

COMPETITION TRIBUNAL

IN THE MATTER OF an Application by the Commissioner of Competition for an Interim Order pursuant to section s. 100 of the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF an Inquiry pursuant to subsection 10(1)(b) of the *Competition Act*, R.S.C. 1985, c. C-34, as amended, into the proposed acquisition by Labatt Brewing Company Limited of all of the outstanding units of Lakeport Brewing Income Fund.

B E T W E E N :

THE COMMISSIONER OF COMPETITION

Applicant

COMPETITION TRIBUNAL
TRIBUNAL DE LA CONCURRENCE

FILED / PRODUIT
CT-2007-003
March 23, 2007

Jos LaRose for / pour
REGISTRAR / REGISTRAIRE

OTTAWA, ONT

#0018

- and -

**LABATT BREWING COMPANY LIMITED
LAKEPORT BREWING INCOME FUND
LAKEPORT BREWING LIMITED PARTNERSHIP
ROSETO INC.
TERESA CASCIOLI**

Respondents

AFFIDAVIT OF MICHELLE SCHOTEL
(sworn March 23, 2007)

I, Michelle Schotel, a law clerk with the law firm of Blakes, Cassels & Graydon LLP, solicitors for the Respondent, Labatt Brewing Company Limited ("Labatt"), of the City of Toronto, in the Province of Ontario, **SWEAR THAT:**

1. 


2. [REDACTED]

3. [REDACTED]

4. [REDACTED]

5. [REDACTED]

6. Attached hereto as Exhibit "6" is a publication from the Competition Bureau dated September 14, 2006 entitled "Beer Bottles".

7. Attached hereto as Exhibit "7" is the 2006 Annual Report of the Brick Brewing Company.

8. Attached hereto as Exhibit "8" is a fax from R. Nassrallah, counsel to the Commissioner of Competition, to J. Holsten of Bell Globemedia on February 1, 2007, enclosing an order pursuant to s. 11 of the *Competition Act*.

9. [REDACTED]

[REDACTED]

10. [REDACTED]

11. [REDACTED]

12. [REDACTED]

13. [REDACTED]

14. Attached hereto as Exhibit "13" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to R. Morin and D. Campagna of the Competition Bureau, Merger Notification Unit on February 15, 2007 at 10:23 p.m.

15. Attached hereto as Exhibit "14" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to C. Schwartzman of the Department of Justice, Competition Law Division on February 17, 2007 at 3:09 p.m.

16. Attached hereto as Exhibit "15" is a fax sent by D. Campagna of the Competition Bureau, Merger Notification Unit to B. Facey of Blake, Cassels & Graydon LLP on February 19, 2007 9:34 a.m.

17. Attached hereto as Exhibit "16" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to C. Schwartzman of the Department of Justice, Competition Law Division on February 21, 2007 at 11:00 a.m.

18. Attached hereto as Exhibit "17" is an e-mail sent by C. Schwartzman of the Department of Justice, Competition Law Division to B. Facey of Blake, Cassels & Graydon LLP on February 21, 2007 at 6:45 p.m.

19. 



20. 



21. Attached hereto as Exhibit "20" is a fax sent by R. Levine of the Department of Justice, Competition Law Division to Labatt on February 22, 2007 at 4:14 p.m. attaching an Order issued pursuant to s.11 of the *Competition Act*.

22. Attached hereto as Exhibit "21" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Brick Brewing Co. Limited.

23. Attached hereto as Exhibit "22" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Brewers Retail Inc.

24. Attached hereto as Exhibit "23" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Roseto Inc.

25. Attached hereto as Exhibit "24" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Sleeman Breweries Ltd.

26. Attached hereto as Exhibit "25" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Mountain Crest Brewing Co. (also known as Lakeshore Creek Craft Brewing Company Inc.).

27. Attached hereto as Exhibit "26" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Lakeport Brewing Limited Partnership.

28. Attached hereto as Exhibit "27" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Big Rock Brewery Ltd..

29. Attached hereto as Exhibit "28" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Moosehead Breweries Limited.

30. Attached hereto as Exhibit "29" is an Order dated February 22, 2007 pursuant to s. 11 of the *Competition Act*, between the Commissioner of Competition and Molson Canada 2005.

31. Attached hereto as Exhibit "30" is an e-mail sent by L. Racine of the Department of Justice, Competition Law Division to B. Facey of Blake, Cassels & Graydon LLP on February 23, 2007 at 8:48 a.m.

32. [REDACTED]

33. [REDACTED]

34. Attached hereto as Exhibit "33" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to L. Racine of the Department of Justice, Competition Law Division on March 1, 2007 at 11:01 a.m.

35. Attached hereto as Exhibit "34" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to R. Levine and L. Racine of the Department of Justice, Competition Law Division on March 1, 2007 at 2:54 p.m.

36. [REDACTED]

37. Attached hereto as Exhibit "36" is an e-mail sent by S. Neylan of Stikeman Elliot LLP to C. Schwartzman, of the Department of Justice, Competition Law Division, on March 2, 2007 at 1:29 p.m.

38. [REDACTED]

39. [REDACTED]

40. [REDACTED]

41. Attached hereto as Exhibit "40" is a fax sent by R. Levine of the Department of Justice, Competition Law Division to B. Facey of Blake, Cassels & Graydon LLP on March 7, 2007 at 10:39 a.m.

42. Attached hereto as Exhibit "41" is a letter (without enclosures) sent by B. Facey of Blake, Cassels & Graydon LLP to the Competition Bureau (Attn.: T. Abed) on March 7, 2007 enclosing the first production of documents in response to the section 11 Order.

43. Attached hereto as Exhibit "42" is a letter (without enclosures) sent by B. Facey of Blake, Cassels & Graydon LLP to the Competition Bureau (Attn.: T. Abed) on March 8, 2007 enclosing the second production of documents in response to the section 11 Order.

44. Attached hereto as Exhibit "43" is an e-mail sent by B. Facey of Blake, Cassels & Graydon LLP to R. Levine of the Department of Justice, Competition Law Division on March 9, 2007 at 1:55 p.m.

45. [REDACTED]

46. Attached hereto as Exhibit "45" is an e-mail sent by C. Schwartzman of the Department of Justice, Competition Law Division to B. Facey of Blake, Cassels & Graydon LLP on March 12, 2007 at 11:22 a.m.

47. Attached hereto as Exhibit "46" is a letter (without enclosures) sent by B. Facey of Blake, Cassels & Graydon LLP to the Competition Bureau (Attn.: T. Abed) on March 12, 2007 enclosing the third production of documents in response to the section 11 Order.

48. Attached hereto as Exhibit "47" is a letter (without enclosures) sent by B. Facey of Blake, Cassels & Graydon LLP to the Competition Bureau (Attn.: T. Abed) on March 13, 2007 enclosing the fourth production of documents in response to the section 11 Order.

49. Attached hereto as Exhibit "48" is a letter (without enclosures) sent by B. Facey of Blake, Cassels & Graydon LLP to the Competition Bureau (Attn.: T. Abed) on March 14, 2007 enclosing the fifth production of documents in response to the section 11 Order.

50. Attached hereto as Exhibit "49" is a letter (without enclosures) from B. Facey of Blake, Cassels & Graydon LLP which was hand delivered to the Competition Bureau (Attn.: T. Abed) on March 15, 2007 enclosing the sixth production of documents in response to the section 11 Order.

51.

[REDACTED]

52.

[REDACTED]

[REDACTED]

[REDACTED]

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
March 23, 2007.

E. Anne Hlauer

Commissioner of Oaths

Michelle Schotel
Michelle Schotel

This is **Exhibit "1"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glenn

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "2"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glavin

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "3"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Heaver

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "4"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "5"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Nolan

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "6"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Ann Stone

A Commissioner, etc.



Competition Bureau

Law & Litigation > Discontinued cases > Beer Bottles

Beer Bottles

September 14th, 2006

The Competition Bureau initiated an inquiry on October 21, 2003, following a complaint alleging anti-competitive acts through the Standard Mould Bottle Agreement (the "SMBA"). The agreement requires that signatories (brewers) exclusively use the Industry Standard Bottle (ISB) for domestically produced products in non-metal containers under 600 ml. The allegations were that the SMBA was being used to entrench the dominant firms' market power in the Canadian beer industry contrary to section 79 of the *Competition Act*. It was argued that having the ability to bottle beer in both ISBs and non-ISBs is a key method of competing in the beer industry. Non-ISBs are of a different colour (e.g. clear, green) or shape (shorter or taller) than the amber long-necked ISB.

In order to pursue an abuse of dominance case, the Bureau must be satisfied that a firm or group of firms that possesses market power is engaging in anti-competitive behaviour that is, or is likely to have, a significant impact on competition.

The Bureau did not find any clear evidence of a substantial lessening or prevention of competition as required under section 79 of the *Act*. As such, the inquiry was discontinued in August 2006.

Send us your comments. Complete our survey

Created: 2006-10-19
Updated: 2006-10-23

 Top of Page

[Important Notices](#)

This is **Exhibit "7"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glan

A Commissioner, etc.



EXECUTING OUR STRATEGY BRICK BY BRICK



Inukshuk, pronounced in-ook-shook, are stone monuments erected in the image of humans. Each stone is a separate entity. Each supports, and is supported by, the one above and the one below it. No one piece is any more or less important than another. Its strength lies in its unity. As part of a team each of us supports, and is supported by, another. We are united by our common goals, and together we are part of a greater whole.

The cover this year symbolizes our belief in that our team, whether it be our employees or our management are the key to the overall balance of us Executing our Strategy, "Brick by Brick".

Mission Statement

A Canadian owned beer pioneer since 1984, our passion at the Brick Brewing Co. is to quench the thirst of beer drinkers by having them enjoy our high quality beer at a great value. We will be respected as an innovative community minded business that is growing, profitable and a great place to work.

CORPORATE PROFILE

Brick Brewing Co. Limited is a regional brewer of award winning premium quality beers. The Company, founded by Jim Brickman in 1984, was the first craft brewery to start up in Ontario, and is credited with pioneering the present day craft brewing renaissance in Canada. Brick has complemented its successful line of premium craft beers with other popular brands such as Laker, Red Cap and Formosa Springs Draft. Brick operates two breweries in Ontario: a facility in Waterloo and the Formosa Springs Brewery in Formosa. The Company also operates distribution warehouses in Kitchener, Ontario and Laval, Quebec.

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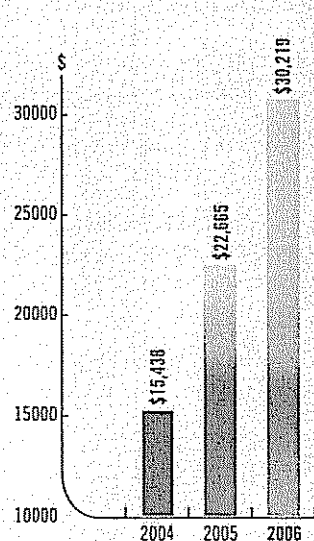
FINANCIAL HIGHLIGHTS

Years ended January 31

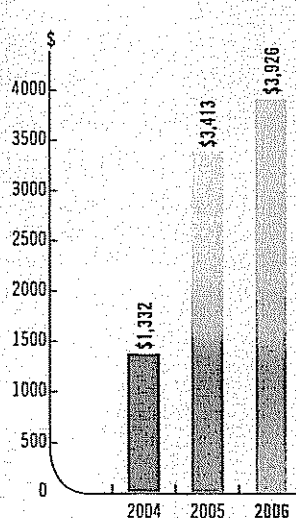
(in thousands of dollars except per share amounts)

| | 2006 | 2005 | % Change |
|----------------------------------|--------|--------|----------|
| Income Statement | | | |
| Net revenue | 30,219 | 22,665 | 33.3% |
| Gross margin | 10,494 | 7,787 | 34.8% |
| Operating profit (EBITDA) | 3,926 | 3,413 | 15.0% |
| Net earnings before income taxes | 2,695 | 1,885 | 43.0% |
| Net earnings | 4,799 | 1,885 | 154.6% |
| Earnings per share (diluted) | 0.24 | 0.11 | 118.2% |
| Balance Sheet | | | |
| Total assets | 32,926 | 24,391 | 35.0% |
| Shareholders equity | 23,846 | 18,198 | 31.0% |
| Operational Metrics | | | |
| Gross margin/Net sales | 34.7% | 34.4% | 0.10% |
| EBITDA margin/Net sales | 13.0% | 15.1% | (13.9%) |

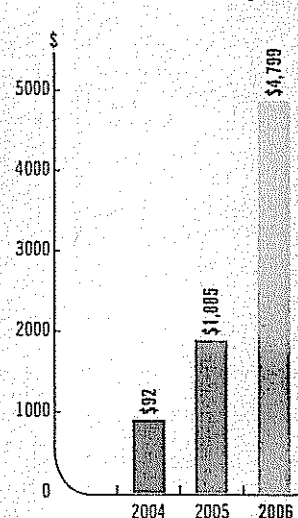
Net Revenue (\$ thousands)



Operating Profit (EBITDA)
(\$ thousands)

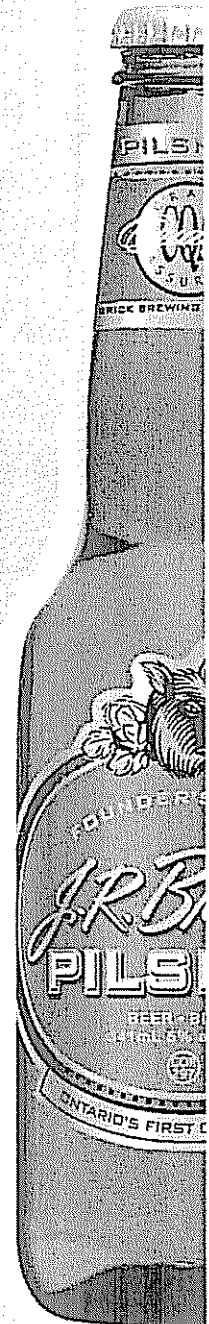


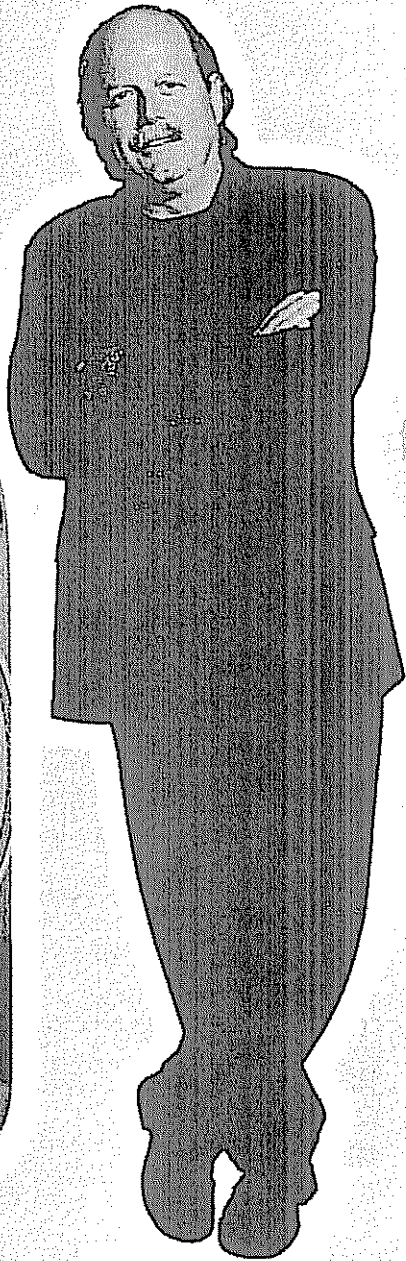
Net Income (\$ thousands)
(excluding non-recurring items)



Forward-Looking Statements

All statements in this Annual Report that do not directly relate to historical facts constitute forward-looking statements as of April 25, 2006. These forward-looking statements include the statements concerning plant, packaging and other capacity improvements, product demand and reduced operating costs. These forward-looking statements are not guarantees and are based on management's expectations. Although the company believes these forward-looking statements are based on information and assumptions which are reasonable, there are a number of factors which may cause actual results to vary from current expectations. The company does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.





What a year
for beer.
What a great year
for Brick.

Our mission has always been to quench the thirst of beer drinkers by having them enjoy our high quality beers at great value, while striving to be innovative and creative, and continuously break new ground in how we compete.

JIM BRICKMAN
EXECUTIVE CHAIRMAN AND FOUNDER
BRICK BREWING CO. LIMITED

J.R. Brickman Honey Red

J.R. Brickman Pilsner

J.R. Brickman Amber

Red Cap

Red Baron

Waterloo Dark

Formosa Spring Draft

Formosa Light

What a year for beer. What a great year for Brick. In 1984 we pioneered our way onto the beer scene as the first craft brewery in Eastern Canada, and today I'm pleased to report that we have never had a more successful year. Our mission has always been to quench the thirst of beer drinkers by having them enjoy our high quality beers at great value, while striving to be innovative and creative, and continuously break new ground in how we compete.

There is no question the beer market is changing. Beer drinkers now expect more choice, more variety and better value. Brick continues as one of the leading influencers affecting change in the industry, by listening to, and giving beer drinkers what they want. Our success is measured by the increasing numbers of cases of Brick beer consumers are enjoying with friends and family.

We are also keenly aware of the needs of our shareholders who want us to quench the thirst of our beer drinkers... profitably. To this end, we will continue to develop our financial and manufacturing strategy to reward our stakeholders, by managing costs and investing in capacity infrastructure that complement our facilities in Waterloo and Formosa. Our new distribution and packaging centre is now up and running, with the capacity to service the growing demand for our beers this season. We anticipate we will experience immediate efficiency benefits from our new centre, with the ability to further expand as our needs require.

Our Laker family of beers continues to exceed our goals and expectations in the value segment of the market. Our commitment to value is more than just providing beer at lower than mainstream pricing; it is about providing quality beer. While the value segment of the industry shows no sign of slowing down, we will also focus and invest in our unique premium portfolio of Brick award winning beers, with a renewed commitment to maintain our stake as a market leader in the craft beer segment.

We must also recognize the important role the Provincial Government has played in our success, with taxation policies that have helped smaller Ontario breweries, such as Brick, become viable entities. It is with their continued partnership and support that we will have the ability to grow, prosper and re-invest in our operations.

Who we are and what we do best is simply summed up by our goal to excel as an innovative brewer, growing profitably by serving beer drinkers affordable, quality beers in an array of interesting styles. Doing this with unwavering passion is key and our employees' passion for beer and success is unquestionable. To this end, I would like to toast all our staff and their families and thank them for a milestone year!

JIM BRICKMAN



LETTER TO SHAREHOLDERS FROM THE PRESIDENT AND CEO

DEAR SHAREHOLDER

Fiscal 2006 was a successful and exciting year for your company and our numerous strategic and financial accomplishments position Brick very well for Fiscal 2007. Last year in my letter to you I described in some detail the strategies for moving Brick forward on a new strategic path. This year was about the execution of that strategic program.

Thus, our theme in this year's annual report is **EXECUTING OUR STRATEGY BRICK BY BRICK** – emphasizing management's commitment to realizing our previously communicated strategic goals. Let me assure you that in 2006 your Brick Brewing management team executed very, very well. We made progress in virtually every area I outlined to you last year. Let me recap just a few highlights:

1. We continued to aggressively grow the Laker brand despite increased competition in the value beer category throughout the course of the fiscal year. At year end we achieved total market share at retail in the TBS channel in excess of 5% of the Ontario market and the volumes of Laker family grew by a collective 39% for the year. We led the industry in launching Laker in 355ML cans and aggressively priced the product to drive the value beer category in cans. As anticipated, competition has imitated these plans and helped to propel critical mass in this emergent category. Value priced cans are a category which has historically been very underdeveloped in Ontario and we believe has the potential to drive substantial growth for Brick Brewing.
2. Volumes of our remaining core brands consisting of PC, Red Cap and Formosa Springs grew collectively by an impressive 62% during Fiscal 2006, underscoring that Brick's re-emergence is not just about selling beer at floor prices. Each of these brands bring a diversity of unique packages, pricing and flavours to serve the rapidly growing value conscious beer market in Ontario.
3. We acquired a partnership with High Falls Brewing Company and developed an improved selling program which drove the renewed growth of their Genesee brands in the Ontario LCBO channel. These selling efforts allow us more critical mass and relevance in this crucially important channel and provide us a quality American value brand in our overall value beer portfolio.
4. We acquired a 50% ownership in our sales agency Direct Cellars, ensuring that our sales objectives in the licensee and LCBO channels will be executed consistent with our strategic needs.
5. We commenced a comprehensive, costly and complicated manufacturing strategy for Brick which we anticipate will lead to a substantial reduction of annual operating costs. During the fiscal year, consistent with this plan, we built a new central distribution warehouse, expanded our brewing capacity in both Waterloo and Formosa, increased our direct TBS distribution capabilities to reduce transfer costs; invested in a customer service function to better manage service and field inventories, and built a new high speed bottling line for commissioning in early Fiscal 2007.
6. Lastly, but probably most importantly, we developed and implemented a comprehensive HR plan which improved communication, pay, benefits and working conditions for virtually every employee in the company.

These strategic accomplishments position Brick well for 2007. They will allow Brick to strive to continue to be a profitable and growing regional brewer. A brewer with a diverse portfolio of brands placed in high growth niches of an otherwise mature market. A brewer with a cost base which allows for good margins at attractive consumer price points. A brewer with strong capabilities in sales and distribution. These are accomplishments which were beyond our imagination, just two years ago.

The end result of a well executed plan is of course, record financial performance and in this area we did not disappoint. Brick Brewing grew net revenue by 33%, gross margin by 33%, and EBITDA by 15% despite substantial investments in operational overheads, sales and marketing.

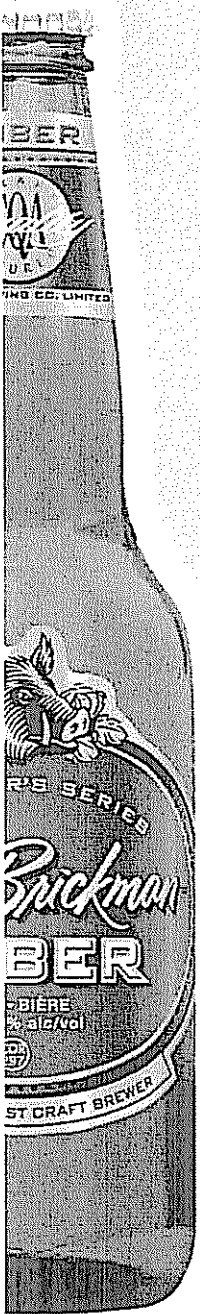
Our plans for Fiscal 2007 and the year ahead are a continuation of the foundations laid in the previous two years. We have funded an enhanced investment in sales and marketing activities and as a result we anticipate that our value brand portfolio will continue to provide market share growth due to new packaging, product and pricing initiatives, better field sales execution and greater awareness resulting from targeted media spending and improved distribution.

