attorney and agent for all of them. Each Limited Partner agrees to be bound by any representations or actions made or taken by the General Partner pursuant to the powers of attorney and hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under the powers of attorney. In accordance with the *Substitute Decision Act, 1992* (Ontario), the *Powers of Attorney Act* (Alberta), the *Power of Attorney Act* (British Columbia), the *Civil Code of Quebec*, each Limited Partner declares that these powers of attorney may be exercised during any legal incapacity or mental infirmity on the Limited Partner's part. This power of attorney shall continue in respect of the General Partner so long as it is the general partner of Carfinco LP, and shall terminate thereafter, but shall continue in respect of a new General Partner as if the new

General Partner were the original attorney. The execution of this power of attorney shall not terminate any continuing power of attorney previously granted by a Limited Partner and shall not be terminated by the Limited Partner on the execution of a continuing power of attorney in the future, and the Limited Partner hereby agrees not to take any action in the future which results in the termination of this power of attorney.

ARTICLE 17 MISCELLANEOUS

17.1 Benefit and Binding

This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

17.2 Time

Time shall be of the essence of this Agreement.

17.3 Assignment

This Agreement is not assignable in whole or in part without the consent of the other parties hereto.

17.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and all other provisions hereof shall continue in full force and effect.

17.5 Further Assurance

The parties hereto shall from time to time execute and deliver all such further documents and do all acts and things as the other parties may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

17.6 No Limited Partner Consent to Admit

No action or consent of the Limited Partners will be required for the admission at any time or from time to time of Limited Partners.

17.7 Correction of Default by General Partner

With the exception of the requirements of Section 12.1, any curable default of the General Partner resulting from an omission to take any measure within a prescribed time period and having no material adverse effect on the Limited Partners or Carfinco LP will be deemed to have been corrected if the measure is taken within 45 days following a notice by a Limited Partner requesting the General Partner to remedy the default.

17.8 Strict Performance

No failure or lack of diligence by any party in proclaiming or seeking redress for any violation of, or insisting on strict performance of, any provision of this Agreement will prevent a subsequent act, which would have originally constituted a violation of such provision or any other provisions hereof, from having the effect of an original violation of such provision or any other provision hereof.

17.9 Execution in Counterparts and by Facsimile

This Agreement may be executed by multiple counterparts, each of which will be deemed to be an original and all of which shall be construed together as one agreement, and facsimile signatures shall be effective as original signatures.

17.10 Limited Partner Not a General Partner

If any provision of this Agreement has the effect of imposing upon any Limited Partner any of the liabilities or obligations of a general partner under the Act, such provision shall be deemed to be of no force and effect and severed from the remainder of this Agreement.

17.11 Attornment

For the purposes of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The General Partner and each of the Limited Partners hereby attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first above written.

CARFINCO INC.

Per: "Tracy Graf"

Per: "David Prussky"

**CANADIAN AUTOMOTIVE FINANCE
CORPORATION**

Per: "Tracy Graf"

Per: "David Prussky"