

For Ministry Use Only
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Ministry of
Government Services

Ministère des
Services gouvernementaux

Ontario Corporation Number
Numéro de la société en Ontario

002237828

Ontario
CERTIFICATE

This is to certify that these articles
are effective on

CERTIFICAT

Ceci certifie que les présents statuts
entrent en vigueur le

JANUARY 01 JANVIER, 2011

Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

**ARTICLES OF ARRANGEMENT
STATUTS D'ARRANGEMENT**

Form 8
Business
Corporations
Act

Formule 8
Loi sur les
sociétés par
actions

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT) :

F	I	R	S	T		N	A	T	I	O	N	A	L		F	I	N	A	N	C	I	A	L		I	N	C	.

2. The new name of the corporation if changed by the arrangement: (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société si elle est modifiée par suite de l'arrangement : (Écrire en LETTRES MAJUSCULES SEULEMENT)

3. Date of incorporation/amalgamation: / Date de la constitution ou de la fusion :

2010-03-22

Year, Month, Day / année, mois, jour

4. The arrangement has been approved by the shareholders of the corporation in accordance with section 182 of the Business Corporation Act. / Les actionnaires de la société ont approuvé l'arrangement conformément à l'article 182 de la Loi sur les sociétés par actions.

5. A copy of the arrangement is attached to these articles as Exhibit "A" / Une copie de l'arrangement constitue l'annexe «A».

6. The arrangement was approved by the court on / La cour a approuvé l'arrangement le
2010/05/12 (initial) and 2010/09/16 (amendment)

Year, Month, Day / année, mois, jour

and a certified copy of the Order of the court is attached to these articles as Exhibit "B". / Une copie certifiée conforme de l'ordonnance de la cour constitue l'annexe «B».

7. The terms and conditions to which the scheme is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose au projet d'arrangement ont été respectées.

These articles are signed in duplicate. / Les présents statuts sont signés en double exemplaire.

First National Financial Inc.

Name of Corporation / Dénomination sociale de la société

By/
Par :

Signature / Signature

President

Description of Office / Fonctions

Stephen J.R. Smith

Exhibit "A"
Plan of Arrangement together with
related Amending Agreement

See attached.

**PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

**ARTICLE 1
INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

"Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 182 of the OBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;

"Arrangement Agreement" means the agreement dated as of March 25, 2010, among the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation with respect to the Arrangement and all amendments thereto;

"Articles of Arrangement" means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

"Book Entry System" has the meaning ascribed to it in Section 4.2;

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

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

"CDS Participant" has the meaning ascribed to it in Section 4.2;

"Certificate" means the certificate which may be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;

"Class A LP Units" means the Class A limited partnership units of the Limited Partnership;

"Class B LP Units" means the Class B limited partnership units of the Limited Partnership;

"Continuing Securityholder" means, collectively, First National Securities Corporation, 801420 Ontario Limited, First National Financial Corporation and their respective successors and assigns;

"Corporation" means First National Financial Inc., a corporation incorporated under the OBCA;

"Corporation Shares" means the common shares in the capital of the Corporation;

"Court" means the Ontario Superior Court of Justice;

"Director" means the director appointed under section 278 of the OBCA;

"Effective Date" means the date the Arrangement is effective under the OBCA;

"Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Corporation;

"Exchangeable Interest" means, collectively, 1 Class B LP Unit, 1 Special Voting Unit and 1 Proportionate GP Interest;

"Final Order" means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"Fund" means First National Financial Income Fund, a trust established under the laws of the Province of Ontario;

"Fund Distribution of Assets and Assumption of Liabilities Agreement" means the assumption of liabilities agreement between the Fund and the Corporation whereby the Fund assigns and sets over to the Corporation all of the liabilities and obligations of the Fund, actual and contingent, and the Corporation becomes liable to pay, satisfy, discharge, observe, perform and fulfill all of the liabilities and obligations of the Fund, actual and contingent;

"Fund Declaration of Trust" means the declaration of trust dated November 6, 2001, as amended by an amended and restated declaration of trust dated July 23, 2004, pursuant to which the Fund was established, as may be amended from time to time;

"Fund Units" mean the units of the Fund, other than the Special Voting Units;

"General Partner" means First National Financial GP Corporation, a corporation incorporated under the OBCA;

"GP Common Shares" means the common shares in the capital of the General Partner;

"Income Tax Act" or "Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder;

"Information Circular" means the management information circular of the Fund to be dated on or about March 31, 2010, together with all appendices thereto, to be distributed to Unitholders in respect of the Meeting;

"Interim Order" means the interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"Letter of Transmittal" means the letter of transmittal sent by the Fund to CDS & Co., as the sole registered holder of Units;