One of the most exciting of these new initiatives is the planned re-launch of our premium Brick brands under the brand name J.R. Brickman – Founders collection. This program is the first element of our premium brand strategy and will reinforce the craft brewing heritage of Brick Brewing, the passion of our Founder for unique beer styles and the commitment we have to the craft brewed quality of these products. Look for these brands in the TBS, LCBO and selected licensee accounts starting May 15.

The single most critical component to our Fiscal 2007 plan is the start-up of the Kitchener packaging line. As built, and once fully commissioned, this line has the capability to bottle up to 650 bottles per minute and up to 400,000 hectolitres annually. We expect to complete this commissioning by the spring of 2006. This \$5 million investment will be critical to achieving and permanently lower operating costs for effluent, shunting and packaging labor to successfully compete over the long run with the multitude of brewers seeking market share in the value beer category. With a very competitive packaging operation, lower overheads and unique marketing propositions, Brick will have created the core foundation for sustained profitability and growth.

I'd like to close by thanking the shareholders, board members and employees of our company for their continuing support for these new initiatives in the past year. I truly appreciate the opportunity to help lead and shape the future of Brick over the coming years and to make Brick widely known for its pioneering spirit, innovation and consistent profitability.

DOUG BERCHTOLD



Laker Lager

Laker Light

Laker Red

Laker Strong

Laker Honey

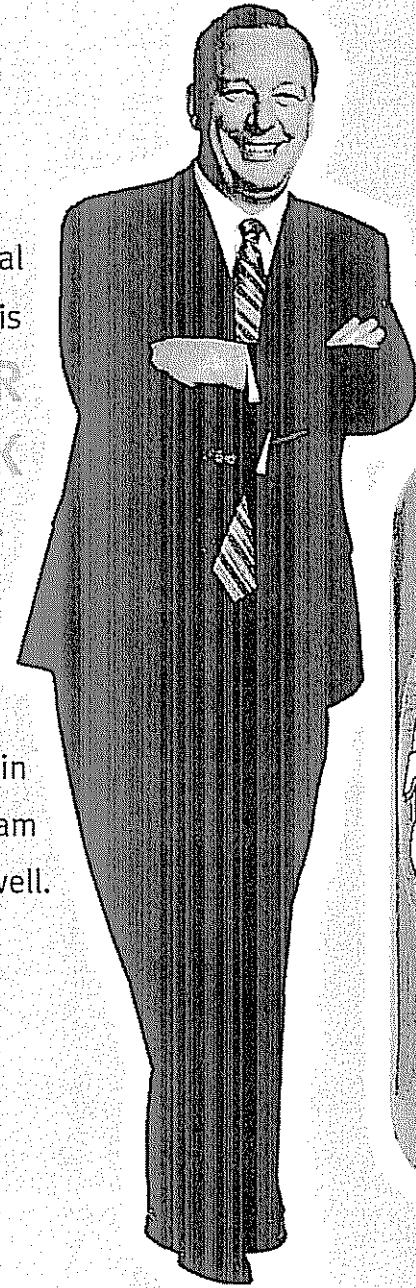
Laker Ice

Bambay

Our theme in this year's annual
report is

EXECUTING OUR STRATEGY BRICK BY BRICK —

emphasizing management's com-
mitment to realizing our previ-
ously communicated strategic
goals. Let me assure you that in
2006 your Brick management team
executed very, very well.



DOUG BERCHTOLD
PRESIDENT AND CEO
BRICK BREWING CO. LIMITED

Brick's Focused Management Team is executing well on its long term strategic plan.

The summarized plan has three distinct phases:

1. Growth – “Growing the volumes”
2. Operational efficiencies – “Reducing the costs”
3. Brand development – “Investing in our brands”

Growth

The Company's overall volumes increased by 39% for the year. We continued to aggressively grow the Laker brand. At year end we achieved a total market share at retail in the TBS channel in excess of 5% of the Ontario market. The Company also executed a comprehensive manufacturing strategy to increase its brewing capacity from 220 to 350 thousand hectolitres and increase packaging capacity from 220 to 575 thousand hectolitres. Capacity the Company intends to fully utilize in the future.

Operational efficiencies

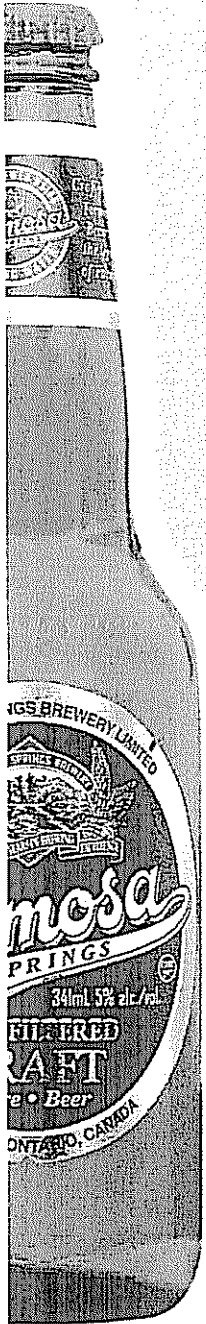
We commenced a comprehensive, costly and complicated manufacturing strategy for Brick which will lead to the reduction of annual operating costs by more than \$2.5 million. During the fiscal year, consistent with this plan, we built a new central distribution warehouse, expanded our brewing capacity in both Waterloo and Formosa, increased our direct TBS distribution capabilities to reduce transfer costs, invested in a customer service function to better manage service and field inventories, and built a new high speed bottling line for commissioning in early Fiscal 2007.

Brand development

While the volumes of Laker family grew by a collective 39% for the year. Our remaining core brands consisting of PC, Red Cap and Formosa Springs grew collectively by an impressive 62% during fiscal 2006, underscoring that Brick's re-emergence is not just about selling beer at floor prices. Each of these brands brings a diversity of unique packages, pricing and flavours to serve the rapidly growing value conscious consumer in Ontario.

One of the most exciting new initiatives is the planned re-launch of our premium Brick brands under the brand name *J.R. Brickman-Founders collection* see insert page 10. This program is the first element of our premium brand strategy and will reinforce the craft brewing heritage of Brick Brewing, the passion of our Founder for unique beer styles and the commitment we have to the craft brewed quality of these products. These brands launch in the TBS, LCBO and selected licensee accounts starting May 15.

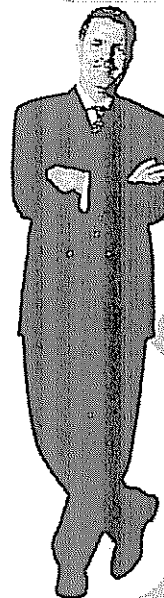
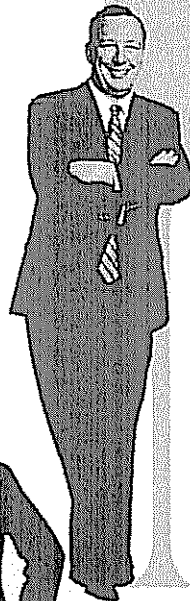
Our plans in the coming year ahead are a continuation of the foundations laid in the previous two years. We have funded enhanced investments in sales and marketing activities and as a result we are confident that our value brand portfolio will continue to provide significant market share growth due to new packaging, product and pricing initiatives, better field sales execution and greater awareness resulting from targeted media spending and improved distribution.



GRAYDON MOORE – “The execution of our strategy provided record financial performance last year. We have also made significant investments in both our brands and operations to sustain future growth and profitability”

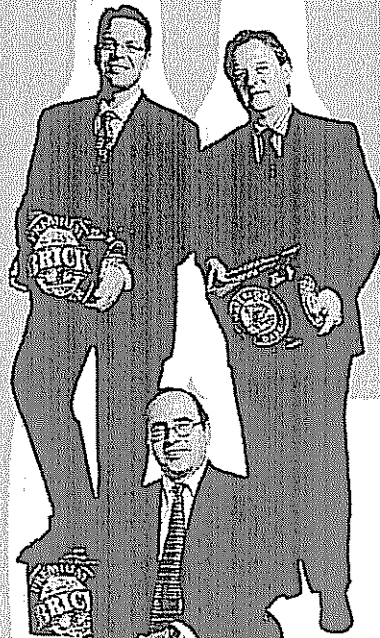


DOUG BERCHTOLD – “This year was about execution on our strategic goals and let me assure you that we executed very, very well”



KEVIN MEENS – “Upon partnering with High Falls Brewing Company we have developed selling programs which have driven renewed growth of their Genesee brands in the LCBO. This partnership provides us a quality American value brand in our overall beer portfolio”

NORM PICKERING – “The new *J.R. Brickman Founder's* collection of premium brands will reinforce the craft brewing heritage of Brick Brewing, the passion of our founder for unique beer styles and the commitment we have to the craft brewed quality of these products”



CRAIG PRENTICE – “In the last year we have made targeted investments in our sales organization to support our partners brands and in anticipation of launching our new premium brands in the LCBO and licensee channels”

MIKE BAUMKEN – “The capital investments to our Kitchener packaging facility will increase our capacity and is expected to provide significantly lower costs of manufacturing when fully operational”

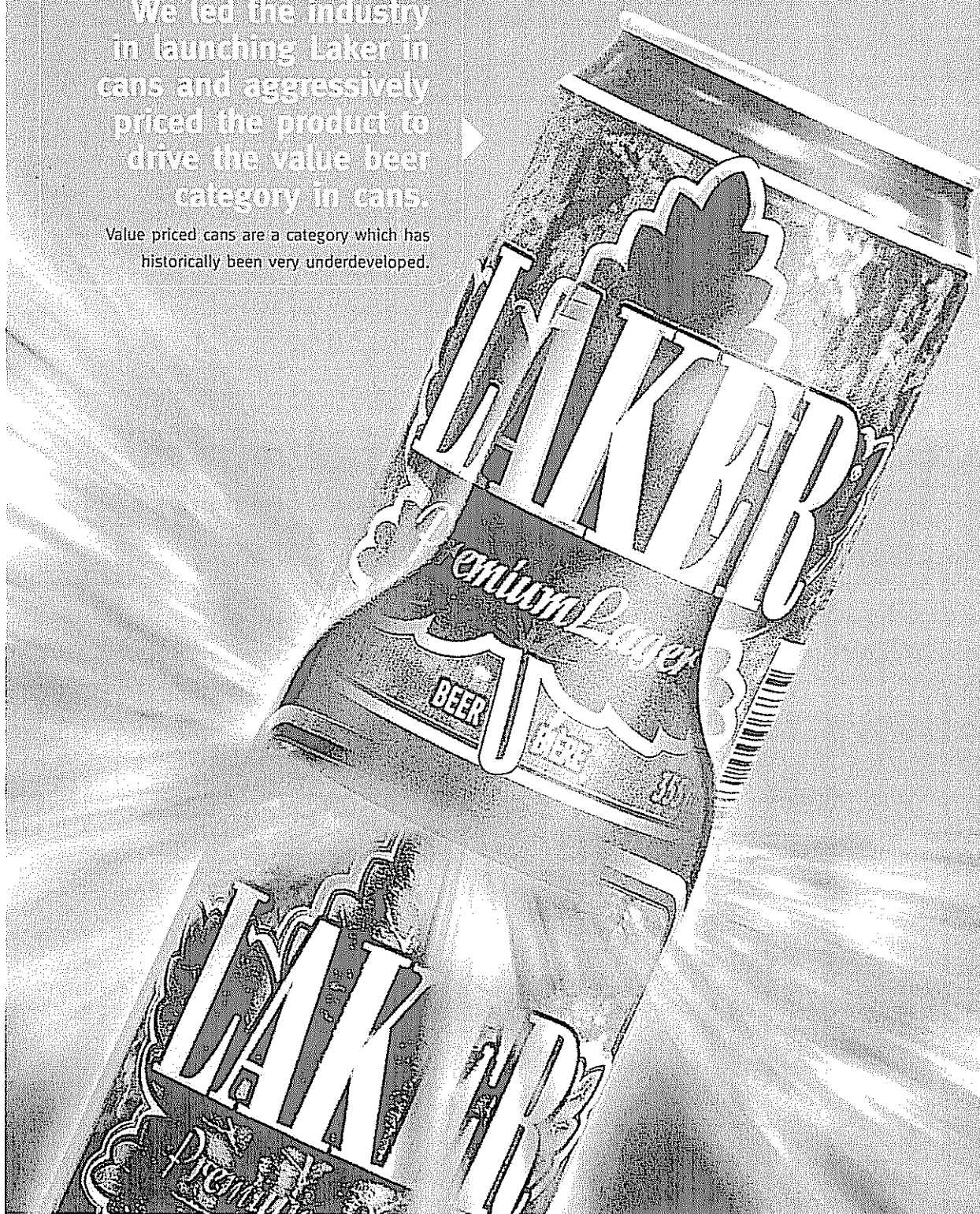


During Fiscal 2006, Brick Continued its Growth in the Value Beer Market and...

We continued to aggressively grow the Laker brand despite increased competition.

We led the industry in launching Laker in cans and aggressively priced the product to drive the value beer category in cans.

Value priced cans are a category which has historically been very underdeveloped.



...Attracted Valuable Partnership and Alliances.

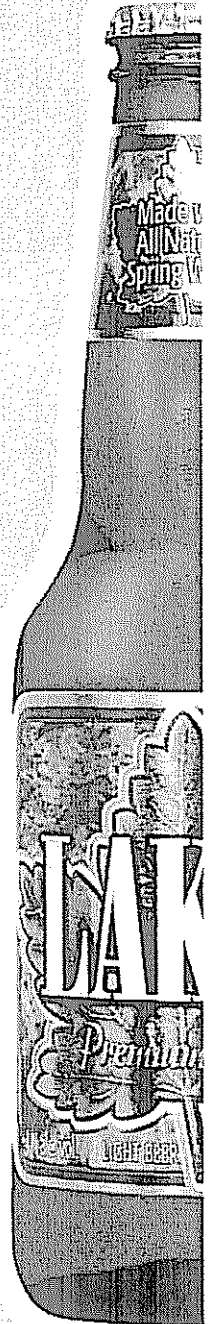
We have executed a sales strategy for each of our partner's that has aggressively grown the volume of their brands. We have successfully leveraged these brands to provide additional critical mass to our selling, distribution and production infrastructures.

Early in the year the Laker brands received a new packaging design and Laker Lager and Light were introduced to consumers in a convenient 24 pack size. In the fall the Company launched Laker Honey and Laker Strong distribution was broadened to include The Beer Store. The Laker brand volumes grew 39% in the year despite intense competitive promotional activity in the value category.

In July 2005 the Company entered into an agreement with High Falls Brewing Co. of Rochester, New York to represent its imported Genessee brands in the Ontario LCBO channel. These brands allow us more critical mass and relevance in this crucially important channel and provide us a quality American value brand in our overall value beer portfolio.

Also last summer High Falls began to produce Laker Lager in cans for the Ontario market. We led the industry in launching Laker in 355ML cans and aggressively priced the product to drive the value beer category in cans. As anticipated, competition has imitated these plans and helped to propel critical mass in this emergent category. Value priced cans are a category which has historically been very underdeveloped in Ontario and we believe will drive substantial growth for Brick Brewing.

Through an agreement with Big Rock Brewery of Calgary, Alberta they launched PC® beer in cans to the Alberta market last year. The relationship with Big Rock provides us with a valuable business partner for our products in a Western Canada. We continue to provide strategic and tactical sales support for their brands in Ontario.



In Fiscal 2007, We Will Launch Our Premium Brands Based On Our Story...

"The Relentless Pursuit of Crafting the Beer People Really Want"

The most interesting facts of life are always concerned with issues of the heart and this is especially true concerning the story of Brick Brewery.

The founder of Brick, Jim Brickman, had a simple love of beer and because there are only two options regarding commitment—you're either in or out, there's no such thing as a life in-between—he decided to do something about it. In 1979 he began a worldwide journey of research and discovery that took him to 68 breweries in 29 countries. Five years after that, against many obstacles, Jim applied for and was granted the first new brewer's license in eastern Canada in 37 years, effectively becoming the first craft brewer in Ontario.

Jim started by asking himself, "Why are the choices and styles of beer getting smaller? Why isn't there more variety?" Questioning why all beers seemed to taste the same is what started it. He sampled what was good and bad in the world of beer, learned the craft, and convinced a small group of people to stake their security on his belief and vision. And so was born Brick Brewery.

Brick Brewery is the story of people, process, ingredients, and high-quality finished product. It was started by listening more than talking; it was started with the belief that there was the potential to make something better for people. Today Brick Brewery is still about putting the right beer in front of the right person. It's a company with a vision and team that bust their butt to make unique beer people will enjoy. It's a company that still gives a damn in an industry where a lot don't.

Twenty years on, the people of Brick Brewery are still relentlessly pursuing the answer to Jim's original question. Why be relentless, especially in a beer world where there's so much mediocrity, so much big business and so little passion? Beer drinkers are becoming much more interested in experimenting with the beers they drink, and they want something different. They want tastes that are unique and come from an authentic source. Today, with than a dozen different brands, the people at Brick pride themselves on producing a unique and rewarding beer discovery that never ends. As a consequence, each brand has its own defining characteristics and offers a flavor to match every mood and situation.

Jim Brickman will tell you he hates research. Actually, what he really hates is big company research—the kind where men in suits pay other men in suits to sit in a dull white boardroom under fluorescent lights for two hours answering questions while other men in suits take notes behind a one-way police-style mirror.

Jim's idea of research consists of sitting down on a bar stool in a neighborhood pub and buying the guy next to him a beer. They sit, they chat, they talk about the beer they like and beer they don't like: simple. The people at Brick Brewery have never made beer for urban males aged 19 to 49 with 2.2 kids. They make Waterloo Dark for Steve the courier who hangs out at Peel Pub between calls and Jack the repairman who enjoys Red Cap because it's the first beer he ever tried as a kid.

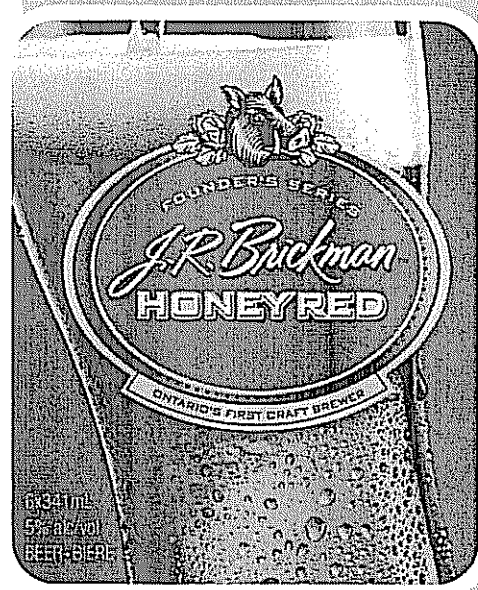
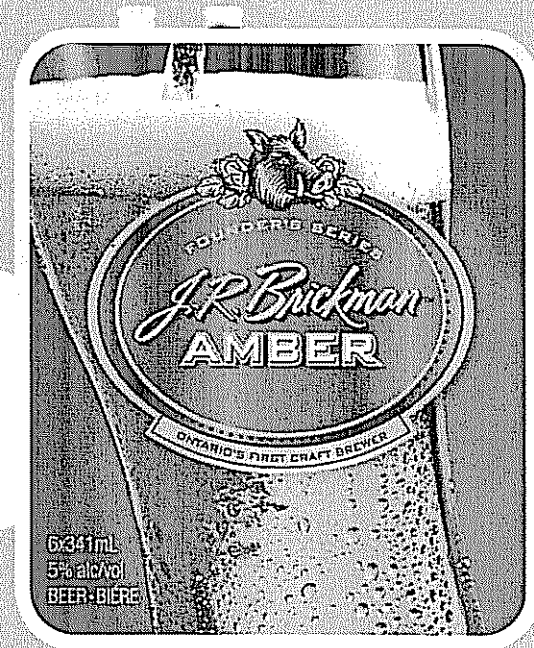
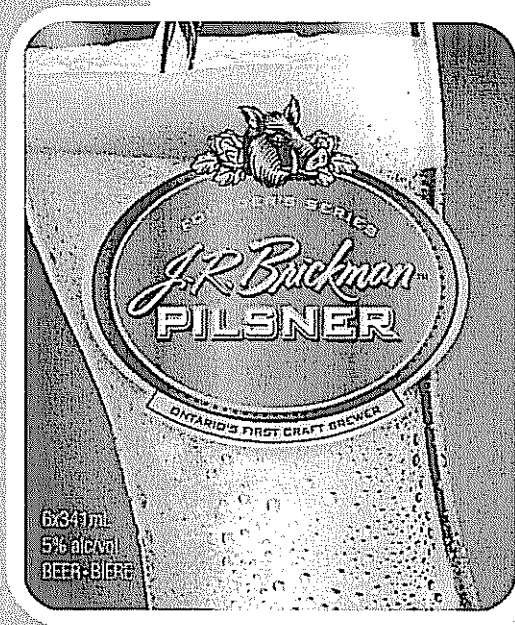
Throughout history you find that those who excel are those who just won't give up. The great English poet William Blake said, "If a fool will persist in his folly he will become wise." More than 20 years ago in a furniture factory turned brewery, Jim and a group of eight others turned out the first bottles of Brick Premium Lager, by the end of that first year they'd sold 35,000 cases. Last year that number increased to 3 million. Today, Brick offers a wide variety of beers and has won more international Monde Selection for Quality beer awards than any other craft brewer in North America.

It seems the wisdom of relentlessly pursuing what people really want has paid off.

Introducing the New J.R. Brickman Founder's Series

Jim Brickman figured there were as many tastes as people and if he wanted to make a great beer he'd better listen to a few of them. So, in 1979 Jim began a journey of discovery that would take him to 68 breweries in 29 countries where he would learn the craft necessary to launch Brick Brewery, Ontario's first craft brewer.