"Limited Partnership" means First National Financial LP, a limited partnership formed under the laws of the Province of Ontario;

"LP Agreement" means the limited partnership agreement pursuant to which the Limited Partnership was formed on April 19, 2006, as amended by an amended and restated limited partnership agreement dated June 15, 2006, as may be amended from time to time;

"LP Units" means collectively the Class A Units and the Class B Units;

"Meeting" means the annual and special meeting of Unitholders to be held on May 4, 2010, and any adjournment(s) thereof, to, among other things, consider and vote on the Arrangement Resolution;

"OBCA" means the *Business Corporations Act*, R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;

"Person" means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

"Proportionate GP Interest" means, at any particular time, with respect to the Continuing Securityholder, such number of GP Common Shares that is determined by dividing the number of GP Common Shares owned by the Continuing Securityholder at such time by the number of Class B LP Units owned by the Continuing Securityholder at such time.

"Securityholders' Agreement" means the securityholders' agreement entered into on June 15, 2006 among the Fund, the Trust, the Limited Partnership, the General Partner and First National Financial Corporation;

"Special Voting Units" means the special voting fund units of the Fund issued to represent voting rights in the Fund that accompany the Class B LP Units;

"Trust Declaration of Trust" means the declaration of trust pursuant to which the Trust was established on April 19, 2006, as may be amended from time to time;

"Trust Distribution of Assets and Assumption of Liabilities Agreement" means the distribution of assets and assumption of liabilities agreement between the Trust and the Fund whereby the Trust distributes, assigns, transfers and sets over to the Fund all of the undertaking, property, assets and rights, tangible and intangible of the Trust in consideration for the assumption and payment of the debts, liabilities and obligations of the Trust, actual and contingent;

"TSX" means the Toronto Stock Exchange;

"Unitholders" means holders from time to time of Units; and

"Units" means collectively the Fund Units and the Special Voting Units.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words

importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

- 1.5 In the event that any date on which any action required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Unitholders; (ii) the Fund; (iii) the Trust (iv) the Limited Partnership and its limited partners; (v) the General Partner and its shareholders; and (vi) the Corporation.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided herein:
 - 3.1.1 Amendment to the Constatng Documents

The parties agree that, pursuant to the Arrangement, (i) the Fund Declaration of Trust, the Trust Declaration of Trust and the LP Agreement will each be amended in a manner satisfactory to the Fund, acting reasonably, if and as necessary to facilitate and implement the Arrangement, and (ii) the Securityholders' Agreement will be terminated.

3.1.2 Transfer of Fund Units

The Unitholders of Fund Units shall transfer to the Corporation all of their Fund Units in exchange for Corporation Shares on the basis of one Corporation Share for each one Fund Unit so transferred. Upon such transfer of Fund Units for Corporation Shares:

- (a) each former holder of Fund Units shall cease to be the holder of the Fund Units so exchanged and the name of each such Fund Unitholder shall be removed from the register of holders of Fund Units;
- (b) each former holder of Fund Units shall become the holder of the Corporation Shares exchanged for the Fund Units held by such holder and shall be added to the register of holders of the Corporation Shares in respect thereof; and
- (c) the Corporation shall become the holder of the Fund Units so transferred and shall be added to the register of holders of Fund Units in respect thereof.

3.1.3 Transfer of Exchangeable Interests

The Continuing Securityholder shall transfer to the Corporation on a fully tax-deferred basis all of its Exchangeable Interests in exchange for Corporation Shares on the basis of one Corporation Share for each Exchangeable Interest so transferred. The Continuing Securityholder and the Corporation will file a joint election under section 85 of the Tax Act (and any similar election under the laws of a province) in respect of such transfer within the time period referred to in subsection 85(6) of the Tax Act (or such later time as permitted under the Tax Act). Upon such transfer:

- (a) the Continuing Securityholder shall cease to be the holder of the Class B LP Units, Special Voting Units and the GP Common Shares so transferred and the name of the Continuing Securityholder shall be removed from the register of holders of Class B LP Units, Special Voting Units and GP Common Shares;
- (b) the Continuing Securityholder shall become the holder of the Corporation Shares exchanged for each Exchangeable Interest and shall be added to the register of holders of Corporation Shares in respect thereof; and
- (c) the Corporation shall become the holder of the Class B LP Units, Special Voting Units and the GP Common Shares so transferred and shall be added to the register of holders of Class B LP Units, Special Voting Units and GP Common Shares.

3.1.4 Cancellation of the Corporation Shares held by the Fund

The Corporation Shares issued to the Fund in connection with the incorporation and organization of the Corporation shall be purchased for cancellation by the Corporation in consideration for one dollar (\$1) per Corporation Share, and shall be cancelled.