Almost three decades on, Jim and the fine folks at Brick are still relentlessly committed to listening and brewing. The J.R. Brickman Founder's Series is hand-crafted using only the finest natural ingredients: pure Formosa spring water, malted barley, imported hops, and yeast. We hope you enjoy them!





FINANCIAL REVIEW

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- 25 Consolidated Balance Sheets
- 26 Consolidated Statements of Earnings and Deficit
- 27 Consolidated Statements of Cash Flow
- 28 Notes to Consolidated Financial Statements

The following management's discussion and analysis ("MD&A") provides a review of the activities, results of operations and financial condition of Brick Brewing Co. Limited for the twelve months ended January 31, 2006 ("fiscal 2006") in comparison with the twelve months ended January 31, 2005 ("fiscal 2005"). These comments should be read in conjunction with the financial statements and accompanying notes included herein. The comments were prepared as of April 25, 2006. Additional information relating to the Company, including its annual information form, is available at www.sedar.com or in the investor relations section of the Company's website at www.brickbeer.com.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, strategies, expectations and intentions and include the statements concerning expected volumes, EBITDA and costs. Undue reliance should not be placed on these forward-looking statements which reflect the Company's views as of April 25, 2006 with respect to future events and are subject to certain risks, uncertainties and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. The statements regarding expected volumes, EBITDA and costs are based on the following material factors and assumptions: revenues in the current fiscal year ending January 31, 2007 ("fiscal 2007") will continue to increase, no significant changes in consumer preferences, increased competitive activity from other brewers, continued reduced production tax rates for microbreweries for fiscal 2007, no significant change to the regulatory environment in which the Company operates and no significant supply and quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

DESCRIPTION OF THE BUSINESS

The Company produces, sells, markets and distributes bottled and draft premium beer under the Brick and Waterloo brand names, value beer under the Laker brand name and mainstream beer under the Red Cap, Formosa and Red Baron brand names. As well, the Company imports the Laker brands in cans from High Falls Brewing Co. ("High Falls") of Rochester, New York. The Company also produces, sells, markets and distributes various beer products under the licensed PC® trademark on behalf of Loblaw's Inc. which are available in Ontario and Quebec. The Company also represents and sells products in Ontario for Big Rock Brewery ("Big Rock") of Calgary, Alberta and High Falls.

The Company's products are sold primarily in Ontario, although certain products are available in Alberta, British Columbia and Nova Scotia. Through a sales agency agreement, Big Rock represents and markets certain Brick brands in Alberta and British Columbia. The Company also engages in certain co-packing business, which involves producing and packaging flavoured alcoholic beverages for other customers.

In Ontario, distribution of bottled beer occurs primarily through The Beer Store ("TBS") and the Liquor Control Board of Ontario ("LCBO"). The Company also distributes draft beer products directly to licensed establishments (bars and restaurants) in Ontario.

The Company's brewing facilities are located in Waterloo and Formosa, Ontario. The Company's packaging facility is located in Formosa. The Company has warehouses in Kitchener, Ontario and Laval, Quebec. The Company's head office is in Waterloo.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED ANNUAL INFORMATION

The following table summarizes certain consolidated financial information of the Company for the years indicated below:

| | Three Year Summary | | |
|--|-----------------------|-----------|-----------|
| | Year Ended January 31 | | |
| | 2006 | 2005 | 2004 |
| <i>(in thousands of dollars, except per share amounts)</i> | | | |
| Income Statement Data | | | |
| Gross Sales | \$ 62,277 | \$ 42,129 | \$ 21,255 |
| Net Sales (after production taxes and distribution fees) | \$ 30,219 | \$ 22,665 | \$ 15,438 |
| Earnings before interest, income taxes, depreciation and amortization, non-recurring items and equity earnings | \$ 3,926 | \$ 3,413 | \$ 1,332 |
| Net earnings | \$ 4,799 | \$ 1,885 | \$ 92 |
| Earnings per Share | | | |
| Basic | \$ 0.24 | \$ 0.12 | \$ 0.01 |
| Fully diluted | \$ 0.24 | \$ 0.11 | \$ 0.01 |
| Balance Sheet Data | | | |
| Total Assets | \$ 32,926 | \$ 24,391 | \$ 17,924 |
| Total Long Term Debt | \$ 3,465 | \$ 2,850 | \$ 2,844 |

RESULTS OF OPERATIONS

Results for the year ended January 31, 2006

| | Year ended | |
|--|------------|-----------|
| | 2006 | 2005 |
| <i>(in thousands of dollars, except per share amounts)</i> | | |
| Net revenue | \$ 30,219 | \$ 22,665 |
| Cost of goods sold | 19,725 | 14,878 |
| Gross margin | 10,494 | 7,787 |
| | 34.7% | 34.4% |
| Selling marketing and administrative expenses | 6,485 | 4,286 |
| Earnings before the undernoted | 4,009 | 3,502 |
| Depreciation and amortization | (1,153) | (1,363) |
| Interest and other income/(expense) | (160) | (253) |
| Earnings/(loss) before provision for income taxes | 2,695 | 1,885 |
| Recovery for income taxes | 2,104 | - |
| Net earnings | \$ 4,799 | \$ 1,885 |
| Net earnings per share: | | |
| Basic | \$ 0.24 | \$ 0.12 |
| Diluted | 0.24 | 0.11 |
| Net earnings/(loss) per share before tax adjustment: | | |
| Basic | \$ 0.14 | \$ 0.12 |
| Diluted | 0.13 | 0.11 |
| Net Revenue Growth | 33.3% | 46.8% |
| Volume Growth | 38.6% | 218.0% |

NET REVENUE

Net revenues for fiscal 2006 were \$30.2 million as compared to \$22.7 million for fiscal 2005, an increase of 33.3%. Gross revenues have increased 48% to \$62.3 million for the year ended January 31, 2006, compared to \$42.1 million for the year ended January 31, 2005. However, the Company's per unit production taxes have significantly increased in fiscal 2006 due to the higher marginal rates of tax payable on the increased volumes and the \$929 thousand one-time reduction in Ontario production taxes in fiscal 2005 that was not available to the Company in fiscal 2006. The higher marginal production taxes have caused reduced per unit net revenues in the year compared to the same period last year. This trend will continue until the Company no longer benefits from the Ontario small brewer tax reduction.

In the year ended January 31, 2006, the Company's overall beer volumes have increased by 39% over the same period last year. The Company's volumes of its mainstream brands have increased 49%. Volumes of licensed brands have increased 59% during the year, due largely to continued growth of the PC brands following their launch in the second quarter of fiscal 2005. The Company's Laker brand volumes have increased 39% in the year compared to last year. During the year the Company's premium brand volumes declined 5%, due to limited promotional support. The increased volumes are attributable to growth in the value priced brands and increased promotional activities resulting in improved distribution of the Company's products. At January 31, 2006 the Company's total market share of TBS retail sales in Ontario was approximately 5%.

Looking ahead, the Company expects net revenues to increase again in fiscal 2007, however the rate of growth will moderate from fiscal 2006.

COST OF GOODS SOLD

Cost of goods sold were \$19.7 million for the year ended January 31, 2006, up from \$14.9 million last year. The per unit cost of producing and distributing beer has been reduced by 13% in the year compared to the previous year.

SELLING, MARKETING AND ADMINISTRATION

Selling, marketing and administration expenses for the year ended January 31, 2006 increased \$2.2 million to \$6.5 million from \$4.3 million for the same period last year. As a percentage of sales, selling, marketing and administration expenses were 21.7% for the year, as compared with 19.5% for the same period last year. Additional management and related compensation expenses, increased advertising spending and increased selling expense in the LCBO channel are the primary reasons for the increased expenditures.

DEPRECIATION AND AMORTIZATION

For the year ended January 31, 2006, total depreciation and amortization expense was \$1.2 million compared to \$1.4 million last year. Depreciation of property, plant and equipment increased from \$890 thousand last year to \$1.1 million this year. Amortization of deferred costs and other assets was \$46 thousand this year compared to \$474 thousand last year. In fiscal 2005 the Company took a charge of \$150 thousand against deferred finance charges as a result of a refinancing and a \$244 thousand charge against deferred program costs related to the termination of a co-pack program.

OTHER INCOME AND EXPENSES

For fiscal 2006, interest on long term debt was \$222 thousand, compared to \$174 thousand for fiscal 2005. The increase can be attributed to an increase in the Company's long term debt outstanding in fiscal 2006. In fiscal 2006, the Company recorded \$38 thousand in equity earnings from the investment in Direct Cellars Beverage Co. ("Direct Cellars") made on February 1, 2005.

During fiscal 2006 the Company incurred \$83 thousand in legal expenses related to its bottle dispute with TBS compared to \$88 thousand in fiscal 2005. Examinations for discovery have been completed and the matter has been set down for trial. A trial date has not yet been set by the court.

During the fourth quarter of fiscal 2006, the Company realized a recovery for future income taxes of \$2.1 million. It was determined that the future tax assets should be recorded. The Company determined that it has met the "more likely than not test" required by the CICA Handbook section 3465 "Income Taxes" for these assets to be recorded. The Company changed its estimate after it established a strong earnings history and other evidence to support a more likely than not conclusion that the benefit of the tax losses will be realized in the future. This change in estimate of the future income tax asset valuation allowance was reflected as a recovery of income taxes in the year.

NET EARNINGS

For the year ended January 31, 2006, net earnings were \$4.8 million compared to net earnings of \$1.9 million for the same period last year. Basic and diluted earnings per share for the year ended January 31, 2006 were \$0.24 and \$0.24 per share respectively, compared with \$0.12 and \$0.11 last year.

As at January 31, 2006 the Company had 19,861,072 common shares outstanding, 809,000 stock options outstanding and exercisable for the same number of common shares, 1,723,250 common share purchase warrants outstanding and exercisable for the same number of common shares and 138,000 compensation options outstanding and exercisable for the same number of common shares.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

At January 31, 2006, cash and cash equivalents were \$507 thousand. This represents a decrease of \$2.0 million from \$2.5 million at October 31, 2005 and a reduction of \$2.6 million from \$3.1 million at January 31, 2005. Cash generated from operations during the quarter was \$219 thousand.

The Company's working capital position was \$3.3 million at January 31, 2006 compared to \$5.9 million at January 31, 2005. The Company intends to replenish its working capital position with supplemental term financing in the next quarter.

The current liabilities increased by \$1.2 million in the quarter. This increase is due primarily to increased capital spending related to the brewing capacity expansion in the Formosa facility.

Current assets decreased by \$1.4 million in the fourth quarter of fiscal 2006. Cash and marketable securities were reduced by \$2.0 million as the Company continued to acquire equipment for its new packaging facility in Kitchener and tank farm expansion in Formosa. The investment in the Formosa tank farm will be approximately \$750 thousand and will increase annual brewing capacity by 75,000 hectolitres. It is anticipated to be completed in the first quarter of fiscal 2007. Accounts receivable increased by \$270 thousand due to increased shipments to the LCBO. In the quarter inventories increased by \$423 thousand primarily due to improved inventory position of finished goods. Prepaid expenses were reduced by \$96 thousand in the quarter.

Cash Flow

The Company generated \$3.5 million in cash from operating activities in the year ending January 31, 2006, compared to using \$1.6 million for the same period last year. Cash flow from earnings was \$4.0 million compared to \$3.4 million last year.

Financing activities generated \$1.4 million in cash during the year, compared to \$5.6 million in the previous year. During the year the Company has increased its long term debt obligations by \$615 thousand and received \$657 thousand in proceeds from the issue of capital stock from the exercise of options and warrants previously granted.

As a direct result of strong and sustained consumer demand for its products, the Company initiated its plans to expand its packaging capabilities for the upcoming fiscal year. The total capital expenditures for the year were \$6.9 million. The Company has incurred capital expenditures to provide for future packaging capabilities for its new Kitchener facility to be completed in the spring of 2006. Also during the year the Company invested in capital expansions for its Waterloo brewing operations and more recently its Formosa brewing operations. These upgrades when completed will provide the Company with an additional 150,000 hectolitres of brewing capacity in the next fiscal year bringing total brewing capacity to 350,000 hechtolitres. These capital expenditures will be funded through a combination of cash from operating activities, selected operating leases, the Company's current cash or marketable securities balances or by utilizing the Company's term debt facility.

The Company had cash of \$506 thousand at January 31, 2006 compared to \$3.1 million a year ago.

The Company also utilizes several operating leases to finance office and computer equipment and software, warehouse equipment, cars, vans, forklifts, trucks, trailers and bottles. These assets typically have a shorter life expectancy and become obsolete very quickly. The Company also leases a building in Kitchener where it has warehousing and packaging operations. By entering into operating leases, the Company is able to update its equipment more frequently, and not utilize its cash to invest in these assets and in so doing lower its overall average cost compared with purchasing the assets. During fiscal 2006 the Company entered into new leases valued at approximately \$7.9 million. All leases are evaluated at inception for appropriate accounting treatment. The total of the Company's future lease payments can be found in note 13 to the Company's 2006 audited financial statements.

The Company has agreements to purchase materials from certain suppliers. These agreements do not have minimum or maximum purchase commitments.

A summary of the Company's contractual obligations for the next five years is as follows:

| Payments due by fiscal year in (\$000) | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractual Obligation | 2007 | 2008 | 2009 | 2010 | 2011 | Total |
| Long Term Debt | 476 | 491 | 507 | 524 | 417 | 2,415 |
| Capital Leases | 100 | 86 | 18 | - | - | 204 |
| Operating Leases | 1,367 | 1,228 | 1,191 | 1,141 | 913 | 5,840 |
| Total Contractual Obligations | 1,943 | 1,805 | 1,716 | 1,665 | 1,330 | 8,459 |

Brick does not currently pay dividends on its common shares. The Board of Directors of the Company believes that the cash flow of the Company at the current time should be reinvested to finance current activities which will drive future growth and shareholder value. Dividend policy is reviewed from time to time.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company has approximately \$6.2 million in loss carry-forwards and temporary timing differences available to reduce income tax expense in future years, as compared to \$9.1 million at the end of the same period last year. Of this amount approximately \$4.4 million consists of non-capital loss carry-forward for which \$1.3 million will expire in 2010 if unused and \$3.1 million will expire in 2013.

RISK FACTORS, STRATEGIES AND OUTLOOK

The Company anticipates continued growth in beer volumes, however the rate of growth is expected to continue to moderate due to slower industry growth in the value category and increased competitive activity from other brewers.

Various permits, licenses and approvals necessary for the operation of the Company are required from agencies, including the LCBO and Canada Revenue Agency-Excise. Management believes that the Company is currently in compliance with all license and permit terms and conditions, and that the Company has the necessary approvals for current operations.

Quality controls in the manufacturing process are maintained to prevent defects or failures. Despite the vigorous quality control procedures and testing done by the Company, there is the risk that the Company could be party to a product liability claim by its customers. The Company maintains errors and omissions and product liability insurance to protect itself from such litigation, but any such claim could have an adverse effect on the Company's business. Currently, there are no such claims outstanding.

The Company's revenues are generally seasonal and the second quarter, which covers the summer months, has historically been the strongest quarter for the Company, representing approximately 34% of total revenues, followed by the third quarter (approximately 27% of total revenues) which covers late summer and fall. The first and fourth quarters usually see a reduction in revenues as beer consumption is lower in the cooler winter months.

Value priced brands have shown sales trends that are not as seasonal in nature as premium brands. With the recent significant growth of volumes of the Company's value brands, management anticipates that the Company's revenues should have less seasonal fluctuations than in previous fiscal years.

The Company considers its main competitors to be other participants in the Canadian brewing industry, which include imported, specialty and value priced beers brewed and represented by both small regional brewers and the national brewers. The market for beer sales in Ontario is increasingly competitive and the Company believes it will continue to be competitive in the future, as the Company anticipates that volumes in the Canadian beer industry will grow only moderately over the next few years due to slightly more favourable demographic factors. Growth opportunities appear to be in the value priced and premium beer sectors. Existing regional breweries and craft brewers are increasing their production capacities and marketing programs to take advantage of this opportunity. National brewers are aggressively promoting and pricing their own specialty and value brands as well as premium import brands. The Company must compete effectively with these competitors in its key focus areas of quality and innovation to continue to grow volumes and profitability. In addition, the Company must continue to develop and invest in new innovative product/packaging and strategic marketing programs to maintain and grow market share.

The Company will continue to focus on fiscal controls to maximize profitability in fiscal 2007 and beyond. The Company will continue to review and, where feasible, reduce distribution costs and administrative and operating overheads to ensure both the capabilities and costs of these functions meet the strategies of the Company.

The Company will utilize its improved access to capital to upgrade its manufacturing and distribution capabilities. The Company has developed a manufacturing strategy which contains a series of actions to reduce costs and increase capacity over the course of the next two fiscal years. The plan will seek to drive a significant improvement in EBITDA¹ via variable operating cost reductions at current volumes over the next year.

During the third quarter the Company moved into its new building in Kitchener under a long term lease agreement. The building is now being used to consolidate the Company's existing warehousing. As at April 25, 2006, the packaging line is still being commissioned. As built, and once fully commissioned, this line has the capability to bottle up to 650 bottles per minute and up to 400,000 hectolitres annually. It is anticipated that this facility will contribute significantly to reducing the Company's variable operating costs. During the start up of this new packaging line the Company's existing packaging operations will not be affected and will serve as a backup to the commissioning of the new line. Due to the magnitude of this project for the Company and the uncertainties associated with its startup, both from a timing and performance standpoint, there is potential that the financial performance of the Company in the first quarter of fiscal 2007 could be temporarily adversely affected due to higher than normal manufacturing overheads and temporary costs associated with the commissioning.

During fiscal 2006, management finalized and began to implement a three year plan to grow the Company's premium brand portfolio. Management believes there are opportunities to pursue targeted investments in the Company's current premium brands and selected new branding opportunities and options to represent selected complementary imported brands. The Company will also investigate low risk, potential high return geographical expansion opportunities outside of its core Ontario markets.

In fiscal 2006 the Company entered into a partnership with High Falls and developed an improved selling program which drove the renewed growth of High Falls' Genesee brands in the LCBO channel. These selling efforts allow the Company a quality American value brand in the overall beer portfolio and simultaneously bring critical mass to the selling efforts in the LCBO channel. The Company continues to seek similar additional strategic partnerships to grow its business.

Effective October 2005, the Government of Ontario increased the "social reference price" of beer to \$26.40 per case of 24 bottles including deposit. This is the minimum price at which brewers can sell beer to consumers. This increased floor price will provide enhanced price and margin stability for the Company's value priced products in the future.

In Ontario, microbreweries such as the Company are entitled to reduced rates for production taxes. The financial impact to the Company of these reduced production taxes is \$2.5 million annually. A microbrewery is defined as a brewer having a trailing five year average production volume of less than 150,000 hectolitres. Given current volume trends, the Company anticipates that fiscal 2007 will be the last year the Company will be entitled to the reduced tax rates for microbreweries. Management believes that the current plans for the packaging line in the Kitchener facility will provide a permanent reduction in certain variable production costs to seek to offset these increased production taxes when they take effect.

¹ EBITDA is a non-GAAP earnings measure, therefore it does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and may not be similar to measures presented by other companies. EBITDA represents earning before interest, income taxes, depreciation and amortization. Management uses this measurement to evaluate the operating results of the Company. This measure is also important to management since it is used by the Company's lenders to evaluate the ongoing cash generating capability of the Company and therefore the amounts those lenders are willing to lend to the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

| S(000's) | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2006 | 2006 | 2006 | 2006 | 2005 | 2005 | 2005 | 2005 |
| Net Revenue | 6,392 | 8,643 | 8,232 | 6,951 | 5,265 | 6,950 | 6,468 | 3,982 |
| Selling, general & administration | 1,594 | 1,678 | 1,883 | 1,382 | 926 | 1,282 | 1,225 | 870 |
| EBITDA | (152) | 1,375 | 1,659 | 1,045 | 436 | 1,406 | 1,152 | 451 |
| Net Income\Loss | 1,664 | 1,033 | 1,350 | 752 | 220 | 684 | 832 | 149 |
| EPS (Basic) | 0.09 | 0.05 | 0.07 | 0.04 | 0.01 | 0.04 | 0.05 | 0.01 |
| EPS (Diluted) | 0.09 | 0.04 | 0.06 | 0.03 | 0.01 | 0.04 | 0.05 | 0.01 |

SIGNIFICANT FOURTH QUARTER EVENTS

In the fourth quarter of fiscal 2005, the Company received a one time Ontario production tax reduction of \$379 thousand that was not available to the Company in fiscal 2006. In Ontario small brewers pay reduced rates for production taxes and the applicable marginal rates increase as a brewer's annual production reaches certain thresholds. Effective June 21, 2004, the Government of Ontario increased production taxes and at the same time reset the production base for small brewers, resulting in a one-time decreased marginal tax rate for the Company. No such production tax reset occurred in the current fiscal quarter.

In the fourth quarter of fiscal 2006, the Company reduced distribution fees paid to LCBO and TBS by 15% or \$386 thousand over the fourth quarter of fiscal 2005. Previously the Company's products were shipped primarily to TBS warehouses and the Company was charged a transfer fee for TBS retail store delivery. Due to a management initiated commitment to increase direct shipments to TBS retail stores, the Company has substantially reduced these TBS transfer fees.

During the fourth quarter of 2006, the Company consolidated and increased its customer service activities in order to streamline and better execute delivery of its products directly to TBS and LCBO stores. This investment is expected to help improve the availability of the field inventories for the Company's products and reduce distribution fees in future quarters.

In the fourth quarter of 2006, a distributor billed the Company for the cost of bottles returned over the previous 15 months. The cost incurred for the return of these bottles was in excess of management's estimates and the Company recorded a one-time write-down of its bottle inventory of \$369 thousand. Management has revised its estimates going forward for the cost of bottle returns.

The Company's performance in the fourth quarter was adversely affected by various transitional costs pertaining to the transition of production to the new Kitchener packaging facility. These costs were primarily driven by increases in overheads prior to the realization of targeted variable cost reductions. As a result of a management philosophy focused on a careful start-up with an emphasis on continuity of supply, duplicate overheads of approximately \$400 thousand were incurred in the quarter. They include duplications in manufacturing overhead, utilities and project management costs that will be eliminated when the production transition has been more fully implemented.

Selling and marketing activities increased \$400 thousand as the Company provided additional advertising support for its Laker brands and invested in its sales and customer service functions to provide better execution in the LCBO and TBS channels.