3.1.5 Trust Dissolution

The Trust shall be dissolved and the Trust Distribution of Assets and Assumption of Liabilities Agreement shall become effective pursuant to which, among other things, all the Class A LP Units and the GP Common Shares held by the Trust shall be distributed to its sole beneficiary, the Fund, (ii) the Series 1 Trust notes held by the Fund shall be cancelled without any payment therefor, and (iii) all of the issued and outstanding trust units of the Trust will be cancelled and the Trust will cease to exist. The Fund will file an election under subsection 80.01(5.1) of the Tax Act in respect of the settlement of the Series 1 Trust notes on or before the Fund's filing-due date for its taxation year that includes the Effective Date.

3.1.6. Fund Dissolution

The Fund shall be dissolved and the Fund Distribution of Assets and Assumption of Liabilities Agreement shall become effective pursuant to which, among other things, all the Class A LP Units and the GP Common Shares held by the Fund at such time shall be distributed to its sole beneficiary the Corporation, and (ii) all of the issued and outstanding Units will be cancelled and the Fund will cease to exist.

ARTICLE 4 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

4.1 Any certificates formerly representing Units that are not deposited, together with any other documents as may reasonably be required shall, from and after the Effective Date, represent only the right to receive Corporation Shares in respect thereof. If certificates formerly representing Units have not been so deposited on or before the sixth anniversary of the Effective Date, such certificates shall cease to represent a right or claim of any kind or nature and the right of the holder of the Units previously represented thereby to receive Corporation Shares shall be deemed to be surrendered to the Corporation, together with all interest or distributions thereon held for such holder.

4.2 Registration of interests in and transfers of the Corporation Shares will be made through a book-based system (the "Book Entry System") administered by CDS. On or about the Effective Date, the Corporation will deliver CDS one or more certificates evidencing the aggregate number of the Corporation Shares issued in connection with the Arrangement.

Corporation Shares may be purchased, transferred or surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of holders of Corporation Shares may be exercised through, and all payments or other property to which such holder is entitled, may be made or delivered by, CDS or the CDS Participant through which the holder holds such Corporation Shares. Upon purchase of such Corporation Shares, the holders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Corporation Shares are purchased.

The Corporation may issue certificates representing Corporation Shares to one or more shareholders, where such issuances are warranted in the opinion of the Corporation. The Corporation also has the option to terminate registration of the Corporation Shares through the Book Entry System, in which case certificates for the Corporation Shares in fully registered form would be issued to beneficial owners of such Corporation Shares or their nominees.

4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Fund that were transferred pursuant to section 3.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof in the register of Units shall, as a condition precedent to the receipt of any Corporation Shares to be issued to such person, provide to the Corporation a bond, in form and substance satisfactory to the Corporation, or otherwise indemnify the Corporation to its satisfaction, in its sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

**ARTICLE 5
AMENDMENTS**

- 5.1 The Fund, the Trust, the Limited Partnership, the General Partner and the Corporation may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other parties to the Arrangement Agreement; and (iii) filed with the Court.
- 5.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation (or, following the Effective Time, by the Corporation) without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation (or, following the Effective Time, by the Corporation), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former Unitholder.
- 5.3 Subject to Section 5.2, any amendment to this Plan of Arrangement may be proposed by the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Unitholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 5.4 Subject to Section 5.2, the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to Unitholders.

**ARTICLE 6
GENERAL**

- 6.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 6.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.
- 6.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection

with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

AMENDING AGREEMENT

Amending agreement (the "Amending Agreement") dated September 8, 2010.

AMONG:

FIRST NATIONAL FINANCIAL INCOME FUND, a trust established under the laws of the Province of Ontario (the "Fund")

- and -

FIRST NATIONAL FINANCIAL OPERATING TRUST, a trust established under the laws of the Province of Ontario (the "Trust")

- and -

FIRST NATIONAL FINANCIAL LP, a limited partnership established under the laws of the Province of Ontario (the "Limited Partnership")

- and -

FIRST NATIONAL FINANCIAL GP CORPORATION, a corporation incorporated under the laws of the Province of Ontario (the "General Partner")

- and -

FIRST NATIONAL FINANCIAL INC., a corporation incorporated under the laws of the Province of Ontario (the "Corporation")

WHEREAS:

- (a) The Fund, the Trust, the Limited Partnership, the General Partner and the Corporation have entered into an arrangement agreement (the "Arrangement Agreement") dated March 25, 2010 relating to an arrangement under the *Business Corporations Act* (Ontario) involving, among others, the holders of the units of the Fund (the "Units");
- (b) Exhibit "A" to the Arrangement Agreement outlines a plan of arrangement (the "Plan of Arrangement"), which is incorporated by reference to the Arrangement Agreement and forms an integral part thereof;
- (c) Pursuant to Section 6.1 of the Arrangement Agreement, the Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time, be amended in any respect whatsoever by written agreement of the parties thereto without further notice to or authorization on the part of their respective securityholders, subject to and in accordance with the provisions outlined therein and in Article 5 of the Plan of Arrangement;

- (d) The parties hereto wish to amend the Arrangement Agreement as provided in this Amending Agreement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

Section 1 Defined Terms.