EBITDA was a loss of \$152 thousand in the fourth quarter of fiscal 2006, compared to \$358 thousand in the fourth quarter of fiscal 2005. Adjusted normalized EBITDA would have been \$217 thousand in the quarter except the Company incurred a one-time write-down of bottle inventory. In the fourth quarter of fiscal 2005, adjusted normalized EBITDA would have been a loss of \$21 thousand, except that the Company incurred a one time tax gain from reduced production taxes of \$379 thousand. With these adjustments, normalized EBITDA improved by \$238 thousand in the quarter over the fourth quarter of fiscal 2005. Year to date EBITDA increased 15% from \$3.4 million last year to \$3.9 million for the year ended January 31, 2006.

EBITDA for the year was \$3.9 million versus the previously communicated target of \$5.0 million. The previous target did not include any impact for the packaging line start-up costs on the short term EBITDA performance. EBITDA performance for the year was adversely affected by the fourth quarter EBITDA, which, as described above, was affected by the transition costs of the new Kitchener packaging facility, the bottle inventory write-down and increased advertising and sales costs.

Given that the continued commissioning of the new packaging facility will continue into the first quarter of fiscal 2007, and that additional start-up costs will be incurred, management expects earnings in the first quarter of fiscal 2007 to be lower than earnings reported in the first quarter of fiscal 2006.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

The Company's accounting policies are discussed in detail in note 1 to the Company's fiscal 2006 audited financial statements.

The CICA has implemented a new financial instruments accounting framework encompassing five new CICA handbook sections (*Section 3855, Section 3865, Section 1530, Section 3861 and Section 3251*). These new standards are effective for the first interim and annual periods beginning on or after October 1, 2006. Early adoption is permitted only as of the beginning of a fiscal year on or after December 31, 2004. An enterprise must concurrently adopt each of these new standards.

Section 3855 "Financial Instruments – Recognition and Measurement" establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard introduces a new definition of a derivative and requires all derivatives to be reported on the balance sheet at fair value and re-measured at fair value at each reporting date. Changes in the fair value of derivatives are reported in net income.

Section 3865 "Hedging Relationships" establishes standards for when and how hedge accounting may be applied. The standard retains most of AcG-13 "Hedging Relationships" such as formal documentation, designation of specific hedging relationship components, and assessing of hedge effectiveness.

Section 1530 "Comprehensive Income" establishes guidance for the reporting of comprehensive income. The standard introduces a new financial statement, the Statement of Comprehensive Income, requiring presentation with equal prominence as the Balance Sheet, Income Statement and Statement of Cash Flows. Comprehensive income is the change in equity of an enterprise during a period from transactions and other events from non-owner sources.

Section 3861 "Financial Instruments – Disclosure and Presentation" establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. This section replaces Section 3860 "Financial Instruments – Disclosure and Presentation".

MANAGEMENT'S DISCUSSION AND ANALYSIS

Section 3251 "Equity" establishes standards for the presentation of equity and changes in equity during the reporting period. This standard replaces Section 3250 "Surplus".

The Company has not yet assessed the impact of the above new accounting standards and intends to adopt the new standards in the 2008 fiscal year.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are discussed in note 14 to the Company's fiscal 2006 audited financial statements.

The Company rented warehouse space until September 2005 from a company controlled by Scott Uffelman, a member of the Board of Directors. The rental charges were \$189 thousand in fiscal 2006 and \$227 thousand in fiscal 2005 and the space is used for warehousing various inventories. All charges were at fair market value.

During the year, an account receivable in the aggregate of \$224 thousand for advances previously made to Jim Brickman, the Executive Chairman, and a company controlled by Mr. Brickman, was paid.

During the year, charges for services amounting to approximately \$50 thousand (Nil -fiscal 2005) were made to a company controlled by Jim Brickman, the Executive Chairman.

On February 1, 2005 the Company acquired a 50% interest in Direct Cellars Beverage Co. ("Direct Cellars"). Direct Cellars provides sales agency services to the Company. The cost of services was \$495 thousand and \$234 thousand for the years ended January 31, 2006 and 2005, respectively. At January 31, 2006, Direct Cellars owed the Company \$90 thousand (January 31, 2005-nil). This amount is included in accounts receivable. During the year ended January 31, 2006, the Company recorded income of \$38 thousand from this affiliate.

CRITICAL ACCOUNTING ESTIMATES

The Company amortizes returnable containers using accounting estimates. Returnable containers are recorded at cost net of deposit liabilities and are amortized over their useful lives. To estimate the useful life, management takes into account return rates and number of uses. The Company estimates useful lives using historical trends and internal studies. There is uncertainty in these estimates in that actual experience may vary from these estimates. The Company is not aware of any facts that would cause it to believe that the estimates used are materially incorrect.

In 2002 there was an accounting change for indefinite life intangible assets. As a result, the Company no longer amortizes these assets. However, each year the Company assesses these assets for impairment in order to determine if a write-down is required. The Company undertakes an impairment analysis test in the fourth quarter each year. This involves using discounted cash flows to value the assets. There is uncertainty in these estimates as the related cash flows are projected for future years based on underlying assumptions such as volume growth, inflation factors and industry trends which may not materialize. Management uses its best estimates to forecast these amounts, but the actual amounts may vary from estimates. Should future cash flows differ from management's estimates, an impairment of these assets and a related write-down may result. The Company believes that these estimates are materially correct.

In the 2006 fiscal year, the Company recorded an income tax asset. The Company has determined it has met the "more likely than not test" required by the CICA Handbook section 3465 "Income Taxes" for these assets to be recorded. The Company changed its estimate after it established a strong earnings history and other evidence to support a more likely than not conclusion that the benefit of the tax losses will be realized in the future. This change in estimate of the future income tax asset valuation allowance was reflected as a recovery of income taxes in the 2006 fiscal year.

The Company recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the option plan. Stock based compensation expense recognized during the year ended January 31, 2006 was \$192 thousand (fiscal 2005-\$160 thousand), based on the Black-Scholes option pricing model, with the following weighted average assumptions: risk free interest rate of 4.0%, dividend yield of nil, expected volatility of 58.9% and expected hold period to exercise of 5 years.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining disclosure controls and procedures as defined under Multilateral Instrument 52-109 for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at January 31, 2006 and has concluded that such procedures are effective.

FINANCIAL INSTRUMENTS

The Company does not enter into contractual agreements involving financial instruments to hedge underlying exposures to foreign exchange, interest rates and commodity markets.

An insignificant portion of the Company's purchases are in U.S. dollars. The Company does not sell any of its products in U.S. funds.

The Company uses significant quantities of malt and hops. The Company uses fixed price contracts of less than one year to reduce the price exposures on these commodities.

AUDITORS' REPORT

To the shareholders of Brick Brewing Co. Limited

We have audited the consolidated balance sheets of Brick Brewing Co. Limited as at January 31, 2006 and 2005 and the consolidated statements of earnings and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Waterloo, Canada

March 24, 2006


CONSOLIDATED BALANCE SHEETS

January 31, 2006 and 2005

| | 2006 | 2005 |
|--|---------------|---------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 506,874 | \$ 3,107,880 |
| Accounts receivable | 3,248,198 | 1,980,981 |
| Inventories (note 2) | 5,110,799 | 4,207,490 |
| Prepaid expenses | 434,102 | 163,495 |
| | 9,299,973 | 9,459,846 |
| Property, plant and equipment (note 3) | 15,518,419 | 9,510,725 |
| Deposits on equipment | - | 128,175 |
| Long-term investment (note 4) | 103,390 | - |
| Trademarks and listings fees | 5,253,526 | 5,108,794 |
| Deferred costs (note 5) | 373,871 | 183,096 |
| Other assets (note 6) | 272,500 | - |
| Future income taxes (note 12) | 2,103,865 | - |
| | \$ 32,925,544 | \$ 24,390,636 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 5,410,546 | \$ 3,274,529 |
| Current portion of long-term debt (note 8) | 476,400 | 300,000 |
| Current portion of obligations under capital leases (note 9) | 100,462 | 30,599 |
| | 5,987,408 | 3,605,128 |
| Long-term debt (note 8) | 2,988,700 | 2,550,000 |
| Obligations under capital leases (note 9) | 103,798 | 37,876 |
| Shareholders' equity: | | |
| Share capital (note 10) | 27,717,122 | 27,060,076 |
| Contributed surplus | 413,700 | 222,070 |
| Deficit | (4,285,184) | (9,084,514) |
| | 23,845,638 | 18,197,632 |
| Commitments (note 11) | | |
| | \$ 32,925,544 | \$ 24,390,636 |

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT

Years ended January 31, 2006 and 2005

| | 2006 | 2005 |
|--|----------------|----------------|
| Revenue: | | |
| Gross Revenue | \$ 62,276,752 | \$ 42,129,255 |
| Less: Production taxes and distribution fees | (32,057,701) | (19,464,121) |
| Net Revenue | 30,219,051 | 22,665,134 |
| Cost of goods sold | 19,356,335 | 14,877,972 |
| Write down of bottle inventory | 369,072 | - |
| Gross margin | 10,493,644 | 7,787,162 |
| Selling, marketing and administration | 6,484,562 | 4,285,622 |
| Earnings before the undemoted | 4,009,082 | 3,501,540 |
| Other income (expenses): | | |
| Bottle dispute | (82,502) | (88,420) |
| Interest on long-term debt | (222,097) | (173,886) |
| Other interest income | 106,720 | 8,947 |
| Amortization | (1,153,291) | (1,363,472) |
| Equity earnings on long-term investment | 37,553 | - |
| | (1,313,617) | (1,616,831) |
| Net earnings before provision for income taxes | 2,695,465 | 1,884,709 |
| Future income tax recovery (note 12) | 2,103,865 | - |
| Net earnings | 4,799,330 | 1,884,709 |
| Deficit, beginning of year | (9,084,514) | (10,969,223) |
| Deficit, end of year | \$ (4,285,184) | \$ (9,084,514) |
| Net earnings per share (note 16): | | |
| Basic | \$ 0.24 | \$ 0.12 |
| Diluted | 0.24 | 0.11 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended January 31, 2006 and 2005

| | 2006 | 2005 |
|--|--------------|--------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Net earnings | \$ 4,799,330 | \$ 1,884,709 |
| Items not involving cash: | | |
| Amortization | 1,153,291 | 1,363,472 |
| Stock-based compensation | 191,630 | 160,300 |
| Equity earnings on long-term investment | (37,553) | - |
| Recovery of future income taxes | (2,103,865) | - |
| Change in non-cash operating working capital | (498,020) | (4,974,894) |
| | 3,504,813 | (1,566,413) |
| Financing: | | |
| (Decrease) in-bank indebtedness | - | (807,232) |
| Repayment of long-term debt | (384,900) | (3,265,477) |
| Repayment of long-term sales tax payable | - | (648,195) |
| Financing costs | (5,000) | (185,346) |
| Issue of capital stock | 657,046 | 7,505,077 |
| Issuance of long-term debt | 1,000,000 | 3,000,000 |
| Proceeds from sale of bottle inventory | 224,337 | - |
| Repayment of obligations under capital leases | (87,418) | (6,540) |
| | 1,404,065 | 5,592,287 |
| Investments: | | |
| Equipment deposits | - | (128,175) |
| Purchase of property, plant and equipment and listing fees | (6,908,215) | (789,819) |
| Pre-operating costs | (235,832) | - |
| Purchase of other assets | (300,000) | - |
| Purchase of long-term investment | (65,837) | - |
| | (7,509,884) | (917,994) |
| Increase/decrease in cash | (2,601,006) | 3,107,880 |
| Cash, beginning of year | 3,107,880 | - |
| Cash, end of year | \$ 506,874 | \$ 3,107,880 |
| Supplemental cash flow information: | | |
| Cash paid for interest | \$ 219,509 | \$ 206,726 |
| Non-cash investing and financing activities: | | |
| Acquisition of equipment through capital leases | 223,203 | 75,015 |

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended January 31, 2006 and 2005

Brick Brewing Co. Limited (the "Company") operates two breweries serving primarily the Ontario market. The Company's primary business is the brewing and marketing of bottled beer as well as draught beer in kegs. The Company's products are marketed through the facilities of The Beer Store, the Liquor Control Board of Ontario, and to licensed establishments.

1. Significant accounting policies:

(a) Revenue recognition:

The Company recognizes revenue when products are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

(b) Investments in marketable securities:

Interest-bearing financial assets intended to be held to maturity are carried at amortized cost. Interest is recognized on an effective yield basis. These investments are written down to their estimated realizable value when this amount is less than amortized cost, unless the Company has reason to believe it will be able to recover the carrying amount. Other short-term investments are carried at the lower of cost or market value.

(c) Inventories:

Raw material, supplies, and promotional items are valued at the lower of cost, on a first-in, first-out basis, and replacement cost. Work-in-process and finished goods are valued at the lower of average cost (including direct materials, labour and overhead costs) and net realizable value. Returnable containers are recorded at cost net of amortization over their estimated useful lives.

(d) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Expenditures which significantly increase the life of an asset are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Amortization is provided using the following method and annual rates:

| Asset | Basis | Rate |
|-----------------------------|---------------|-----------|
| Buildings | Straight-line | 3% - 5% |
| Storage tanks | Straight-line | 3% - 6% |
| Equipment | Straight-line | 3% - 20% |
| Computer equipment | Straight-line | 30% - 50% |
| Vehicles | Straight-line | 30% |
| Assets under capital leases | Straight-line | 30% - 50% |

(e) Long-term investments:

The investment in a significantly influenced company is accounted for using the equity method. Under the equity method, the original cost of the shares is adjusted for the Company's share of post acquisition earnings or losses less dividends. The excess of the cost of the shares of the associated company over the net book values of its net assets on the date of acquisition amounted to \$140,000.

(f) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(g) Intangible assets:

Intangible assets, acquired either individually or with a group of other assets are initially recognized and measured at cost. Costs incurred in the maintenance of the service potential of an intangible asset are expensed as incurred.

Management has determined that trademarks and listing fees are indefinite life intangible assets. As such, the assets are not amortized and are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test compares the carrying amount of the intangible asset with its fair value, and an impairment loss is recognized in income for the excess, if any.

The Company performed the annual impairment test, as required under the CICA Handbook Section 3062, in the fourth quarter of 2006 and concluded that there was no impairment on trademarks and listing fees. As a result, the second step of the annual impairment test under Section 3062 was not required to be performed.

(h) Revenue recognition:

Revenue is recognized upon delivery of product to the customer. Included in Gross revenues include applicable federal and provincial production, environmental and excise taxes, plus third party agency and distribution fees.

Net revenue represents the Gross revenues, less applicable federal and provincial production, environmental and excise taxes and less distribution service charges levied by applicable provincial liquor boards and government approved distribution agents.

(i) Deferred financing costs:

Deferred financing costs represent the cost of issuance of long-term debt. Amortization is provided on a straight-line basis over the term of the debt.

(j) Deferred pre-production costs:

Deferred pre-production costs represent costs incurred in establishing new production lines which require time to reach commercial production capability. Amortization is provided on a straight line basis at 20% per year.

(k) Net earnings per share:

Basic net earnings per share have been calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. Diluted net earnings per share have been calculated similar to basic net earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants and stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the period.

(l) Stock-based compensation:

The Company accounts for all stock-based payments to employees and non-employees, using the fair value based method. Consideration paid by employees on the exercise of stock options is recorded as share capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date are measured and recognized at that date.

Under the fair value based method, compensation cost attributable to awards to employees, is measured at fair value at the grant date and recognized over the vesting period. For awards that vest at the end of the vesting period, compensation cost is recognized on a straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

(m) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The Company's accounts which involve a greater degree of uncertainty include the carrying values of inventory, trademarks and listing fees, deferred costs, other assets and future income tax assets.

2. Inventories:

| | 2006 | 2005 |
|------------------------------------|---------------------|---------------------|
| Promotional items | \$ 124,680 | \$ 247,069 |
| Returnable containers | 2,465,047 | 1,901,972 |
| Raw materials and supplies | 1,344,766 | 946,991 |
| Work-in-process and finished goods | 1,176,306 | 1,111,458 |
| | \$ 5,110,799 | \$ 4,207,490 |

3. Property, plant and equipment:

| | Cost | Accumulated amortization | 2006 Net book value | 2005 Net book value |
|--------------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 275,000 | \$ - | \$ 275,000 | \$ 275,000 |
| Buildings | 2,866,429 | 1,179,410 | 1,687,019 | 1,473,497 |
| Storage tanks | 1,074,030 | 588,000 | 486,030 | 515,349 |
| Equipment | 20,746,676 | 7,978,497 | 12,768,179 | 7,138,562 |
| Computer equipment | 676,915 | 552,842 | 124,073 | 44,872 |
| Vehicles | 188,815 | 188,815 | - | - |
| | 25,827,865 | 10,487,564 | 15,340,301 | 9,447,280 |
| Property under capital leases: | | | | |
| Assets under capital leases | 298,218 | 120,100 | 178,118 | 63,445 |
| | \$ 26,126,083 | \$ 10,607,664 | \$ 15,518,419 | \$ 9,510,725 |

Amortization of plant and equipment totalled \$1,107,166 (2005 - \$889,648).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Long-term investments:

On February 1, 2005, the Company acquired a 50% interest in Direct Cellars Beverage Co., a sales agency in the alcohol based products industry, for cash consideration of \$60,000. The Company is accounting for the investment using the equity method.

5. Deferred costs:

| | | | 2006 | 2005 |
|----------------------------|------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Financing costs | \$ 190,346 | \$ 20,874 | \$ 169,472 | \$ 183,496 |
| Pre-production costs | 235,832 | - | 235,832 | - |
| Gain on disposal of assets | (32,800) | (1,367) | (31,433) | - |
| | \$ 393,378 | \$ 19,507 | \$ 373,871 | \$ 183,496 |

Deferred costs include deferred financing costs, net of amortization, of \$169,472 (2005 - \$183,096) which relate to costs associated to financing from the Company's current lender. Amortization of deferred financing costs totaled \$18,264 (2005 - \$183,440).

Deferred pre-production costs represent costs associated with establishing a new production line until it attains commercial production capability. The Company incurred costs of \$235,832 (2005 - NIL). Amortization of deferred pre-production costs was NIL (2005 - \$282,825).

Deferred gain on disposal of assets, net of amortization, of \$31,433 (2005 - NIL) which relate to a gain on the sale of bottles and financed with an operating lease. The gain will be amortized over four years the term of the current lease. Amortization of the deferred gain on disposal of assets was \$1,367 (2005 - NIL).

6. Other assets:

Other assets include \$300,000 paid to a third party to offset the costs of upgrades to a waste treatment facility. In the agreement the Company will receive reduced fees for the treatment of its waste water effluent for a period of ten years. Other assets costs are being amortized over the term of the agreement. Amortization for the year was \$27,500 (2005 - NIL).

7. Bank indebtedness:

The Company has a bank operating line of credit with interest at prime plus .25%. The operating line is secured by a general security agreement over all assets other than real property and a collateral mortgage in the amount of \$5,500,000 over real property.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Long-term debt:

| | 2006 | 2005 |
|--|--------------|--------------|
| Mortgage payable, bearing interest at the lender's floating base rate plus 2.75% (6.76% at January 31, 2006), with monthly interest payments for 12 months of the year and six monthly principal payments of \$50,000 from May to October, maturing on October 15, 2013. | \$ 2,550,000 | \$ 2,850,000 |
| Mortgage payable, bearing interest at the lender's floating base rate plus 2.75% (6.76% at January 31, 2006), with monthly interest and principal payments, maturing on July 15, 2010. | \$ 915,100 | \$ - |
| | 3,465,100 | 2,850,000 |
| Current portion of long-term debt | 476,400 | 300,000 |
| | \$ 2,988,700 | \$ 2,550,000 |

The mortgages are secured by a general security agreement over all assets (subject to a secondary priority on accounts receivable and inventory in favour of the company's operating lender – see note 5), a collateral mortgage in the amount of \$3,500,000 over real property, a first position assignment of trademarks and a first position security interest in processing plant and equipment. The aggregate maturities of long term debt obligations are summarized as follows:

| | |
|------------|--------------|
| 2007 | \$ 476,400 |
| 2008 | 490,800 |
| 2009 | 507,000 |
| 2010 | 524,400 |
| 2011 | 416,500 |
| Thereafter | 1,050,000 |
| | \$ 3,465,100 |

9. Obligations under capital leases:

The following is a schedule of the future minimum lease payments of the capital leases expiring on various dates, together with the balance of the obligations:

| | 2006 | 2005 |
|---|------------|-----------|
| 2006 | \$ - | \$ 34,107 |
| 2007 | 112,865 | 28,993 |
| 2008 | 94,949 | 11,159 |
| 2009 | 13,965 | |
| | 221,779 | 74,259 |
| Less amount representing interest ranging from 3% to 9% | (17,519) | (5,784) |
| Present value of net minimum lease payments | 204,260 | 68,475 |
| Less current portion of capital lease payments | 100,462 | 30,599 |
| | \$ 103,798 | \$ 37,876 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Share capital:

(a) The Company has authorized an unlimited number of preferred shares. No preferred shares are issued.

The Company has authorized an unlimited number of common shares.

Common share transactions are summarized as follows:

| | Number of shares 2006 | Number of warrants 2006 | Stated value 2006 \$ | Number of shares 2005 | Number of warrants 2005 | Stated value 2005 \$ |
|--|-----------------------------|-------------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Issued, beginning of year | 19,261,412 | 1,840,000 | 27,060,076 | 12,445,130 | - | 19,558,215 |
| Shares issued from private placements | - | - | - | 6,791,282 | 1,840,000 | 7,484,111 |
| Shares issued from employee stock purchase plan | 20,110 | - | 39,818 | - | - | - |
| Shares issued upon exercise of employee stock options | 380,000 | - | 238,000 | 25,000 | - | 17,750 |
| Shares issued upon exercise of compensation options | 82,800 | - | 145,728 | - | - | - |
| Shares issued under exercise of warrants | 116,750 | (116,750) | 233,500 | - | - | - |
| | 19,861,072 | 1,723,250 | 27,717,122 | 19,261,412 | 1,840,000 | 27,060,076 |

On November 4, 2004, the Company issued 6,791,282 shares from a private placement. Also issued as a result of this private placement were 1,840,000 warrants entitling the holder thereof to purchase one common share at any time prior to November 4, 2006 at an exercise price of \$2.00 per warrant share. On January 31, 2006 there were 1,723,250 warrants outstanding.

(b) Stock option and share purchase plans:

The Company has issued stock options to certain directors, officers and key employees. The options may be exercised during periods of up to five years following the date of issue, at a price equal to the weighted average closing market price during the five days immediately preceding the date granted.

(i) A summary of the status of the Company's employee plans as at January 31, 2006 and 2005 is presented below:

| | Options | Weighted average exercise price 2006 \$ | Options | Weighted average exercise price 2005 \$ |
|--------------------------------|-----------|---|----------|---|
| Outstanding, beginning of year | 994,000 | 0.84 | 619,000 | 0.64 |
| Granted | 145,000 | 2.28 | 400,000 | 1.15 |
| Exercised | (380,000) | 0.63 | (25,000) | 0.71 |
| Outstanding, end of year | 759,000 | 1.22 | 994,000 | 0.84 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) A summary of options outstanding under the plan is presented below:

| Exercise price | Number outstanding as of January 31, 2006 | Weighted average remaining contractual life | Number exercisable at January 31, 2006 |
|----------------|---|---|--|
| \$ 0.44 | 50,000 | .17 | 50,000 |
| 0.50 | 19,000 | .32 | 19,000 |
| 0.73 | 145,000 | 2.58 | 145,000 |
| 0.84 | 300,000 | 3.25 | 300,000 |
| 2.07 | 100,000 | 3.83 | 100,000 |
| 2.28 | 145,000 | 4.25 | 145,000 |
| 0.44 to 2.35 | 759,000 | 3.11 | 759,000 |

There were 145,000 options granted on April 22, 2005 at a price of \$2.28 per share. The fair value of each option granted was estimated using the Black-Scholes fair value option pricing model with the following assumptions: risk free interest rate of 4.0%, nil dividend yield, expected lives of five years and volatility of 58.9%. The fair value of these options when granted was \$1.23.

(c) Employee share purchase plan:

Employees are eligible to purchase an allotted number of common shares at a discount of 10% from the average closing market price during the five days immediately preceding the date of January 15, 2006. During 2006, 20,110 shares were issued under the plan.

(d) Compensation options:

In addition to the above options, as part of the private placement on November 4, 2004, 220,800 compensation options were issued entitling the holder to purchase one common share at any time up to November 4, 2006 at an exercise price of \$1.76. During the year 82,800 compensation options were exercised leaving 138,000 outstanding at January 31, 2006. On September 12, 2005, 50,000 options were granted to the two principle shareholders of Direct Cellars Beverage Co. at a price of \$2.35 per share. The options vest after two years from date of grant. The fair value of each option granted was estimated using the Black-Scholes fair value option pricing model with the following assumptions: risk free interest rate of 4.0%, nil dividend yield, expected lives of 5 years and volatility of 59.4%. The fair value of these options when granted was \$1.28.

11. Segment information:

Management has determined that the Company operates in a single industry segment which involves the production and sale of beer and other alcohol based products. Over 90% of the Company's operations, assets, sales revenue and employees are in Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Income taxes:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 36.1% (2005 – 36.1%) to earnings before income taxes. The reasons for the differences and related tax effects are as follows:

| | 2006 | 2005 |
|---|----------------|------------|
| Computed tax expense | \$ 973,063 | \$ 680,380 |
| Manufacturing and processing deduction | (53,879) | (37,317) |
| Other non-deductible expenses | 108,623 | 110,511 |
| Adjustment to future taxes for enacted changes in tax rates | - | (29,887) |
| Change in valuation allowance | (3,131,672) | (723,687) |
| Income tax recovery | \$ (2,103,865) | \$ - |

Tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at January 31, 2006 and 2005 are presented below:

| | 2006 | 2005 |
|--|--------------|--------------|
| Future tax assets: | | |
| Differences between tax and accounting values of property, plant and equipment | \$ 579,819 | \$ 2,612,179 |
| Differences between tax and accounting values of trademarks and listing fees | 249,122 | (144,504) |
| Differences between financing costs deducted for tax over accounting | 139,800 | 200,282 |
| Non-capital loss carry-forwards | 1,563,674 | 437,039 |
| Other | 69,694 | 26,676 |
| Total gross net future income tax assets | 2,103,865 | 3,131,672 |
| Less valuation allowance | - | (3,131,672) |
| Net future income tax asset | \$ 2,103,865 | \$ - |

The Company has deductions for tax in excess of those available for accounting of approximately \$ 6,200,000 which can be applied against future taxable income. Of this amount, approximately \$ 4,400,000 consists of non-capital loss carry-forwards for which \$1,300,000 will expire in 2010 if unused and \$3,100,000 will expire in 2013.

13. Commitments:

The Company is committed under long term operating leases to rent equipment and premises at the following annual rates:

| | |
|------------|---------------|
| 2007 | \$ 1,366,708 |
| 2008 | 1,227,914 |
| 2009 | 1,191,251 |
| 2010 | 1,140,613 |
| 2011 | 913,429 |
| Thereafter | 4,442,880 |
| | \$ 10,282,795 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Related party transactions:

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

- (a) During the year, rental charges amounting to approximately \$188,810 (2005 – \$226,600) were made to a company controlled by a member of the Board of Directors.
- (b) In 2005 accounts receivable included an amount of \$ 223,540 (2006 – NIL) due from the Executive Chairman and from a related company controlled by him. This amount was repaid during the year.
- (c) During the year, charges for services amounting to approximately \$50,000 (2005 – NIL) were made to a company controlled by a member of the Board of Directors.
- (d) Direct Cellars Beverage Co. is a significantly influenced investee, provides sales services to the Company. The cost of these services, aggregating to \$495,532 were incurred by the Company. These transactions are in the normal course of operations. At January 31, 2006 Direct Cellars Beverage Co. owed the Company \$90,000 (2005 – nil) via a shareholder loan with no fixed repayment terms.

15. Fair value of financial assets and financial liabilities:

All financial assets and financial liabilities are recorded at amounts which approximate their fair market value.

The maximum credit risk, being the risk of default on accounts receivable is \$3,340,134 (2005 – \$1,980,981) which represents the current carrying value. The Beer Store and the Liquor Control Board of Ontario are the largest customers with accounts receivable totalling approximately \$1,889,187 (2005 – \$1,473,783).

16. Earnings per share:

The computations for basic and diluted earnings per share are as follows:

| | 2006 | 2005 |
|--------------------------------------|--------------|--------------|
| Net Earnings | \$ 4,799,330 | \$ 1,884,709 |
| Average number of shares outstanding | | |
| Basic | 19,568,013 | 15,974,532 |
| Effect of warrants and stock options | 513,534 | 1,060,628 |
| Diluted | 20,081,547 | 17,035,160 |
| Earnings per share: | | |
| Basic | \$ 0.24 | \$ 0.12 |
| Diluted | \$ 0.24 | \$ 0.11 |

17. Comparative figures:

Certain 2005 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

COMPANY OFFICERS

James R. A. Brickman
Executive Chairman and Founder

Doug Berchtold
President and C.E.O.

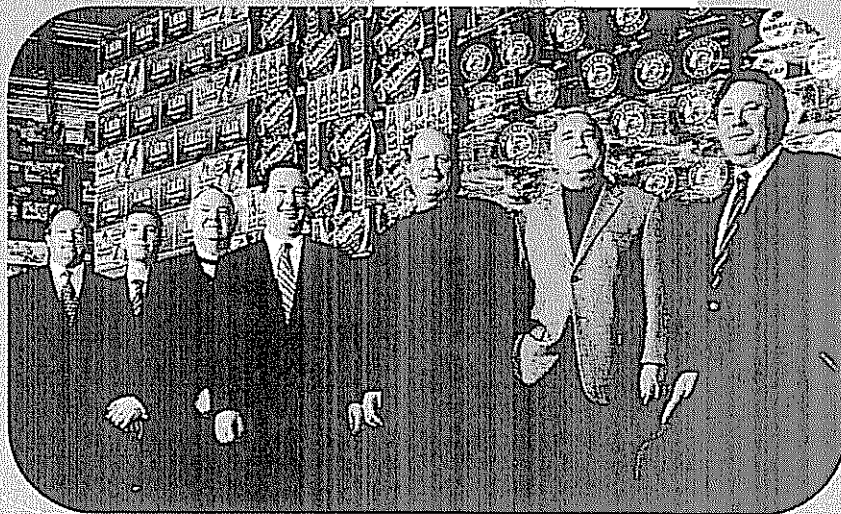
Mike Baumken
Vice President Operations

Kevin Meens
Vice President Corporate Development

Graydon Moore
Chief Financial Officer/ Secretary

Norm Pickering
Vice President Marketing

Craig Prentice
Vice President Sales



DIRECTORS

(from left)

Thomas W. Gilchrist
President
T.W. Gilchrist Vending Ltd.
Toronto, Ontario

Edward H. Kernaghan
Executive Vice President
Kernwood Limited
Toronto, Ontario

Walter T. Hogg
Consultant
Avoca, Ireland

Doug Berchtold
President and C.E.O.
Brick Brewing Co. Limited
Waterloo, Ontario

James R. A. Brickman
Founder & Executive Chairman
Brick Brewing Co. Limited
Waterloo, Ontario

Ronald L. Fowler
Chairman & C.E.O.
Liquid Investments, Inc.
San Diego, California

W. Scott Uffelman
President
Ontario Seed Company Limited
Waterloo, Ontario

HEAD OFFICE

181 King St. S.
Waterloo, Ontario
N2J 1P7
Tel: (519) 576-9100
Fax: (519) 576-0470
www.brickbeer.com

AUDITORS

KPMG LLP Chartered Accountants
20 Erb St. W. Marsland Centre
Waterloo, Ontario
N2L 1T2

TRANSFER AGENTS

Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario
M5J 2Y1



HEAD OFFICE: BRICK BREWING CO. LIMITED
501 King Street West, Waterloo, Ontario N2L 1H1, Canada
finance@brickbeer.com

This is **Exhibit "8"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Healy

A Commissioner, etc.



Droit de la concurrence, Ministère de la Justice Canada
 Competition Law Division, Department of Justice Canada

FICHE DE TÉLÉCOPIE
 FACSIMILE TRANSMITTAL SLIP

Date: 2007-02-01

AA/YY-MM/MM-JJ/DD

| | | | |
|---|----|---|--|
| Nbre de pages (incluant la présente) : No. of pages (including this form): | 17 | L'original suivra par la poste : Original will follow by mail: | <input type="checkbox"/> oui/yes <input checked="" type="checkbox"/> non/no |
|---|----|---|--|

| ENVOYER À / SEND TO | | DE / FROM | |
|-------------------------------------|-------------------------|--|-------------------------|
| Nom / Name: | | Nom / Name: | |
| Jay Holsten Bell Globemedia Inc. | | Roger Nassrallah Counsel to the Commissioner of Competition | |
| No. du télécopieur / Fax # : | No. de tél. / Tel. No.: | No. du télécopieur / Fax # : | No. de tél. / Tel. No.: |
| 416.865.7380 | 416.865.7523 | (613) 954-0964 | (613) 954-0818 |

Commentaires / Comments:

Re : Commissioner of Competition v

Please find attached an order from the Federal Court of Canada compelling the production of records and written returns, pursuant to section 11 of the *Competition Act*.

If you have any questions/concerns, please feel free to call me at 613-954-0818 or email me at nassrallah.roger@cb-bc.gc.ca.

RN

AVERTISSEMENT CONCERNANT LA
 CONFIDENTIALITÉ

Ce message est strictement réservé à l'usage de la personne ou à l'organisme à qui il est adressé et peut contenir de l'information privilégiée et confidentielle. Cependant, si vous recevez cette communication par erreur, veuillez immédiatement en aviser l'émetteur par téléphone. Prendre note que si vous n'êtes pas le destinataire de ce message, vous êtes avisés, par la présente, que toute divulgation, diffusion, distribution ou reproduction de cette communication est strictement interdite.

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 If there are any problems with this transmission, please contact:

Maria Howlett

(613) 954-0875

OU/ OR (819) 997-3325

Droit de la concurrence
 Ministère de la Justice Canada
 22^e étage, Tour I
 Place du Portage
 50, rue Victoria
 Gatineau (Québec) K1A 0C9

Competition Law Division
 Department of Justice Canada
 22nd floor, Phase I
 Place du Portage
 50 Victoria Street
 Gatineau, Quebec K1A 0C9

Canada

Date: 20070131

Court File No. T-174-07

FEDERAL COURT

Ottawa (Ontario), this 31st day of January, 2007

PRESENT: THE HONOURABLE MR. JUSTICE HARRINGTON

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c.C-34;

AND IN THE MATTER OF an inquiry under section 10 of the *Competition Act* into the proposed acquisition of CHUM Ltd. by Bell Globemedia Inc., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an application by the Commissioner of Competition, for the issuance of orders directing the Respondent to produce certain records and to make written returns pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

-and-

BELL GLOBEMEDIA INC.

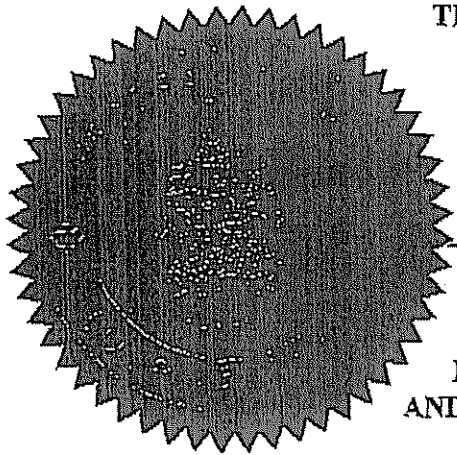
Respondents

ORDER

FOR THE PRODUCTION OF RECORDS
AND A WRITTEN RETURN OF INFORMATION

UPON APPLICATION made the 19th day of January, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act* (the "Act") for an order pursuant to paragraphs 11(1)(b) and (c) of the Act;

AND UPON CONSIDERING the materials filed in support of this application, including the affidavit of Eric Khaiat, sworn on January 18, 2007, and the draft order with attached Schedules;



AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of CHUM Ltd. by Bell Globemedia Inc., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the Respondent has or is likely to have records and information that are relevant to the inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.
2. **THIS COURT FURTHER ORDERS** that the records produced are to be either original records or certified by affidavit to be true copies. In order to facilitate the handling and orderly maintenance of records and to ensure the accurate and expeditious return of original records produced pursuant to this order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) records which are stapled or attached together in any manner are to remain attached;
 - c) the records are to be organized chronologically, with *each* page numbered consecutively at or near the bottom right corner. The alpha letter "BB" shall precede each numeric page number. The records are to be indexed to the questions to which they respond;
 - d) all electronic records are to be produced as described below:
 - i) all electronic records shall be provided on CD-ROM or diskette;
 - ii) database records shall be provided as flat file, in a non-relational format;
 - iii) spreadsheets shall be in either Lotus 123 or MS Excel format; word processing files shall be in either MS Word or WordPerfect format;
 - iv) e-mail records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - e) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

f) all electronic media (CD-ROM, diskettes, etc.) shall be identified with a label describing the contents.

g) records which have previously been provided to the Commissioner which are identified in sufficient detail for the Commissioner to identify such records need not be re-submitted to the Commissioner.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Suzanne Fréchette

b) the person producing the records and written return of information is to provide them under oath or solemn affirmation;

c) the production of records shall be made within 21 days of the date of service of this order;

d) the return of information shall be made within 14 days of the date of service of this order.

5. **THIS COURT FURTHER ORDERS** that the Commissioner shall provide a copy of the affidavit filed in support of this application, to the person to whom this order is directed, upon receiving a written request for such directed to the Commissioner.

Dated at the City of Ottawa, in the Province of Ontario
this 31st day of January, 2007

"Sean Harrington"
Justice of the Federal Court

I HEREBY CERTIFY that the above document is a true copy of the original issued out of / filed in the Court on the 1st day of February A.D. 20 07
Dated this 1st day of February 20 07
A. L. Dickenson
A. L. Dickenson
Registry Officer
Agent du greffe

APPENDIX "A"

PARTY TO RECEIVE ORDER

PARTY NAME

Bell Globemedia Inc.
9 Channel Nine Court
Scarborough ON M1S 4B5

CONTACT:

R. Jay Holsten
(416) 332-5700

SCHEDULE "A"

SCHEDULE 11 (b) - REQUIRED RECORDS

NOTICE CONCERNING OBSTRUCTION

Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the *Competition Act*, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction of any of these offences is punishable by fine or imprisonment or both.

PART A - KEY TERM DEFINITIONS

In the following requests, the terms (as defined hereinafter), whether singular or plural, shall read in the context afforded:

- I. "Advertiser" means any company which purchases TV Advertising from your firm or any other Broadcaster for the promotion of their own product(s) and/or services.
- II. "Advertising Agencies" mean the Canadian operations of OMD Canada, M2 Universal Communications Management, Mediaedge:cia, MBS, ZenithOptimedia Canada, Cossette Communications Group, MPG/maxxmedia Inc. and Carat Canada Inc.; in addition to any other firm providing TV Advertising buying services to Canadian advertising companies.
- III. "BGM" means the television operations of Bell Globemedia Inc., its predecessors and successors.
- IV. "Broadcasters" means the television operations of Bell Globemedia Inc. ("BGM"), CanWest Global Communications Group ("CanWest"), CHUM Limited ("CHUM"), Astral Media Inc. ("Astral"), Alliance Atlantis Communications ("Alliance Atlantis"), Corus Entertainment ("Corus"), Rogers Media Inc. ("Rogers"), Quebecor Inc. ("Quebecor"), Canadian Broadcasting Corporation ("CBC"), their predecessors and successors.
- V. "CHUM" means the television operations of CHUM Limited, its predecessors and successors.

- VI. "Client" means any Advertiser, Advertising Agency or other entity which purchases TV Advertising from your firm.
- VII. "Conventional" means conventional television channels which are broadcast over-the-air in accordance with CRTC licenses. Conventional television undertakings may transmit in either analogue or digital formats.
- VIII. "Local" refers to advertisers who buy TV Advertising in the local area in which the Advertiser carries on business (usually metropolitan and/or municipal).
- IX. "Major Advertising Clients" refers to your firm's top 15 Clients.
- X. "Margins" means revenues from sales less the cost of goods sold.
- XI. "National Network" refers to advertisers who purchase TV Advertising from the Broadcasters on a uniform Canada-wide basis.
- XII. "National Selective" refers to advertisers who purchase TV Advertising from the Broadcasters in multiple markets on a selective basis.
- XIII. "Off-Prime" means television broadcasts between the hours of 11pm and 6pm.
- XIV. "Parties" means BGM and CHUM.
- XV. "Proposed Transaction" means the acquisition of CHUM by BGM.
- XVI. "Prime" means television broadcasts between the hours of 6pm and 11pm.
- XVII. "Rating" means the average percentage of a target group population within a defined geographic area tuned to a particular program at a specific time period. Rating = (Average Targeted Audience/ Target Population) x 100

XVIII. **"Records"** include all Records as defined by sub-section 2(1) of the Act and, without restricting the generality thereof but for better illustration, may include the following types of documents:

- | | | | |
|----|-----------------|----|---|
| A. | Reports | R. | Correspondence |
| B. | Charts | S. | Position papers |
| C. | Contracts | T. | Brochures |
| D. | Agreements | U. | Corporate marketing policies |
| E. | Arrangements | V. | Directives |
| F. | Minutes | W. | Management briefings |
| G. | Books | X. | Facsimile transmissions |
| H. | Logs | Y. | Inter and/or intra corporate reports and directives and |
| I. | Diaries | Z. | Other Records including |
| J. | Agenda | | Records electronically created |
| K. | Memoranda | | or stored in any system of |
| L. | Letters | | manual or electronic data |
| M. | Draft documents | | processing system, as well as |
| N. | Studies | | any other information storing |
| O. | Tests | | devices. |
| P. | Reports | | |
| Q. | Notes | | |

XIX. **"Regional"** refers to advertisers who buy TV Advertising in the general geographic region in which the company is located (usually provincial).

XX. **"Relevant Areas"** mean the areas of Vancouver, Edmonton, Calgary, Winnipeg, Toronto and/or Ontario.

XXI. **"Relevant Period"** means September 1st, 2003, to the date this Order was issued, except where otherwise stated.

XXII. **"Senior Management"** means or refers to Persons who are involved in or make decisions regarding the negotiation, sale and/or placement of TV Advertising; and the acquisition and scheduling of television programming which may include the following personnel:

- | | |
|----|---|
| A. | President, Chairperson and/or CEO |
| B. | VP of sales and/or marketing |
| C. | TV Advertising sales managers |
| D. | Revenue manager(s) |
| E. | Account manager(s) |
| F. | Any other managers or employees with the responsibility to make material decisions and/or recommendations in the negotiation, sale and/or placement of TV Advertising |

XXIII. **"Specialty"** means specialty cable television channels which are defined by the CRTC

as "narrowcast services offering thematic or vertical programming, often targeting a specific demographic and having a well-defined genre, such as news, sports or music." Examples include TSN, Discovery Channel, TLC and HGTV. A Specialty television undertaking is available to subscribers via distribution undertakings (e.g. Rogers, Shaw, Bell Expressvu, Star Choice, etc.) and is broadcast in either analog or digital formats.

- XXIV. "Television Program" means a single television program that is broadcast by a Broadcaster. Examples include *Survivor*, *Desperate Housewives* and *Ugly Betty*.
- XXV. "Top 20" means the top 20 television programs for each of the following demographic groups with the highest ratings in each of the Relevant Areas and on a national basis (in terms of audience size) as measured by BBM-Nielsen: Adults aged 25-54, 18-34 and 18-49.
- XXVI. "TV Advertising" means the broadcasting of advertisements on English language television stations for the purpose of reaching Canadian consumers.

PART B - LIST OF REQUIRED RECORDS

1. For the Relevant Period, provide all Records prepared for or by Senior Management which refer to:
 - a. Clients switching some or all of their advertising expenditures to another Broadcaster or alternate media channel (e.g. print, Internet, radio, etc.)
 - b. Price negotiations with Advertising Agencies and/or Major Advertising Clients including your Clients' responses to rate changes initiated by your firm or any other Broadcaster(s)
 - c. Volume discount commitments and/or agreements of TV Advertising purchases by Advertisers and/or their Advertising Agencies including volume discounts given to Clients for TV Advertising
 - d. Comparisons of your firm's strengths and weaknesses to those of other Broadcasters with respect to Television Advertising including audit reports
2. For the Relevant Period, provide all TV Advertising pricing strategies and/or plans for all of the TV Programs broadcast by your firm on a pre-sold (i.e. at least four weeks before the broadcast airs) and spot-basis (i.e. during the four weeks prior to the airing of a broadcast).