Capitalized terms used in this amending agreement that are not defined in it have the meanings given to them in the Arrangement Agreement.

Section 2 Amendments to Article 3 of the Plan of Arrangement.

Section 3.1.3 of the Plan of Arrangement is deleted in its entirety and the following substituted therefor:

"3.13 Transfer of the Shares of First National Financial Corporation

Each of First National Securities Corporation and 801420 Ontario Limited shall transfer to the Corporation, on a fully tax-deferred basis, all of the issued and outstanding shares in the capital of First National Financial Corporation in exchange for Corporation Shares on the basis of 2,364,315.8 Corporation Shares for each share of First National Financial Corporation so transferred. Each of First National Securities Corporation, 801420 Ontario Limited and the Corporation will file a joint elections under section 85 of the Tax Act (and any similar election under the laws of a province) in respect of such transfer within the time period referred to in subsection 85(6) of the Tax Act (or such later time as permitted under the Tax Act). Upon such transfer:

- (a) First National Securities Corporation and 801420 Ontario Limited shall each cease to be holders of the shares of First National Financial Corporation so transferred and their names shall be removed from the register of holders of shares of First National Financial Corporation;
- (b) First National Securities Corporation and 801420 Ontario Limited shall each become holders of the Corporation Shares exchanged for the shares of First National Financial Corporation and shall be added to the register of holders of Corporation Shares in respect thereof; and
- (c) the Corporation shall become the holder of the shares of First National Financial Corporation so transferred and shall be added to the register of holders of shares of First National Financial Corporation."

Section 3 Reference to and Effect on the Arrangement Agreement.

On and after the date of this Amending Agreement, any reference to "this Agreement" in the Arrangement Agreement and any reference to the Arrangement Agreement in any other agreements will mean the Arrangement Agreement as amended by

this Amending Agreement. Except as specifically amended by this amending agreement, the provisions of the Arrangement Agreement remain in full force and effect.

Section 4 Entire Agreement.

This amending agreement constitutes the entire agreement between the parties with respect to the amendments contemplated in this amending agreement and except to the extent restated in this amending agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, the purpose of which were to amend the Arrangement Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in implementing the amendments contemplated by this amending agreement.

Section 5 Successors and Assigns.

This amending agreement becomes effective when executed by all of the parties. After that time, it is binding upon and enures to the benefit of the parties and their respective successors and permitted assigns.

Section 6 Governing Law.

This amending agreement is governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario.

Section 7 Counterparts.

This amending agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together constitute one and the same instrument.

**Remainder of this page left intentionally blank **

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

**FIRST NATIONAL FINANCIAL INCOME
FUND, by its attorney, First National
Financial GP Corporation**

By: _____
Name: **Rob Inglis**
Title: **Chief Financial Officer**

By: _____
Name: **STEPHEN J.R. SMITH**
Title: **PRESIDENT**

**FIRST NATIONAL FINANCIAL
OPERATING TRUST, by its attorney, First
National Financial GP Corporation**

By: _____
Name: **Rob Inglis**
Title: **Chief Financial Officer**

By: _____
Name: **STEPHEN J.R. SMITH**
Title: **PRESIDENT**

**FIRST NATIONAL FINANCIAL LP, by its
general partner, First National Financial GP
Corporation**

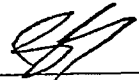
By: _____
Name: **Rob Inglis**
Title: **Chief Financial Officer**

By: _____
Name: **STEPHEN J.R. SMITH**
Title: **PRESIDENT**

**FIRST NATIONAL FINANCIAL GP
CORPORATION**

By: 

Name: **Rob Inglis**
Title: **Chief Financial Officer**


By: 

Name: **STEPHEN J.R. SMITH**
Title: **PRESIDENT**

FIRST NATIONAL FINANCIAL INC.

By: 

Name: **Rob Inglis**
Title: **Chief Financial Officer**

By: 

Name: **STEPHEN J.R. SMITH**
Title: **PRESIDENT**

Exhibit "B"
Certified copies of the Orders

See attached.