3. For the Relevant Period and with respect to the Relevant Areas, provide all Records that discuss or refer to CHUM's history of:
 - a. Responding to TV Advertising rate changes by other Broadcasters
 - b. Providing unique and/or innovative services
 - c. Initiatives to expand capacity, acquire new programming, and introduce innovative or aggressive strategies
 - d. Ability to compete in the market, including whether it represents a disruptive force in the Canadian TV Advertising market
4. For the Relevant Period, provide monthly financial and operational reports and analysis prepared for or by executive officers of your firm or board of directors for the following:
 - a. TV Programs (Speciality and Conventional)
 - b. TV stations (Specialty and Conventional)
 - c. Competitive monitoring
 - d. Client account reports
5. For each year of the Relevant Period, provide all Records prepared for or by executive officers of your firm or board of directors which discusses the cost of television programming acquired for broadcast by your firm (broken down by individual Television Program in the case of bundled purchases) including Margin analysis performed for each Television Program.
6. Provide all Records prepared by or for executive officers of your firm or board of directors that refer to:
 - a. Potential efficiencies resulting from the Proposed Transaction
 - b. The potential impact of the Proposed Transaction
 - c. Strategic plans for the integration of CHUM into the BGM organization with respect to television programming, scheduling and TV Advertising

SCHEDULE "B"

SCHEDULE 11 (c) - REQUIRED WRITTEN RESPONSES

NOTICE CONCERNING OBSTRUCTION

Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the *Competition Act*, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction of any of these offences is punishable by fine or imprisonment or both.

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- IV. "Broadcasters" means the television operations of Bell Globemedia Inc. ("BGM"), CanWest Global Communications Group ("CanWest"), CHUM Limited ("CHUM"), Astral Media Inc. ("Astral"), Alliance Atlantis Communications ("Alliance Atlantis"), Corus Entertainment ("Corus"), Rogers Media Inc. ("Rogers"), Quebecor Inc. ("Quebecor"), Canadian Broadcasting Corporation ("CBC"), their predecessors and successors.
- V. "CHUM" means the television operations of CHUM Limited, its predecessors and successors.

- VI. "Client" means any Advertiser, Advertising Agency or other entity which purchases TV Advertising from your firm.
- VII. "Conventional" means conventional television channels which are broadcast over-the-air in accordance with CRTC licenses. Conventional television undertakings may transmit in either analogue or digital formats.
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- IX. "Major Advertising Clients" refers to your firm's top 15 Clients.
- X. "National Network" refers to advertisers who purchase TV Advertising from the Broadcasters on a uniform Canada-wide basis.
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- XIV. "Proposed Transaction" means the acquisition of CHUM by BGM.
- XV. "Prime" means television broadcasts between the hours of 6pm and 11pm.
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- | | | | |
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| B. | Charts | S. | Position papers |
| C. | Contracts | T. | Brochures |
| D. | Agreements | U. | Corporate marketing policies |
| E. | Arrangements | V. | Directives |
| F. | Minutes | W. | Management briefings |
| G. | Books | X. | Facsimile transmissions |
| H. | Logs | Y. | Inter and/or intra corporate reports and directives and |
| I. | Diaries | Z. | Other Records including |
| J. | Agenda | | Records electronically created |
| K. | Memoranda | | or stored in any system of |
| L. | Letters | | manual or electronic data |
| M. | Draft documents | | processing system, as well as |
| N. | Studies | | any other information storing |
| O. | Tests | | devices. |
| P. | Reports | | |
| Q. | Notes | | |

XVIII. **"Regional"** refers to advertisers who buy TV Advertising in the general geographic region in which the company is located (usually provincial).

XIX. **"Relevant Areas"** mean the areas of Vancouver, Edmonton, Calgary, Winnipeg, Toronto and/or Ontario.

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- A. President, Chairperson and/or CEO
- B. VP of sales and/or marketing
- C. TV Advertising sales managers
- D. Revenue manager(s)
- E. Account manager(s)
- F. Any other managers or employees with the responsibility to make material decisions and/or recommendations in the negotiation, sale and/or placement of TV Advertising

- XXII. "Specialty" means specialty cable television channels which are defined by the CRTC as "narrowcast services offering thematic or vertical programming, often targeting a specific demographic and having a well-defined genre, such as news, sports or music." Examples include TSN, Discovery Channel, TLC and HGTV. A Specialty television undertaking is available to subscribers via distribution undertakings (e.g. Rogers, Shaw, Bell Expressvu, Star Choice, etc.) and is broadcast in either analog or digital formats.
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- XXV. "TV Advertising" means the broadcasting of advertisements on English language television stations for the purpose of reaching Canadian consumers.

PART B - LIST OF REQUIRED WRITTEN INFORMATION

1. For each broadcast year of the Relevant Period, provide your firm's total advertising revenues (in dollar figures) on a national basis and for each of the Relevant Areas.
2. For each broadcast year of the Relevant Period, provide your firm's total TV Advertising revenues for each of the following (in dollars and as a percentage of total TV Advertising revenues):
 - a. For each Relevant Area
 - i. Conventional / Specialty
 - ii. Major Advertising Clients
 - iii. Advertising Agencies
 - iv. Top 20 programming / non-Top 20 programming for each demographic category (as an aggregate figure)
 - v. Prime / Off-Prime (as an aggregate figure)
 - b. Specialty
 - i. Major Advertising Clients
 - ii. Advertising Agencies
 - iii. Top 20 programming / non-Top 20 programming for each demographic category (as an aggregate figure)
 - iv. Prime / Off-Prime (as an aggregate figure)

- c. Conventional
 - i. Major Advertising Clients
 - ii. Advertising Agencies
 - iii. Top 20 programming / non-Top 20 programming for each demographic category (as an aggregate figure)
 - iv. Prime / Off-Prime (as an aggregate figure)
 - d. National Network / National Selective / Regional / Local
 - e. For each of the Conventional and Specialty television stations owned and/or controlled by your firm
3. For the Relevant Period, provide the annual acquisition cost and associated revenue for each Television Program broadcast by your firm for Conventional and Specialty during Prime (for bundled programming describe how costs are allocated on a per program basis).
4. Indicate how your firm prices its TV Advertising in relation to the cost of programming during which the advertisements are broadcast.
5. Describe the process by which your firm selects and acquires Television Programs including cost of programming, bundling and relevance of American preview audience results.
6. For the Relevant Period, describe how your firm managed unused, cancelled and/or unaired programming.
7. Describe the negotiation process regarding the sale of TV Advertising to Major Advertising Clients and Advertising Agencies including:
- a. The representatives involved
 - b. When they take place
 - c. The specific details of the process whereby quantities, prices, scheduling and other dimensions are negotiated, including the interaction between your firm and the Major Advertising Clients and Advertising Agencies
8. Describe how your firm markets and promotes Specialty versus Conventional TV Advertising.
- a. Describe any advantages or disadvantages associated with purchasing TV Advertising on Specialty versus Conventional

- b. Given the lower cost of Specialty TV Advertising, what limitations exist that might prevent your firm from increasing its sales of such advertising?
9. For the Relevant Period and with respect to the Relevant Areas, provide a detailed description of each of the Broadcasters that your firm competes with, including the following points:
- a. Their major strengths and weaknesses
- b. Each Broadcaster's competitive role in the Canadian TV Advertising industry
- c. Identify and explain, using examples where possible, the extent to which CHUM's behavior and actions correspond to the following:
- i. Its history of responding to rate changes and/or other competitive activity
- ii. Providing unique and/or innovative services
- iii. Initiatives to expand capacity, acquire new programming, and introduce innovative or aggressive strategies
- iv. Changes in market share (in terms of TV Advertising revenue)
- v. Its ability to compete in the market, including whether it represents a disruptive force in the Canadian TV Advertising market
10. During the Relevant Period, how has your firm responded to resistance from the Major Advertising Clients and/or Advertising Agencies regarding TV Advertising rate increases?
- a. Identify and explain any instances where a Major Advertising Client and/or Advertising Agency obtained a material concession in TV Advertising rates by threatening to withdraw some or all of your business including:
- i. Name of Advertiser(s) and/or Advertising Agency(ies)
- ii. Amount of concession (in dollars and as a percentage of total contract value)
- b. Identify and explain any instances where your firm lost TV Advertising as a result of a rate increase(s) and/or a refusal to grant a concession including:
- i. Name of Advertiser(s) and/or Advertising Agency(ies)

- ii. Amount of revenue lost (in dollars)
- iii. Where the lost revenue was diverted
- iv. Whether the Advertiser(s) and/or Advertising Agency(ies) returned at a later date and restored in whole or in part, the lost revenue with your firm

11. For the Relevant Period describe the effect that CHUM's pricing decisions have had on overall market prices.

This is **Exhibit "9"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glenn

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "10"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne H. Hall

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "11"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hearn

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "12"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Flynn

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "13"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Blom

A Commisioner, etc.

PIDZAMECKY, LAURIE

From: FACEY, BRIAN
Sent: Thursday, February 15, 2007 10:23 PM
To: 'Morin.RobertJ@cb-bc.gc.ca'; 'Campagna.Daniel@cb-bc.gc.ca'; 'Morin.RobertJ@cb-bc.gc.ca'; 'Campagna.Daniel@cb-bc.gc.ca'
Cc: 'sneylan@tor.stikeman.com'; 'sneylan@tor.stikeman.com'
Subject: Labatt

Dear Robert,

Thanks for speaking with us today and for the confirmation of completeness of the filings.

I wanted to let you know and to ask you to pass along to the folks who will be working on the case, that we would be pleased to meet with the Bureau and to bring business people from the parties to explain the industry and the transaction.

Please call me to let me know when such a meeting might be of interest at your earliest convenience.

Many thanks again.

Brian.

Brian A. Facey
Blake, Cassels & Graydon LLP

Tel: 416.863.4262
Fax: 416.863.2653

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This is **Exhibit "14"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Yeare

A Commisioner, etc.

PIDZAMECKY, LAURIE

From: FACEY, BRIAN
Sent: Saturday, February 17, 2007 3:09 PM
To: Schwartzman, Charlie: #CB - BC; 'Schwartzman, Charlie: #CB - BC'
Cc: sneylan@tor.stikeman.com; 'Morin, Robert J.: #CB - BC'; Campagna, Daniel: #CB - BC; 'sneylan@tor.stikeman.com'; 'Morin, Robert J.: #CB - BC'; 'Campagna, Daniel: #CB - BC'
Subject: RE: Labatt

Charlie,

Rob tells us that you will be leading this matter.

We wanted to let you know that if it would be helpful, we would be pleased to make business people available to meet with you and can arrange that at your earliest convenience. Also if you require additional information or have questions of us, please let me know.

We look forward to working with you.

Kindest regards,

- Brian.

Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Phone: 416.863.4262
Fax: 416.863.2653
Mobile Phone: 416.735.9761

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-----Original Message-----

From: Morin, Robert J.: #CB - BC [mailto:Morin.RobertJ@cb-bc.gc.ca]
Sent: Friday, February 16, 2007 10:05 AM
To: FACEY, BRIAN; Campagna, Daniel: #CB - BC
Cc: sneylan@tor.stikeman.com; Schwartzman, Charlie: #CB - BC
Subject: RE: Labatt

Hi Brian:

Charlie Schwartzman (819 953-8223) will be leading the file.

Please feel free to contact me if you have any other questions or concerns.

Kind regards,

-----Original Message-----

From: FACEY, BRIAN [mailto:BRIAN.FACEY@blakes.com]
Sent: Thursday, February 15, 2007 10:23 PM
To: Morin, Robert J.: #CB - BC; Campagna, Daniel: #CB - BC
Cc: sneylan@tor.stikeman.com
Subject: Labatt

Dear Robert,

Thanks for speaking with us today and for the confirmation of completeness of the filings.

I wanted to let you know and to ask you to pass along to the folks who will be working on the case, that we would be pleased to meet with the Bureau and to bring business people from the parties to explain the industry and the transaction.

Please call me to let me know when such a meeting might be of interest at your earliest convenience.

Many thanks again.

Brian.

Brian A. Facey
Blake, Cassels & Graydon LLP

Tel: 416.863.4262
Fax: 416.863.2653

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This is **Exhibit "15"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glenn

A Commisioner, etc.

02-19-07

09:34

From-Industry Canada

+8199536169

T-571 P.001/003 F-662



Industry Canada

Industrie Canada

Competition Bureau

Bureau de la concurrence

**TELECOPIER
TRANSMISSION**

**TRANSMISSION
PAR TÉLÉCOPIEUR**

50 Victoria Street
Hull, Quebec
K1A 0C9

50, rue Victoria
Hull (Québec)
K1A 0C9

DATE:

INCLUDING this cover page we are transmitting
INCLUANT cette page couverture, nous transmettons

3

pages
pages.

| | |
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| TO - À | |
| <p>Mr. Brian A. Facey Blake, Cassels & Graydon Barristers & Solicitors Box 25, Commerce Court West 199 Bay Street Toronto, Ontario M5L 1A9</p> | |
| Telephone No. N° de téléphone | (416) 863.4262 |
| Facsimile No. N° de télécopieur | (416) 863-2653 |

| | |
|---|----------------|
| FROM - DE | |
| <p>Merger Notification Unit - Unité des avis de fusions</p> | |
| Telephone No. N° de téléphone | (819) 953-4297 |
| Facsimile No. N° de télécopieur | (819) 953-6169 |

| |
|--------------------------------|
| COMMENTS - COMMENTAIRES |
| |

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|---|--|
| CONFIDENTIALITY CAUTION - AVERTISSEMENT CONCERNANT LA CONFIDENTIALITÉ | |
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Bureau de la concurrence Competition Bureau
Canada Canada

Direction générale Mergers Branch
des fusions

Télécopieur-Facsimile
819.953.6169

Place du Portage I Place du Portage I
50, rue Victoria 50 Victoria Street
Gatineau (Québec) Gatineau, Québec
K1A 0C9 K1A 0C9

Téléphone-Telephone
819.953.4297

February 19, 2007

Mr. Brian A. Facey
Blake, Cassels & Graydon LLP
Box 25, Commerce Court West
199 Bay St.
Toronto, Ontario M5L 1A9

**Re: Proposed Acquisition by Labatt Brewing Company Limited of Lakeport
Brewing Limited Partnership through the acquisition of all of the units
of Lakeport Brewing Income Fund**

Dear Mr. Facey:

This letter acknowledges receipt of a long-form filing under section 17 of the *Notifiable Transactions Regulations* in respect of the above-noted transaction. The material filed by you on behalf of Labatt Brewing Company Limited was received on February 12, 2007. The material filed by Shawn Neylan from the law firm of Stikeman Elliott LLP on behalf of Lakeport Brewing Limited was received on February 12, 2007. The filing has been verified and is complete. The forty-two day waiting period applicable to this filing commences on February 12, 2007 and will end on March 26, 2007.

It is also noted that you requested the issuance of an Advance Ruling Certificate, pursuant to section 102 of the *Competition Act*, for this proposed transaction. You can be assured that your request will receive immediate attention.

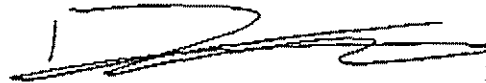
Enclosed is the receipt relating to this material. Also enclosed is an official receipt for the payment of \$53,000, which you submitted in connection with the above-noted transaction. Please note that our reference number for this matter is 3100883.

Canada

-2-

To expedite the processing of any future correspondence relating to pre-merger notices, please ensure that the outside packaging is addressed to the attention of the Merger Notification Unit

Yours truly,



for Daniel Campagna
Merger Notification Unit

Enclosures (2)

This is **Exhibit "16"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hearn

A Commisioner, etc.

GARNHAM-SEQUEIRA, HAZEL

From: FACEY, BRIAN
Sent: Wednesday, February 21, 2007 11:00 AM
To: 'Schwartzman, Charlie: #CB - BC'
Cc: 'sneylan@stikeman.com'; 'Miller, Bill: #LEG'; 'levine.robert@cb-bc.gc.ca'
Subject: RE: Labatt/Lakeport

Dear Charlie,

At your suggestion yesterday, we spoke with Bill Miller and he indicated that he would be asking you to contact me to set up the meeting with the business people I have been suggesting as I thought it might assist your review.

Bill thought you might get back to me yesterday. I just wanted to follow up on that again. Would you be so kind as to contact me at your earliest convenience to discuss making arrangements.

Many thanks and if there is any additional information we can provide to you, please let me know.

Brian A. Facey
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Phone: 416.863.4262
Fax: 416.863.2653
Mobile Phone: 416.735.9761

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From: FACEY, BRIAN
Sent: Tuesday, February 20, 2007 2:58 PM
To: 'Miller, Bill: #LEG'; levine.robert@cb-bc.gc.ca
Cc: sneylan@stikeman.com
Subject: Labatt/Lakeport

Dear Bill and Rob,

Would you be free for a call today or tomorrow. We called Charlie Schwartzman this afternoon following up from our e-mails last week to Rob Morin and over the weekend to Daniel Campagna and Charlie to confirm our offer to arrange a meeting with company executives to assist in the Bureau's review, and he indicated that we should speak with you.

Please let us know regarding a call and/or a meeting at your earliest convenience. Many thanks.

2/26/2007

Brian A. Facey
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Phone: 416.863.4262
Fax: 416.863.2653
Mobile Phone: 416.735.9761

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This is **Exhibit "17"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glanville

A Commissioner, etc.

GARNHAM-SEQUEIRA, HAZEL

From: Schwartzman, Charlie: #CB - BC [Schwartzman.Charlie@cb-bc.gc.ca]
Sent: Wednesday, February 21, 2007 6:45 PM
To: FACEY, BRIAN
Subject: Re: Meeting Date

Great!

Charles Schwartzman

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: FACEY, BRIAN <BRIAN.FACEY@blakes.com>
To: Schwartzman, Charlie: #CB - BC <Schwartzman.Charlie@cb-bc.gc.ca>
CC: sneylan@stikeman.com <sneylan@stikeman.com>
Sent: Wed Feb 21 18:13:32 2007
Subject: RE: Meeting Date

This is looking good. Please pencil it in and we will confirm asap. Many thanks.

From: Schwartzman, Charlie: #CB - BC [<mailto:Schwartzman.Charlie@cb-bc.gc.ca>]
Sent: Wednesday, February 21, 2007 3:56 PM
To: FACEY, BRIAN
Cc: sneylan@stikeman.com
Subject: Meeting Date

Brian, sorry for taking so long to get back to you. We are available next Wednesday morning for a meeting with the business people. Can we start at 10:30 in the morning as some of us will be on return flights that morning. Let me know if this works for you and your client.

-----Original Message-----

From: FACEY, BRIAN [<mailto:BRIAN.FACEY@blakes.com>]
Sent: Wednesday, February 21, 2007 11:00 AM
To: Schwartzman, Charlie: #CB - BC
Cc: sneylan@stikeman.com; Miller, Bill: #LEG; Levine, Robert: #LEG
Subject: RE: Labatt/Lakeport

Dear Charlie,

At your suggestion yesterday, we spoke with Bill Miller and he indicated that he would be asking you to contact me to set up the meeting with the business people I have been suggesting as I thought it might assist your review.

Bill thought you might get back to me yesterday. I just wanted to follow up on that again. Would you be so kind as to contact me at your earliest convenience to discuss making arrangements.

Many thanks and if there is any additional information we can provide to you, please let me know.

2/26/2007

Brian A. Facey
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

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Mobile Phone: 416.735.9761

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From: FACEY, BRIAN
Sent: Tuesday, February 20, 2007 2:58 PM
To: 'Miller, Bill: #LEG'; levine.robert@cb-bc.gc.ca
Cc: sneylan@stikeman.com
Subject: Labatt/Lakeport

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Please let us know regarding a call and/or a meeting at your earliest convenience. Many thanks.

Brian A. Facey
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Phone: 416.863.4262
Fax: 416.863.2653
Mobile Phone: 416.735.9761

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2/26/2007

This is **Exhibit "18"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "19"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "20"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.



Droit de la concurrence, Ministère de la Justice Canada
Competition Law Division, Department of Justice Canada

FICHE DE TÉLÉCOPIE
 FACSIMILE TRANSMITTAL SLIP

Date: February 22, 2007

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| ENVOYER À / SEND TO | | DE / FROM | |
| Nom / | | Nom / Name: | |
| Labatt Brewing Company Ltd 299 - 2007 Quenn's West Toronto, Ontario P.O. Box 133 M5J 1a7 Att: Labatt Legal Counsels | | Robert J. Levine Édifice Concorde d'Industrie Canada 280, rue Albert, 10 ^e étage Ottawa (Ontario) K1A 0H3 Levine.Robert@bc-cb-gc.ca | |
| No. de tél. / Tel. No.: () | | No. du télécopieur / Fax # : (613) 954-0964 | No. du tél. / Tel. No.: (613) 954-0905 |
| Commentaires / Comments: Signification : Order for the Production of Records and A Written Return of Information | | | |
| Please signed and return: | | | |
| AVERTISSEMENT CONCERNANT LA CONFIDENTIALITÉ | | CONFIDENTIALITY CAUTION | |
| Ce message est strictement réservé à l'usage de la personne ou à l'organisme à qui il est adressé et peut contenir de l'information privilégiée et confidentielle. Cependant, si vous recevez cette communication par erreur, veuillez immédiatement en aviser l'émetteur par téléphone. Prendre note que si vous n'êtes pas le destinataire de ce message, vous êtes avisés, par la présente, que toute divulgation, diffusion, distribution ou reproduction de cette communication est strictement interdite. | | This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged and confidential. Therefore, if you receive this communication by mistake, please notify the sender immediately by telephone. Please note that if the reader of this message is not the intended recipient, he is hereby notified that any disclosure, dissemination, distribution or copying of this communication is strictly prohibited. | |
| Si la présente transmission pose des problèmes, veuillez communiquer avec : If there are any problems with this transmission, please contact: | | Linda Racine (613) 954-0858 (613) 954-0836 | |

Droit de la concurrence
 Ministère de la Justice Canada
 22^e étage, Tour I
 Place du Portage
 50, rue Victoria
 Gatineau (Québec) K1A 0C9

Competition Law Division
 Department of Justice Canada
 22nd floor, Phase I
 Place du Portage
 50 Victoria Street
 Gatineau, Quebec K1A 0C9

Canada

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

APPEARS:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

LABATT BREWING COMPANY LTD.

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*,

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s)

described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed

- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;

- c) the production of records and return of information shall be made within 21 days of the date of service of this order;

5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël

Judge

I hereby certify that this is a true and correct copy of the original issued out of / filed in the Court on the 22nd day of February A.D. 20 07
Dated this 22nd day of February 20 07

B
**BENOÎT LABELLE
REGISTRY OFFICER
AGENT DU GREFFE**

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"**RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)****Notice Concerning Failure to Respond and Obstruction**

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Correction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.
2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.
3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.

5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "21"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

BRICK BREWING CO. LIMITED

Respondent

**ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION**

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and

upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;

- f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.
3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.
4. **THIS COURT FURTHER ORDERS**
- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:
- Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed
- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;
5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël
Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "22"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

Federal Court



Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

BREWERS RETAIL INC.

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "C" and Appendix "D", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s)

described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
 Mergers Branch
 50 Victoria Street, 19th floor
 Gatineau, (Québec)
 K1A 0C9
Attention: Tammy Abed

- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;

5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

 S. Noël
 Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.

6. All correspondence with the Government of Ontario related to the MSRP for beer.
7. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

This is **Exhibit "23"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

ROSETO INC.

Respondent

ORDER FOR THE PRODUCTION OF RECORDS

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "E", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records are relevant to the inquiry;

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS**

- a) that all records described in Schedule A are to be produced to the Commissioner at the following address:

Competition Bureau
 Mergers Branch
 50 Victoria Street, 19th floor
 Gatineau, (Québec)
 K1A 0C9
Attention: Tammy Abed

- b) the person producing the records is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records shall be made within 21 days of the date of service of this order;

- 5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

 S. Noël
 Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.
3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each

person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.

- 5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
- 6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
- 7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
- 8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

- 1. All records relating to the Proposed Transaction.
- 2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.

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PS 275

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

TERESA CASCIOLI

Respondent

ORDER FOR THE PRODUCTION OF RECORDS

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "E", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records are relevant to the inquiry;

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS**

- a) that all records described in Schedule A are to be produced to the Commissioner at the following address:

Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed

- b) the person producing the records is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records shall be made within 21 days of the date of service of this order;
5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël
Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner’s satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner’s possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as “true copies.”
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.
3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent’s counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each

person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.

5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.

This is **Exhibit "24"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

Federal Court



Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

SLEEMAN BREWERIES LTD.

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s)

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described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and

g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed

b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;

c) the production of records and return of information shall be made within 21 days of the date of service of this order;

5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël

Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in, or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium\Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "25"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

Federal Court



Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

MOUNTAIN CREST BREWING CO.
(Also known as LAKESHORE CREEK
CRAFT BREWING COMPANY INC.)

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.
2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text

- format compatible with any of the software applications mentioned above or in paper form;
 - f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
 - g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.
3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.
4. **THIS COURT FURTHER ORDERS**
- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed
 - b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
 - c) the production of records and return of information shall be made within 21 days of the date of service of this order;
5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël

Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "26"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

LAKEPORT BREWING LIMITED PARTNERSHIP

Respondent

**ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION**

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and

upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;

- f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.
3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.
4. **THIS COURT FURTHER ORDERS**
- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:
- Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed
- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;
5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël

Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium\Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "27"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hoover

A Commisioner, etc.

V.L. 975
D.S. 334

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

BIG ROCK BREWERY LTD.

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and

upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;

- f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
 Mergers Branch
 50 Victoria Street, 19th floor
 Gatineau, (Québec)
 K1A 0C9
Attention: Tammy Abed

- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are *either original records or certified true copies*;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;

5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

 S. Noël
 Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium\Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

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SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.
2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.
3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "28"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hlava

A Commisioner, etc.

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

MOOSEHEAD BREWERIES LIMITED

Respondent

ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and

upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;

- f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.
3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.
4. **THIS COURT FURTHER ORDERS**
- a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:
- Competition Bureau
Mergers Branch
50 Victoria Street, 19th floor
Gatineau, (Québec)
K1A 0C9
Attention: Tammy Abed
- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;
5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

S. Noël

Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.

5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "29"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Blom

A Commisioner, etc.

Vk. 975 PS.
364

Federal Court



CANADA

Cour fédérale

Date: 20070222

Docket: T-325-07

OTTAWA, Ontario, this 22nd day of February, 2007

PRESENT: THE HONOURABLE MR. JUSTICE SIMON NOËL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act*, and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

MOLSON CANADA 2005

Respondent

**ORDER FOR THE PRODUCTION OF RECORDS AND A WRITTEN
RETURN OF INFORMATION**

UPON APPLICATION made the 21st day of February, 2007, by the Commissioner of Competition (the "Commissioner") appointed under the *Competition Act*, for an Order pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*, and heard this day at the Federal Court, Ottawa, Ontario;

AND UPON READING the affidavit of Paula Lajeunesse, sworn on the 20th day of February 2007 and filed with Appendix "A" and Appendix "B", referred to there, and

upon reading the draft Order filed;

AND UPON being satisfied that an inquiry is being made pursuant to section 10 of the Act into the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd., pursuant to section 92 of the *Competition Act*;

AND UPON being satisfied that the requested records and information sought through the written returns are relevant to the inquiry;

AND UPON being satisfied that the Respondent has or is likely to have information that is relevant to the Inquiry:

1. **THIS COURT ORDERS** that pursuant to paragraph 11(1)(b) of the Act, the Respondent, by a duly authorized representative of the corporation, produce to the Commissioner or her authorized representative all records and other things identified in Schedule A, attached, which are in the possession of or under the control of the company.

2. **THIS COURT FURTHER ORDERS** that in order to facilitate the handling and orderly maintenance of the records and to insure the accurate and expeditious return of records produced pursuant to this Order, the following procedures shall be observed:
 - a) all records are to be produced in their entirety;
 - b) where records exist only in paper format then records that are stapled or attached together in any manner are to remain attached;
 - c) the records produced are to be either original records or certified true copies;
 - d) the records are to be organized chronologically, numbered consecutively at or near the bottom right corner and indexed to the questions to which they respond;
 - e) all electronic records are to be produced as described below:
 - all electronic records shall be provided on CD-ROM or diskette;
 - database records shall be provided as a flat file, in a non-relational format; and
 - email records and attachments shall be provided in either a text format compatible with any of the software applications mentioned above or in paper form;

- f) in the event the electronic records cannot be delivered in the format(s) described above, they shall be provided in their existing format along with instructions and such other materials (including software) as are necessary for the retrieval and use of the records; and
- g) all electronic media (CD-ROM, diskettes etc.) shall be identified with a label describing the contents.

3. **THIS COURT FURTHER ORDERS** that pursuant to paragraph 11(1)(c) of the Act, the Respondent, by a duly authorized representative of the company, shall make and deliver to the Commissioner or her authorized representative a written return of information under oath or solemn affirmation in response to the questions set out in Schedule B, attached.

4. **THIS COURT FURTHER ORDERS**

a) that all records and written returns described in Schedules A and B are to be produced to the Commissioner at the following address:

Competition Bureau
 Mergers Branch
 50 Victoria Street, 19th floor
 Gatineau, (Québec)
 K1A 0C9
Attention: Tammy Abed

- b) the person producing the records and written return of information is to provide them under oath or solemn affirmation explaining that all records in its possession or control were produced, and that the records produced are either original records or certified true copies;
- c) the production of records and return of information shall be made within 21 days of the date of service of this order;

5. **THIS COURT FURTHER ORDERS** that this Order may be served by means of facsimile machine or registered letter on the Respondent or on any other duly authorized representative of the Respondent, including the registered office.

 S. Noël
 Judge

SCHEDULE "A"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(b)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"Discount Segment" means that collection of beer brands presently identified as Discount Brands by TBS;

"Discount Beer" means those beer brands presently identified as Discount Brands by TBS;

"Electronic Form" means, without restricting the generality of the term, computer text files such as Microsoft Word, Wordperfect, etc.; computer presentation files such as Microsoft Powerpoint; computer e-mail files; and computer spreadsheet and database files such as Microsoft Excel, Access, and Lotus 123;

"Imported Beer" means those beer brands presently identified as Imported Brands by TBS;

"Lakeport" includes Lakeport Brewing Limited Partnership, Lakeport Brewing Income Fund or its predecessors;

"LCBO" means the Liquor Control Board of Ontario;

"Premium/Imported Segment" means that collection of beer brands presently identified as Premium or Imported Brands by TBS;

"Premium Beer" means those beer brands presently identified as Premium Brands by TBS;

"Price" includes price, quality, product choice, service, innovation or other dimensions of competition that buyers value;

"Proposed Transaction" means the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Company Ltd.;

"Merger" has the meaning of that term as defined in section 91 of the *Competition Act*;

"MSRP" means the Minimum Social Reference Price for beer;

"Record" has the meaning of that term as defined in subsection 2(1) of the *Competition Act*;

"Relating to" includes describing, containing, analysing, studying, reporting on, considering, setting forth, concerning, regarding or pertaining to, in whole or in part;

"TBS" means The Beer Store.

Notice Concerning Records Already Provided

Certain of the records hereinafter required may have been previously provided to the Commissioner. The Respondent is not required to produce a second copy of such records in response to this Order, provided that the Respondent:

- (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order,
- (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to this Order, and,
- (ii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Instructions

1. Subsection 11(1)(b) of the *Competition Act* allows for copies of records to be provided as long as they are certified by affidavit as "true copies."
2. The Respondent should identify the records it produces with a number on each record it produces consecutively, beginning with the number 1. The numbers should appear in the lower right hand corner of each page, in a location that does not obscure any information on the record, preferably in a colour other than black. The records should be produced by each paragraph or subparagraph of this Order. Records responsive to each paragraph or subparagraph of the Order should be placed in a separate folder. The Folder should be marked with: 1) the name of the Respondent, 2) the date of the Order, and 3) the paragraph or subparagraph to which the enclosed records are responsive. Where a record is responsive to more than one paragraph or subparagraph, the Respondent must produce

it only once. Such a record should be placed in the enclosure for the first paragraph or subparagraph to which it is responsive. The Respondent should note, in a separate log or otherwise, all paragraphs and subparagraphs to which the record responds.

3. If any portion of any record is responsive to any other paragraph or subparagraph, then the entire record must be produced. If a record contains privileged material, the entire record shall be produced, with the privileged material redacted and recorded in the manner set forth in paragraph 4, outlined below.
4. For each record or portion thereof withheld under a claim of privilege, the Respondent shall submit a sworn or certified statement from the Respondent's counsel, or a corporate officer, containing a statement of the basis upon which the privilege is claimed and identifying: 1) the paragraphs, and subparagraphs in this Order to which the record is responsive; 2) the withheld record by author, addressee, date, number of pages, and subject matter; 3) each person to whom the withheld material was sent; and 4) each person to whom the withheld material or its contents, or any part thereof, was disclosed. Identify all persons by name, title, and address. The Respondent must preserve any record or part of a record withheld under a claim of privilege.
5. Responsive records that in their original condition were stapled, clipped, or otherwise grouped together should be produced in such form. Records should not be shuffled or otherwise rearranged, but should be produced in the order in which they appear in the Respondent's files.
6. If available, Records should be provided in an Electronic Form unless there are features of the hard-copy form that are not available in the Electronic Form.
7. Use of the singular or the plural in this Order should not be deemed a limitation, and the use of the singular should be construed to include, where appropriate, the plural; and vice versa.
8. Use of a verb in the present or past tense in this Order should not be deemed a limitation, and the use of either the present or past tense should be construed to include both the present and past tense.
9. All records to be provided relate only to the province of Ontario and only sales through TBS or the LCBO, except where otherwise noted.

Required Records

For the period January 1, 2004, to the present, unless otherwise specified, provide:

1. All records relating to the Proposed Transaction.
2. All records relating to any proposed or contemplated merger which is not the Proposed Transaction, directly or indirectly involving Lakeport or any other producer of Discount Beer.
3. All records relating to competition among Discount Beer brands. For greater clarity this includes but is not limited to:
 - a) assessments or discussions of the competitive strengths and weaknesses among and between Discount Beer brands;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes in the Discount Segment;
 - c) general assessments or discussions of the competitive environment in the Discount Segment;
 - d) potential entrants into the Discount Segment that are not currently operating in the province of Ontario, including but not limited to Mountain Crest Brewing Company;
 - e) the effect that Lakeport has had on the expansion of the Discount Segment.
4. All records relating to competition between the Discount Segment and the Premium/Imported Segment. For greater clarity this includes but is not limited to;
 - a) assessments or discussions of the competitive strengths and weaknesses of Discount Beer compared to Premium and Imported Beer;
 - b) assessments or discussions of the reactions of brewers of Discount Beer to price changes of Premium and Imported Beer Products and vice versa;
 - c) assessments or discussions regarding the effect that the development and expansion of the Discount Segment has had on Premium Beer and Imported Beer prices.
5. All records relating to the effect of volume-based excise tax reductions on the ability of brewers to enter or compete.

6. All records relating to brewers increasing production after they reach the 150,000 HL per year limit for the volume-based excise tax reductions as a means of gaining cost efficiencies.
7. All records relating to the consideration of or the introduction of new brands in the Discount Segment or to compete with brands in the Discount Segment.
8. All summary records or reports relating to the setting of prices in the Discount Segment.
9. All correspondence with the Government of Ontario related to the MSRP for beer.
10. All correspondence with the Government of Ontario related to the tax treatment of Imported Beer.

SCHEDULE "B"

RECORDS SPECIFIED TO BE PRODUCED PURSUANT TO s. 11(1)(c)

Notice Concerning Failure to Respond and Obstruction

Failure to respond to the Order is an offence under s. 65 of the Competition Act. Any person who in any manner impedes or prevents or attempts to impede or prevent any inquiry or examination under the Competition Act, or who destroys or alters or causes to be destroyed or altered, any record or thing that is required to be produced under section 11 of the Competition Act may be subject to criminal prosecution for obstruction of justice, contempt of court or other federal criminal violations. Where a corporation commits such an offence, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence may also be prosecuted. Conviction in respect of any of these offences is punishable by fine or imprisonment or both.

Definitions

For the Purpose of this Order, the term:

"and" and "or" have both conjunctive and disjunctive meanings;

"TBS" means The Beer Store.

Information Required

For the period January 1, 2000, to the present, unless otherwise specified, please provide in respect of your business operations:

1. A spreadsheet, in Electronic Form, showing by SKU of beer for home consumption sales:
 - a) bi-weekly TBS prices;
 - b) bi-weekly sales volume.

2. A spreadsheet, in Electronic Form, showing annual production capacity and packaging capacity separately for brewing operations in Ontario and nationally.

3. A spreadsheet, in Electronic Form, showing by SKU of beer, the
 - a) biweekly volume, in hectalitres of beer sold, through TBS, LCBO, and to licensees;
 - b) biweekly revenue (net of PST and deposits) for beer sold through TBS, LCBO, and to licensees.

4. A spreadsheet, in Electronic Form, showing annual costs (home consumption beer) for production (brewing and packaging), distribution (before TBS), TBS cost of service (for home consumption and licensee sales), LCBO cost of service, factory overhead, sales, and labour.
5. A spreadsheet, in Electronic Form, for home consumption sales, showing annual excise tax (federal), basic fee (provincial), volume levy (provincial), and licensee fee.

This is **Exhibit "30"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

GARNHAM-SEQUEIRA, HAZEL

From: Racine, Linda: #LEG [Racine.Linda@cb-bc.gc.ca]
Sent: Friday, February 23, 2007 8:48 AM
To: FACEY, BRIAN
Cc: Levine, Robert: #LEG
Subject: S. 11 orders (Affidavit)
Attachments: Affidavit of Paula Lajeunesse.pdf

As requested, please find attached a copy of Paula Lajeunesse's affidavit.

<<Affidavit of Paula Lajeunesse.pdf>>

Linda Racine

Linda Racine

Section du droit de la concurrence/ Competition Law Division
Édifice Concorde d'Industrie Canada
280, rue Albert, 10e étage
Ottawa (Ontario)
K1A 0H5
Tél: (613) 954-0858
Fax: (613) 954-0964
Racine.Linda@bc-cb.gc.ca

Le présent message et toutes les pièces jointes qui l'accompagnent peuvent contenir de l'information confidentielle ou protégée destinée uniquement à la personne ou à l'entité à laquelle elle est adressée. Toute diffusion, distribution, copie ou autre action concernant son contenu par une autre personne que son destinataire est strictement interdit. Si vous avez reçu ce message par erreur, veuillez m'en informer immédiatement à l'adresse ci-dessus et l'effacer. Merci.

This message and any accompanying attachments may contain confidential or privileged information that is intended only for the use of the individual or entity to whom it is addressed. Any dissemination, distribution, copying or action taken in reliance on the contents of this communication by anyone other than the intended recipient is strictly prohibited. If you have received this communication in error, please notify me immediately at the above email address and delete the email. Thank you.

FEDERAL COURT

IN THE MATTER OF the *Competition Act*, R.S.C. 1985, c. C-34 (as amended);

AND IN THE MATTER OF an inquiry under subparagraph 10(1)(b)(ii) of the *Competition Act* to review the proposed acquisition of Lakeport Brewing Income Fund by Labatt Brewing Canada Ltd., pursuant to section 92 of the *Competition Act*;

AND IN THE MATTER OF an *ex parte* Application by the Commissioner of Competition for the issuance of Orders requiring that certain persons produce certain records pursuant to paragraph 11(1)(b) of the *Competition Act* and provide written returns of information pursuant to paragraph 11(1)(c) of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

Parties named in the Schedule, herein attached

Respondents

AFFIDAVIT OF PAULA LAJEUNESSE
Sworn on February 20, 2007

I, PAULA LAJEUNESSE, of the City of Ottawa, in the Province of Ontario, make oath and say as follows:

1. I am a Competition Law Officer in the Mergers Branch, Competition Bureau, and I am an authorized representative of the Commissioner of Competition (the "Commissioner") for the purpose of this Application made pursuant to paragraphs 11(1)(b) and 11(1)(c) of the

Competition Act, R.S.C. 1985, c. C-34 (as amended) (the "*Competition Act*").

2. I am a case officer involved in the review by the Commissioner of the proposed acquisition of Lakeport Brewing Income Fund ("Lakeport") by Labatt Brewing Canada Ltd. ("Labatt") (the "Proposed Acquisition"), and as such I have knowledge of the matters set out in this affidavit except that which has been obtained upon information and belief and where so stated, I believe that information to be true.

The Proposed Acquisition

3. On February 1, 2007, Lakeport and Labatt publicly announced the Proposed Acquisition. Labatt intends to acquire all of the outstanding units of Lakeport. Lakeport owns an approximate 80% interest in Lakeport Brewing Limited Partnership ("Lakeport Brewing"). Lakeport Brewing is a brewer of nine proprietary types of beer which compete as lower-priced alternatives to regular beer brands of other market participants. According to public reports Lakeport Brewing is the third largest beer company in the Province of Ontario.
4. Labatt is indirectly controlled by InBev S.A./N.V. ("InBev"). InBev is a publicly traded company based in Leuven, Belgium. According to InBev's 2005 Annual Report, Labatt is the second largest beer company in Canada, with a 41% percent share of the Canadian market.
5. Lakeport Brewing and Labatt are direct competitors in the Province of Ontario.
6. The Proposed Acquisition consists of an unsolicited takeover (the "Offer") by Labatt of Lakeport. Lakeport's Board of Directors unanimously recommended that unitholders accept the Offer.

7. In a separate agreement, Labatt has agreed to acquire, and Roseto Inc. and Teresa Cascioli ("Cascioli"), have agreed to sell, the remaining approximate 20% interest in Lakeport Brewing currently held by Roseto Inc. and Cascioli, in her personal capacity.

The Respondents

8. The Respondents are companies, listed in the attached Schedule, which are engaged in the business of producing, distributing, selling and/or marketing beer in the Province of Ontario or hold equity interests, directly or indirectly, in Lakeport Brewing.

The Commissioner's Investigation

9. The Commissioner is conducting a review of the likely competitive implications of the Proposed Acquisition with respect to the sale and marketing of beer in the Province of Ontario.
10. Since the public announcement of the Proposed Acquisition, an investigative team of competition law officers, economists and counsel have been engaged in the analysis of the consequences that the Proposed Acquisition is likely to have on competition.
11. On February 12, 2007, Labatt supplied the Commissioner with the prescribed long form information pursuant to paragraph 114 of the *Competition Act* and section 17 of the *Notifiable Transactions Regulations*, SOR/87-348, as amended. Lakeport supplied its filing on February 13, 2007.
12. Pursuant to section 123 of the *Competition Act*, the Acquirer cannot close the Proposed Acquisition until the applicable 42 day waiting period has elapsed, which in respect to the Proposed Acquisition ends on March 27, 2007.

13. On the basis of information and records received in the context of the examination of the Proposed Acquisition, as well as the Bureau's knowledge and information obtained from public sources, industry participants and experts in the course of examining other mergers in the beer industry, the Commissioner has concluded that she has reason to believe that grounds exist for the making of an order under section 92 of the *Competition Act*. Accordingly, an inquiry into the Proposed Acquisition was commenced by the Commissioner on February 15, 2007, pursuant to subparagraph 10(1)(b)(ii) of the *Competition Act*.


Reasons for Seeking Orders

14. The Commissioner requires information from the Respondents in order to further assess whether the Proposed Acquisition will result, or is likely to result, in a substantial lessening or prevention of competition through the unilateral exercise of market power or in coordination with other market participants, with respect to the sale and marketing of beer in the Province of Ontario.
15. The information that the Commissioner seeks to obtain through this Application is essential for the review of the Proposed Acquisition. In order to assess the competitive effects of the Proposed Acquisition, the Commissioner requires detailed information and records with respect to, among other things, the degree of competition between the parties to the Proposed Acquisition in the relevant markets as well as regarding the extent to which competition would remain in these markets if the Proposed Acquisition were to proceed.
16. In order to assess the competitive effects of the Proposed Acquisition, the Commissioner also requires detailed information concerning the Proposed Acquisition and the business operations of the Respondents. This information will assist the Commissioner in determining the state of competition in the markets.