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTESTE QUE CE DOCUMENT, CHACUNE DES PAGES EST MARQUÉE DU SCÉAU DE LA COUR SUPÉRIEURE DE JUSTICE À TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS LE BUREAU

Court File No. CV-10-8638-00CL

DATED AT TORONTO THIS 13 DAY OF Dec 20 10
FAIT À TORONTO LE 13 JOUR DE DEC 20 10

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

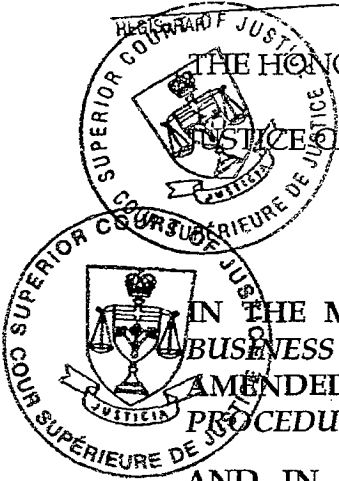
GREFFIER

THE HONOURABLE MR.)

WEDNESDAY, THE 12TH DAY)

JUSTICE CAMPBELL)

OF MAY, 2010)



IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO), R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING FIRST NATIONAL FINANCIAL INCOME FUND, FIRST NATIONAL FINANCIAL OPERATING TRUST, FIRST NATIONAL FINANCIAL GP CORPORATION, FIRST NATIONAL FINANCIAL LP AND FIRST NATIONAL FINANCIAL INC.

**FIRST NATIONAL FINANCIAL INCOME FUND,
FIRST NATIONAL FINANCIAL OPERATING TRUST,
FIRST NATIONAL FINANCIAL GP CORPORATION,
FIRST NATIONAL FINANCIAL LP AND
FIRST NATIONAL FINANCIAL INC.**

Applicants

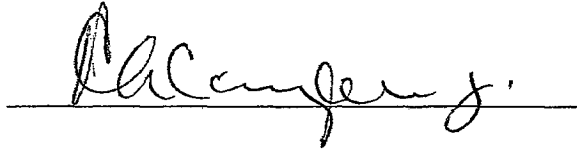
ORDER

THIS APPLICATION was heard this day at 330 University Avenue, Toronto, Ontario, in the presence of counsel for the Applicants.

ON READING the Notice of Application, the Affidavit of Robert Inglis sworn March 26, 2010 and the exhibits thereto, the Supplementary Affidavit of Robert Inglis sworn May 7, 2010 and the exhibits thereto, all filed, and on hearing the submissions of counsel for the Applicants and no other interested party appearing, although notice was given in accordance with the Order of The Honourable Mr. Justice Cameron dated March 31, 2010:

1. THIS COURT ORDERS that the Plan of Arrangement attached hereto as Schedule "A" is fair and reasonable and is approved pursuant to section 182 of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended.

2. THIS COURT ORDERS that the Applicants are entitled at any time to seek leave to vary this Order, to seek the advice and direction of this Court with respect to this Order and to apply for further orders as may be appropriate.

A handwritten signature in black ink, appearing to read "J. McLaughlin", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAY 13 2010

PER / PAR. 

EXHIBIT A
PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

"Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the arrangement pursuant to Section 182 of the OBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;

"Arrangement Agreement" means the agreement dated as of March 25, 2010, among the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation with respect to the Arrangement and all amendments thereto;

"Articles of Arrangement" means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;

"Book Entry System" has the meaning ascribed to it in Section 4.2;

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

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

"CDS Participant" has the meaning ascribed to it in Section 4.2;

"Certificate" means the certificate which may be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;

"Class A LP Units" means the Class A limited partnership units of the Limited Partnership;

"Class B LP Units" means the Class B limited partnership units of the Limited Partnership;

"Continuing Securityholder" means, collectively, First National Securities Corporation, 801420 Ontario Limited, First National Financial Corporation and their respective successors and assigns;

"Corporation" means First National Financial Inc., a corporation incorporated under the OBCA;

"Corporation Shares" means the common shares in the capital of the Corporation;

"Court" means the Ontario Superior Court of Justice;

"Director" means the director appointed under section 278 of the OBCA;

"Effective Date" means the date the Arrangement is effective under the OBCA;

"Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Corporation;

"Exchangeable Interest" means, collectively, 1 Class B LP Unit, 1 Special Voting Unit and 1 Proportionate GP Interest;

"Final Order" means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"Fund" means First National Financial Income Fund, a trust established under the laws of the Province of Ontario;

"Fund Distribution of Assets and Assumption of Liabilities Agreement" means the assumption of liabilities agreement between the Fund and the Corporation whereby the Fund assigns and sets over to the Corporation all of the liabilities and obligations of the Fund, actual and contingent, and the Corporation becomes liable to pay, satisfy, discharge, observe, perform and fulfill all of the liabilities and obligations of the Fund, actual and contingent;

"Fund Declaration of Trust" means the declaration of trust dated November 6, 2001, as amended by an amended and restated declaration of trust dated July 23, 2004, pursuant to which the Fund was established, as may be amended from time to time;

"Fund Units" mean the units of the Fund, other than the Special Voting Units;

"General Partner" means First National Financial GP Corporation, a corporation incorporated under the OBCA;

"GP Common Shares" means the common shares in the capital of the General Partner;

"Income Tax Act" or "Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1. (5th Supp), as amended, including the regulations promulgated thereunder;

"Information Circular" means the management information circular of the Fund to be dated on or about March 31, 2010, together with all appendices thereto, to be distributed to Unitholders in respect of the Meeting;

"Interim Order" means the interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"Letter of Transmittal" means the letter of transmittal sent by the Fund to CDS & Co., as the sole registered holder of Units;

"Limited Partnership" means First National Financial LP, a limited partnership formed under the laws of the Province of Ontario;

"LP Agreement" means the limited partnership agreement pursuant to which the Limited Partnership was formed on April 19, 2006, as amended by an amended and restated limited partnership agreement dated June 15, 2006, as may be amended from time to time;

"LP Units" means collectively the Class A Units and the Class B Units;

"Meeting" means the annual and special meeting of Unitholders to be held on May 4, 2010, and any adjournment(s) thereof, to, among other things, consider and vote on the Arrangement Resolution;

"OBCA" means the *Business Corporations Act*, R.S.O. 1990, c. B-16, including the regulations promulgated thereunder, in either case as amended;

"Person" means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

"Proportionate GP Interest" means, at any particular time, with respect to the Continuing Securityholder, such number of GP Common Shares that is determined by dividing the number of GP Common Shares owned by the Continuing Securityholder at such time by the number of Class B LP Units owned by the Continuing Securityholder at such time.

"Securityholders' Agreement" means the securityholders' agreement entered into on June 15, 2006 among the Fund, the Trust, the Limited Partnership, the General Partner and First National Financial Corporation;

"Special Voting Units" means the special voting fund units of the Fund issued to represent voting rights in the Fund that accompany the Class B LP Units;

"Trust Declaration of Trust" means the declaration of trust pursuant to which the Trust was established on April 19, 2006, as may be amended from time to time;

"Trust Distribution of Assets and Assumption of Liabilities Agreement" means the distribution of assets and assumption of liabilities agreement between the Trust and the Fund whereby the Trust distributes, assigns, transfers and sets over to the Fund all of the undertaking, property, assets and rights, tangible and intangible of the Trust in consideration for the assumption and payment of the debts, liabilities and obligations of the Trust, actual and contingent;

"TSX" means the Toronto Stock Exchange;

"Unitholders" means holders from time to time of Units; and

"Units" means collectively the Fund Units and the Special Voting Units.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words

importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

- 1.5 In the event that any date on which any action required to be taken hereunder by any of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Unitholders; (ii) the Fund; (iii) the Trust (iv) the Limited Partnership and its limited partners; (v) the General Partner and its shareholders; and (vi) the Corporation.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided herein:
 - 3.1.1 Amendment to the Constating Documents

The parties agree that, pursuant to the Arrangement, (i) the Fund Declaration of Trust, the Trust Declaration of Trust and the LP Agreement will each be amended in a manner satisfactory to the Fund, acting reasonably, if and as necessary to facilitate and implement the Arrangement, and (ii) the Securityholders' Agreement will be terminated.

3.1.2 Transfer of Fund Units

The Unitholders of Fund Units shall transfer to the Corporation all of their Fund Units in exchange for Corporation Shares on the basis of one Corporation Share for each one Fund Unit so transferred. Upon such transfer of Fund Units for Corporation Shares:

- (a) each former holder of Fund Units shall cease to be the holder of the Fund Units so exchanged and the name of each such Fund Unitholder shall be removed from the register of holders of Fund Units;
- (b) each former holder of Fund Units shall become the holder of the Corporation Shares exchanged for the Fund Units held by such holder and shall be added to the register of holders of the Corporation Shares in respect thereof; and
- (c) the Corporation shall become the holder of the Fund Units so transferred and shall be added to the register of holders of Fund Units in respect thereof.

3.1.3 Transfer of Exchangeable Interests

The Continuing Securityholder shall transfer to the Corporation on a fully tax-deferred basis all of its Exchangeable Interests in exchange for Corporation Shares on the basis of one Corporation Share for each Exchangeable Interest so transferred. The Continuing Securityholder and the Corporation will file a joint election under section 85 of the Tax Act (and any similar election under the laws of a province) in respect of such transfer within the time period referred to in subsection 85(6) of the Tax Act (or such later time as permitted under the Tax Act). Upon such transfer:

- (a) the Continuing Securityholder shall cease to be the holder of the Class B LP Units, Special Voting Units and the GP Common Shares so transferred and the name of the Continuing Securityholder shall be removed from the register of holders of Class B LP Units, Special Voting Units and GP Common Shares;
- (b) the Continuing Securityholder shall become the holder of the Corporation Shares exchanged for each Exchangeable Interest and shall be added to the register of holders of Corporation Shares in respect thereof; and
- (c) the Corporation shall become the holder of the Class B LP Units, Special Voting Units and the GP Common Shares so transferred and shall be added to the register of holders of Class B LP Units, Special Voting Units and GP Common Shares.

3.1.4 Cancellation of the Corporation Shares held by the Fund

The Corporation Shares issued to the Fund in connection with the incorporation and organization of the Corporation shall be purchased for cancellation by the Corporation in consideration for one dollar (\$1) per Corporation Share, and shall be cancelled.

3.1.5 Trust Dissolution

The Trust shall be dissolved and the Trust Distribution of Assets and Assumption of Liabilities Agreement shall become effective pursuant to which, among other things, all the Class A LP Units and the GP Common Shares held by the Trust shall be distributed to its sole beneficiary, the Fund, (ii) the Series 1 Trust notes held by the Fund shall be cancelled without any payment therefor, and (iii) all of the issued and outstanding trust units of the Trust will be cancelled and the Trust will cease to exist. The Fund will file an election under subsection 80.01(5.1) of the Tax Act in respect of the settlement of the Series 1 Trust notes on or before the Fund's filing-due date for its taxation year that includes the Effective Date.

3.1.6. Fund Dissolution

The Fund shall be dissolved and the Fund Distribution of Assets and Assumption of Liabilities Agreement shall become effective pursuant to which, among other things, all the Class A LP Units and the GP Common Shares held by the Fund at such time shall be distributed to its sole beneficiary the Corporation, and (ii) all of the issued and outstanding Units will be cancelled and the Fund will cease to exist.

ARTICLE 4 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 4.1 Any certificates formerly representing Units that are not deposited, together with any other documents as may reasonably be required shall, from and after the Effective Date, represent only the right to receive Corporation Shares in respect thereof. If certificates formerly representing Units have not been so deposited on or before the sixth anniversary of the Effective Date, such certificates shall cease to represent a right or claim of any kind or nature and the right of the holder of the Units previously represented thereby to receive Corporation Shares shall be deemed to be surrendered to the Corporation, together with all interest or distributions thereon held for such holder.
- 4.2 Registration of interests in and transfers of the Corporation Shares will be made through a book-based system (the "Book Entry System") administered by CDS. On or about the Effective Date, the Corporation will deliver CDS one or more certificates evidencing the aggregate number of the Corporation Shares issued in connection with the Arrangement.

Corporation Shares may be purchased, transferred or surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of holders of Corporation Shares may be exercised through, and all payments or other property to which such holder is entitled, may be made or delivered by, CDS or the CDS Participant through which the holder holds such Corporation Shares. Upon purchase of such Corporation Shares, the holders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Corporation Shares are purchased.

The Corporation may issue certificates representing Corporation Shares to one or more shareholders, where such issuances are warranted in the opinion of the Corporation. The Corporation also has the option to terminate registration of the Corporation Shares through the Book Entry System, in which case certificates for the Corporation Shares in fully registered form would be issued to beneficial owners of such Corporation Shares or their nominees.

- 4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Fund that were transferred pursuant to section 3.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof in the register of Units shall, as a condition precedent to the receipt of any Corporation Shares to be issued to such person, provide to the Corporation a bond, in form and substance satisfactory to the Corporation, or otherwise indemnify the Corporation to its satisfaction, in its sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

**ARTICLE 5
AMENDMENTS**

- 5.1 The Fund, the Trust, the Limited Partnership, the General Partner and the Corporation may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other parties to the Arrangement Agreement; and (iii) filed with the Court.
- 5.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation (or, following the Effective Time, by the Corporation) without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation (or, following the Effective Time, by the Corporation), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former Unitholder.
- 5.3 Subject to Section 5.2, any amendment to this Plan of Arrangement may be proposed by the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Unitholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 5.4 Subject to Section 5.2, the Fund, the Trust, the Limited Partnership, the General Partner and the Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to Unitholders.

**ARTICLE 6
GENERAL**

- 6.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 6.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.
- 6.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection

with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.
JUSTICE CAMPBELL

) THURSDAY, THE 16TH DAY
)
) OF SEPTEMBER, 2010

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO), R.S.O. 1990, c. B.16, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL
PROCEDURE

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING FIRST NATIONAL FINANCIAL INCOME FUND, FIRST
NATIONAL FINANCIAL OPERATING TRUST, FIRST NATIONAL
FINANCIAL GP CORPORATION, FIRST NATIONAL FINANCIAL LP AND
FIRST NATIONAL FINANCIAL INC.

FIRST NATIONAL FINANCIAL INCOME FUND,

FIRST NATIONAL FINANCIAL OPERATING TRUST,

FIRST NATIONAL FINANCIAL GP CORPORATION,

FIRST NATIONAL FINANCIAL LP AND

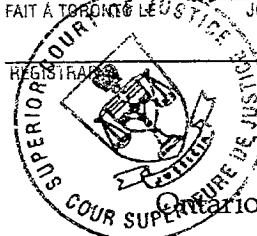
FIRST NATIONAL FINANCIAL INC.

THIS IS TO CERTIFY THAT THIS
DOCUMENT, EACH PAGE OF
WHICH IS STAMPED WITH THE
SEAL OF THE SUPERIOR COURT
OF JUSTICE AT TORONTO, IS A
TRUE COPY OF THE DOCUMENT
ON FILE IN THIS OFFICE

LA PRÉSENTÉ EST UN VRAI
DOCUMENT, CHAQUE PAGE
DE LAQUELLE EST STAMPÉ
LE SCÉAU DE LA COUR
DE JUSTICE À TORONTO. CE
COPIE CONFORME EST
CONSERVÉE DANS CE BUREAU

DATED AT TORONTO THIS 13 DAY OF Dec 2010
FAIT À TORONTO LE 13 JOUR DE DEC 2010

Applicants



GREFFIER

ORDER

THIS MOTION was heard this day at 330 University Avenue, Toronto,
Ontario, in the presence of counsel for the Applicants.

ON READING the Notice of Motion and the Further Supplementary
Affidavit of Robert Inglis sworn September 9, 2010 and the exhibits thereto, all filed,
and on hearing the submissions of counsel for the Applicants, no other party having
filed a Notice of Appearance:

1. THIS COURT ORDERS that Schedule "A" to the Order of the Honourable Mr. Justice Campbell dated May 12, 2010 approving the Plan of Arrangement sought in the herein application is amended as follows:

Section 3.1.3 of the Plan of Arrangement is deleted in its entirety and the following substituted therefor:

"3.1.3 Transfer of the Shares of First National Financial Corporation

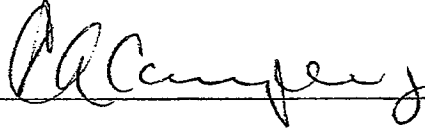
Each of First National Securities Corporation and 801420 Ontario Limited shall transfer to the Corporation, on a fully tax-deferred basis, all of the issued and outstanding shares in the capital of First National Financial Corporation in exchange for Corporation Shares on the basis of 2,364,315.8 Corporation Shares for each share of First National Financial Corporation so transferred. Each of First National Securities Corporation, 801420 Ontario Limited and the Corporation will file a joint elections under section 85 of the Tax Act (and any similar election under the laws of a province) in respect of such transfer within the time period referred to in subsection 85(6) of the Tax Act (or such later time as permitted under the Tax Act). Upon such transfer:

First National Securities Corporation and 801420 Ontario Limited shall each cease to be holders of the shares of First National Financial Corporation so transferred and their names shall be removed from the register of holders of shares of First National Financial Corporation;

First National Securities Corporation and 801420 Ontario Limited shall each become holders of the Corporation Shares exchanged for the shares of First National Financial Corporation and shall be added to the register of holders of Corporation Shares in respect thereof; and

the Corporation shall become the holder of the shares of First National Financial Corporation so transferred and shall be added to the register of holders of shares of First National Financial Corporation."

2. THIS COURT ORDERS that the Applicants are entitled at any time to seek leave to vary this Order, to seek the advice and direction of this Court with respect to this Order and to apply for further orders as may be appropriate.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 16 2010

PER / PAR:

NB

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING FIRST NATIONAL FINANCIAL INCOME FUND, FIRST NATIONAL FINANCIAL OPERATING TRUST, FIRST NATIONAL FINANCIAL GP CORPORATION, FIRST NATIONAL FINANCIAL LP AND FIRST NATIONAL FINANCIAL INC.

Court File No. CV-10-8638-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

AMENDING ORDER

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