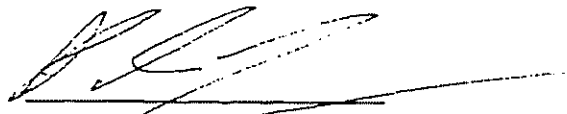
17. Specifically, the information sought by the Commissioner from Labatt Brewing Company Ltd., Lakeport Brewing Limited Partnership, Molson Canada 2005, Sleeman Breweries Ltd., Brick Brewing Co. Ltd., Moosehead Breweries Ltd., Mountain Crest Brewing Co. also known as Lakeshore Creek Craft Brewing Company Inc., and Big Rock Brewery Ltd. (collectively, the "Brewers") is contained in Appendix A and B of my affidavit. The information sought by the Commissioner from Brewers Retail Inc. is contained in Appendix C and D of my affidavit. As seen from these affidavits, the nature of the beer retailing business is such that it has been asked the same questions as those found in Appendix A and Appendix B except for the last 3 questions of Appendix A and the last 4 questions of Appendix B. The Commissioner believes that the responses to those questions from the Brewers will be sufficient for the purposes of her inquiry. The information sought by the Commissioner from Roseto Inc. and Cascioli is contained in Appendix E of my affidavit. With respect to Roseto Inc., that company is not involved in the production or distribution of beer. Rather, it is wholly-owned by Cascioli, the Chair and Chief Executive officer of Lakeport, and holds, along with Cascioli in her personal capacity, an approximate 20% interest in Lakeport Brewing. Accordingly, only the records and information requested in Appendix E are relevant to that firm and Cascioli.
18. Copies of some of the records referred to in Appendix A and B of my affidavit may have been provided to the Commissioner in compliance with the statutory notification requirements applicable to the Proposed Acquisition. The Commissioner will not require each Respondent to produce a second copy of such records in response to the Order, provided that the Respondent (i) identifies to the Commissioner's satisfaction any records in the possession of the Commissioner which are responsive to the Order; (ii) agrees that such records shall be deemed to have been provided to the Commissioner pursuant to the Order; and, (iii) receives confirmation from the Commissioner that the records are in the Commissioner's possession.

Persons having or likely to have information relevant to the inquiry

19. From my experience, as a Competition Law Officer, I believe that the requested records and information referred to in Appendices A through E of my affidavit are records and information that would ordinarily be kept by firms and individuals doing business on this scale. These records and the information sought are relevant to the issues identified in paragraphs 14, 15 and 16 above.
20. The Acquirer seeks an expeditious review by the Commissioner. Labatt has stated that it intends to close the Proposed Acquisition immediately following the 42 day statutory waiting period. Given that the Commissioner has determined that the Proposed Acquisition is "very complex" and thus would ordinarily be subject to a 5 month review period, (as described in the publicly available *Competition Bureau Fee and Service Standards Policy*: March, 2003), it is imperative that the Commissioner obtain the information in an expedited manner. Accordingly, the Commissioner is requesting a return date for records and information of twenty-one (21) days.
21. I make this affidavit for the purpose of obtaining Orders pursuant to paragraphs 11(1)(b) and 11(1)(c) of the *Competition Act*.

 Rhian Einbinder - m.lla.
(Barreau du Québec)

A Commissioner of Oaths


Paula Lajeunesse

SWORN before me
in the City of Ottawa
in the Province of Ontario
this the 20th day of
February, 2007.

This is **Exhibit "31"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "32"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "33"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Ann Harz

A Commisioner, etc.

P. ZAMECKY, LAURIE

From: FACEY, BRIAN
Sent: Thursday, March 01, 2007 11:01 AM
To: 'Racine, Linda: #LEG'
Cc: Levine, Robert: #LEG; WITTERICK, CRYSTAL
Subject: RE: Motion Record

Dear Linda/Rob,

I assume this has been sent to Blakes in error as you and I did not have a telephone conversation yesterday, but met in person in Ottawa and certainly did not discuss an extension, as our presentation was in fact on the importance of timing. I understand Steve Peters spoke with Crystal Witterick yesterday, to attempt to address the broad scope of the order and privilege issues raised by the order (as has been done in past cases), but Crystal did not seek an extension of the order.

Moreover, Labatt has not sought and does not seek any extension of the section 11 order. Further, Labatt will be seriously prejudiced if the Bureau's review is delayed by virtue of any extensions of time granted to others who are attempting to respond to the section 11 orders.

We respectfully request that the Bureau not consent to any such motions, but rather it should oppose them, given our timing concerns. If the order is too broad for others to comply with, we respectfully request that the order should be responded to by all parties as in other recent cases, by narrowing the manner in which parties are to respond, rather than by consenting to give them more time.

Feel free to call me to discuss. We look forward to hearing from you regarding the scope of the order.

Many thanks,

- Brian

From: Racine, Linda: #LEG [mailto:Racine.Linda@cb-bc.gc.ca]
Sent: Thursday, March 01, 2007 10:22 AM
To: FACEY, BRIAN
Cc: Levine, Robert: #LEG
Subject: Motion Record

Further to our telephone conversation of February 28, 2007, please find attached a template to follow for a motion, on consent, to seek an extension to the Federal Court Order issued on February 22, 2007, by Mr. Justice Noël in court file number T-325-07, respecting section 11 of the Competition Act (the "Order"). As discussed, the Commissioner is prepared to consent to an extension of two weeks. Please note that certain parts and paragraphs of the template have been redacted out of an abundance of caution and/or because they are irrelevant to the current matter.

<<Motion Record(.pdf).pdf>>

Best regards,

Robert Levine
Conseiller juridique / Legal Counsel

3/1/2007

Linda Racine

Section du droit de la concurrence/ Competition Law Division

Édifice Concorde d'Industrie Canada

280, rue Albert, 10e étage

Ottawa (Ontario)

K1A 0H5

Tél: (613) 954-0858

Fax: (613) 954-0964

Racine.Linda@bc-cb.gc.ca

Le présent message et toutes les pièces jointes qui l'accompagnent peuvent contenir de l'information confidentielle ou protégée destinée uniquement à la personne ou à l'entité à laquelle elle est adressée. Toute diffusion, distribution, copie ou autre action concernant son contenu par une autre personne que son destinataire est strictement interdit. Si vous avez reçu ce message par erreur, veuillez m'en informer immédiatement à l'adresse ci-dessus et l'effacer. Merci.

This message and any accompanying attachments may contain confidential or privileged information that is intended only for the use of the individual or entity to whom it is addressed. Any dissemination, distribution, copying or action taken in reliance on the contents of this communication by anyone other than the intended recipient is strictly prohibited. If you have received this communication in error, please notify me immediately at the above email address and delete the email. Thank you.

This is **Exhibit "34"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Ann Glover

A Commissioner, etc.

PIDZAMECKY, LAURIE

From: FACEY, BRIAN
Sent: Thursday, March 01, 2007 2:54 PM
To: 'levine.robert@cb-bc.gc.ca'; 'Racine.Linda@cb-bc.gc.ca'
Cc: WITTERICK, CRYSTAL
Subject: Re: Motion Record

Thanks Rob.

Brian A. Facey
Blake, Cassels & Graydon LLP

Tel: 416.863.4262
Fax: 416.863.2653

This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.

-----Original Message-----

From: Levine, Robert: #LEG <Levine.Robert@cb-bc.gc.ca>
To: FACEY, BRIAN; Racine, Linda: #LEG <Racine.Linda@cb-bc.gc.ca>
CC: WITTERICK, CRYSTAL; Levine, Robert: #LEG <Levine.Robert@cb-bc.gc.ca>
Sent: Thu Mar 01 14:53:16 2007
Subject: Re: Motion Record

Sorry if there is any confusion Brian, Steve understood that an extension was discussed.

In any event I can assure you that the Bureau is taking all reasonable steps to review this matter in an efficient manner.

Rob

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: FACEY, BRIAN <BRIAN.FACEY@blakes.com>
To: Racine, Linda: #LEG <Racine.Linda@cb-bc.gc.ca>
CC: Levine, Robert: #LEG <Levine.Robert@cb-bc.gc.ca>; WITTERICK, CRYSTAL <CRYSTAL.WITTERICK@blakes.com>
Sent: Thu Mar 01 11:01:05 2007
Subject: RE: Motion Record

Dear Linda/Rob,

I assume this has been sent to Blakes in error as you and I did not have a telephone conversation

yesterday, but met in person in Ottawa and certainly did not discuss an extension, as our presentation was in fact on the importance of timing. I understand Steve Peters spoke with Crystal Witterick yesterday, to attempt to address the broad scope of the order and privilege issues raised by the order (as has been done in past cases), but Crystal did not seek an extension of the order.

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Many thanks,

- Brian

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Sent: Thursday, March 01, 2007 10:22 AM
To: FACEY, BRIAN
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<<Motion Record(.pdf).pdf>>

Best regards,

Robert Levine
Conseiller juridique / Legal Counsel

Linda Racine
Section du droit de la concurrence/ Competition Law Division

Édifice Concorde d'Industrie Canada
280, rue Albert, 10e étage
Ottawa (Ontario)
K1A 0H5
Tél: (613) 954-0858
Fax: (613) 954-0964
Racine.Linda@bc-cb.gc.ca

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This is **Exhibit "35"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "36"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glenn

A Commisioner, etc.

PIDZAMECKY, LAURIE

From: Shawn C.D. Neylan [SNeylan@stikeman.com]
Sent: Friday, March 02, 2007 1:39 PM
To: Schwartzman.Charlie@cb-bc.gc.ca
Cc: levine.robert@cb-bc.gc.ca; FACEY, BRIAN; Michael Kilby
Subject: Laker ads
Attachments: ad.pdf; ad2.pdf; laker1.pdf; laker2.pdf; ad3.pdf; newads.pdf

CONFIDENTIAL

Hi Charlie,

Thanks again for looking for Teresa's notebook. We did find it, eventually, back at the hotel.

At our meeting I said I would send you Brick's Laker ads as an example of ongoing aggressive rivalry in the discount segment. Attached are copies of ads that have run in several different papers in Ontario. One of these ran today. As you know, Brick's volume grew 23.4% in 2006. Also, it has recently passed the rolling 150,000 hL level and therefore has every incentive to grow volume fast in order to spread the extra cost over as large a volume as possible. Its current campaign is just a current example of its vigorous competitive efforts. You will also note that the focus of its ads is that it will continue selling beer at the lowest possible "a buck a beer" price ("a buck a beer" is trademarked by Brick). It is instructive that Brick is aggressively working to seize share now, before the transaction has even closed.

As I mentioned in our meeting on Wednesday, the Loblaws PC brand (the beer being produced by Brick) is also vigorously competing in the discount beer segment. As you know, the Loblaws PC brand is an extremely strong retail brand that is well known to consumers throughout Ontario by virtue of its use in respect of a large number of Loblaws products.

Please let me know if you have any questions.

Best regards,

Shawn

3/23/2007

LAKEPORT VS LAKER.

IT'S NEVER BEEN EASIER TO TELL THEM APART.

Lakeport

May soon be another foreign
owned brand.

24 for \$24. For now.

Brewed in Hamilton.

May soon be in bed with the
big boys.

Laker

Still 100% Canadian.

Still a buck a beer.

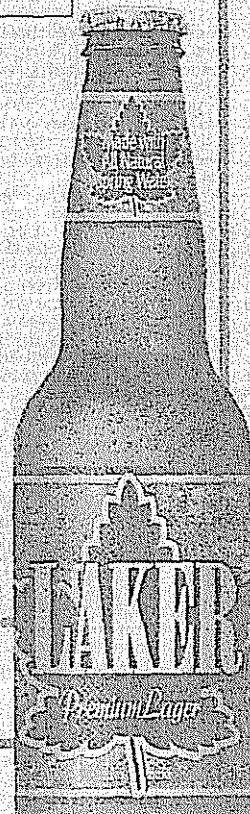
Brewed in Waterloo with
pure spring water.

Still a thorn in the
big boys' side.

It's time to take sides.

Laker[®]

A BUCK A BEER[™] TODAY. A BUCK A BEER TOMORROW.



Laker and BUCK A BEER registered trademarks of Brick Brewing Co. Ltd.

OUCH.

LAKEPORT ANNOUNCES SALE TO ONE OF THE BIG BOYS.
WILL VALUE BEER DRINKERS TAKE A HIT?

People had strong opinions about the proposed Lakeport sale.

The idea is to bring the pricing for the industry up as a whole and this deal might do that over time.¹

I think there's an attempt to kill off the discount category, but it won't be easy.¹

David Hartley, Beverage Analyst, quoted in The Hamilton Spectator

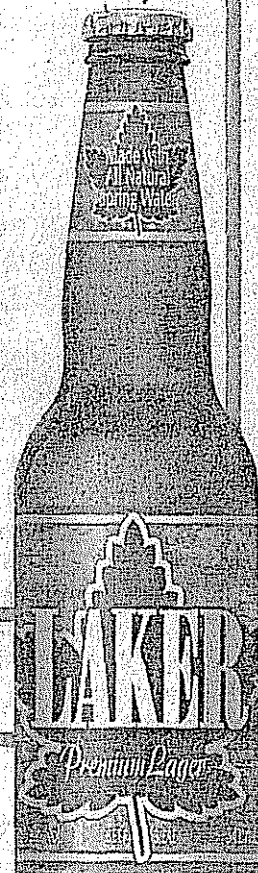
If someone wants to protest, take a stand against the big guys, there are other discount brands they can buy if they want to do that.

Marvin Ryder, quoted in The Hamilton Spectator

It's your beer. What's your opinion?

Laker[®]

A BUCK A BEER[®] TODAY. A BUCK A BEER TOMORROW.



Laker and BUCK A BEER registered trademarks of Brick Brewing Co. Ltd.

1. David Hartley, Beverage Analyst, as quoted by David Friend in The Hamilton Spectator, February 2, 2007.

2. Marvin Ryder, as quoted by John Birman in The Hamilton Spectator, February 2, 2007.

TOURNAMENT OF HEARTS

Alberta back in playoff hunt

CHICAGO (AP) — The Alberta Oilers have had a rough time of it since they were drafted last year...



Alberta Oilers forward Steve Adams looks dejected after the Oilers' 3-1 loss to the Chicago Blackhawks in the first round of the NHL playoffs.

This time, Ames gets it right

A year after her horrible first-day loss to Tiger, Candian cruises to first Match Play win



Annika Sorenstam cruises to a first-round win in the first round of the Match Play tournament.

TENNIS

Dancovic, Wozniak players of the year

CHICAGO (AP) — The ATP and WTA have named their 2006 players of the year...

FOOTBALL

Hannigan gives Colts salary cap space

INDIANAPOLIS (AP) — The Colts have agreed to a contract with Matt Ryan...

Dolphins sign Holiday to \$20-million deal

MIAMI (AP) — The Dolphins have signed Matt Ryan to a two-year contract...

Bombers, Argos beat up offensive lines

CHICAGO (AP) — The Bears and the Colts have both had trouble with their offensive lines...

People had strong opinions about the proposed Lakeport sale

LAKEPORT (AP) — The proposed sale of Lakeport to a private equity firm has sparked strong reactions...

Lakeport announces sale to one of the big boys

LAKEPORT (AP) — The city of Lakeport has announced its intention to sell the city to a private equity firm...



A Buck a Beer Today a Buck a Beer Tomorrow.

NASCAR Drivers hope to forget Daytona

Some of NASCAR's biggest stars left Daytona International Speedway in high heels.

Jimmy Johnson, Tony Stewart, Kurt Busch and Matt Kenseth — the past five Cup series champions — crashed in the season opener and finished well back in the points race. Fan favourite Dale Earnhardt Jr. had similar results.

This weekend, the five drivers have little momentum heading to California. They do have lots of hope, because only two of the last 27 Daytona 500 winners have claimed series titles.

"The season, in some people's minds, starts this weekend," said Johnson, who accomplished the rare feat of winning the Great American Race and the championship last season.

Others haven't been as fortunate.

Only four of the last 12 series champions even finished in the top 10 at Daytona. Kenseth was last in 2002 but rebounded to win his first of two series titles. Ward Burton won the sponsor that year and ended up 4th in the standings.

It's completely a clean slate," Earnhardt said. "You can't compare the two Daytona's like a season of 10 years, and the superspeedway program is different than the rest of the track. So, we're not going out there feeling like we're in trouble in the points or worry about being in a big crash at Daytona."

That was only the first race, and if we do what we know we can as a team, we'll be in the top 10 in points when the Chase begins."

NASCAR's owner has so much hope, building attention and emphasis that what's often overlooked is the fact that the Daytona 500 means no more to the championship than less prominent races in Virginia, Delaware, New Hampshire and Kansas City.

But Daytona can set the tone for the season.

In 2001, six of the 10 drivers who made the Chase started the year by finishing in the top 10 at Daytona. The following year, seven of the 10 were in the top 20. Last year, six of the 10 were in the top 10.

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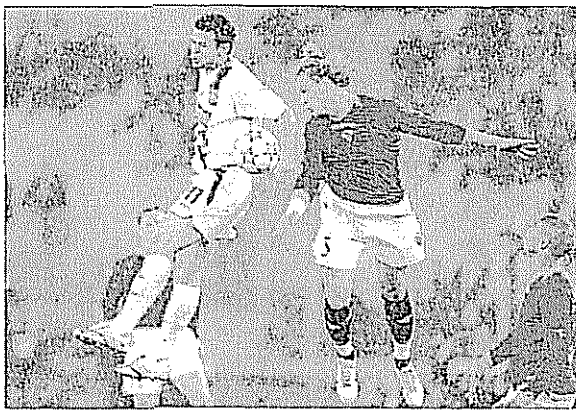
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Lyon's Fred (left) challenges for the ball with AS Roma's Philippe Mexes during their Champions League first knockout round first leg soccer match yesterday in Rome. The game ended in a 0-0 draw.

SOCCER Liverpool drops Barcelona

Visiting Liverpool came again behind to defeat defending champion Barcelona 2-1 yesterday while returning Italian leader Inter Milan was held 2-2 by another Spanish club, Valencia, in the European Champions League.

Jose Mourinho's Chelsea held its former club, FC Porto, to a 1-1 draw, and Lyon — no course for a sixth consecutive French league title — was held to a 1-1 draw.

In a matchup of the last 100 winners of Europe's soccer's most prestigious competition, Celtic narrowly edged out Arsenal to set up the second for John Arne Riise at Barcelona's Camp Nou after they had given the home team a 1-0 minute lead.

The goals for Riise and Milan came less than a week after reports that the Welsh striker had the Norwegian defender on the legs with a golf club after a drinking binge at a Portuguese hotel.

Barcelona went ahead after 10 minutes when Valdes blocked a close-

range shot from Riise and, as the rebound dropped back, Riise stepped a sideways pass to Riise, who hammered it into the roof of the net with his weaker right foot.

Mourinho returned to the club he guided to the Champions League title two seasons ago. He also led the Portuguese side to the UEFA Cup and two domestic league titles.

Raul Melero's volved Press ahead in the 12th minute while Chelsea captain John Terry was off the field getting treatment for a calf muscle injury.

Andriy Shevchenko equalized four minutes later when he took a pass from Arjen Robben and raced clear of the Porto defense to score.

Inter led twice at home before Valencia nullified Esteban Cambiasso's second in the 20th minute only for David Villa to substitute in the 60th. Brazilian Maicon restored the lead in the 70th but David Silva earned a valuable draw with a second equalizer with three minutes remaining.

Liverpool moved ahead in the 74th minute when Valdes blocked a close-

Liverpool moved ahead in the 74th minute when Valdes blocked a close-

Liverpool moved ahead in the 74th minute when Valdes blocked a close-

SOCCER UEFA begins investigation into breaches

PARIS

UEFA opened an investigation yesterday into the trouble on and off the field during Lille's Champions League loss to Manchester United.

United fans said they were crushed against high fences at Tuesday's game, and manager Sir Alex Ferguson was furious that Lille's coaching staff watched players off the field after Ryan Giggs scored in the 1-0 win.

"UEFA has officially opened an investigation into events at the UEFA Champions League first knockout round first leg match," UEFA said.

UEFA will look at whether Lille breached safety and security instructions, and a alleged improper conduct of both sets of fans. The matter will be discussed March 22.

UEFA, led by former France great Michel Platini, has shown a hard line on security and safety issues. The governing body of European soccer recently threw Feyenoord out of the UEFA Cup for crowd disturbances.

UEFA also said it would review Giggs' 40th-minute goal, which was taken before the referee whistled play to restart and led to the near walk-off.

Beckham bounces back

LONDON

David Beckham's recent performance for Real Madrid has improved his chances of being recalled to the England team.

The former captain was dropped by England coach Steve McClaren after last year's World Cup. However, he has played well since being recalled to the Madrid team and set up all three goals in Tuesday's 1-2 Champions League victory over Bayern Munich.

"That's all you'll get from David Beckham. The reaction from every admirer he's ever gone through in his career, he's always bounced back and been professional and got on with his job," McClaren said yesterday.

Beckham said last month he would leave for the Los Angeles Galaxy when his contract expires in June.

LAKEPORT VS LAKER

IT'S NEVER BEEN EASIER TO TELL THEM APART.

| Lakeport | Laker |
|--|--|
| May soon be another foreign owned brand. | Still 100% Canadian. |
| \$4 for \$24. For now. | Still a buck a beer. |
| Brewed in Hamilton. | Brewed in Waterloo with pure spring water. |
| May soon be in bed with the big boys. | Still a thorn in the big boys' side. |

It's time to take sides.

Laker[®]

A BUCK A BEER[®] TODAY. A BUCK A BEER TOMORROW.

LAKEPORT VS. LAKER

IT'S NEVER BEEN EASIER TO TELL THEM APART.

Lakeport

May soon be another foreign controlled brand.

24 for \$24.

Brewed in Hamilton.

May soon be in bed with the big boys.

Laker

Still Canadian.

BUCK A BEER®.

Brewed in Waterloo with pure spring water.

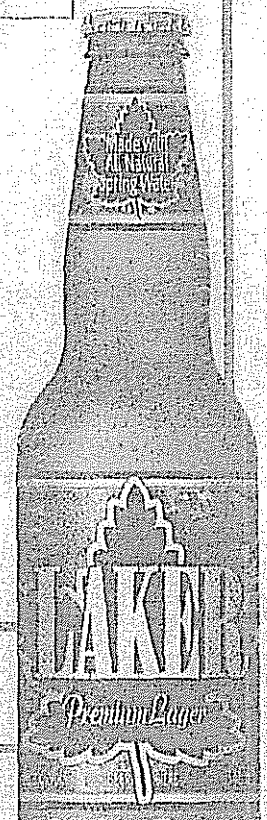
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Laker®

A BUCK A BEER® TODAY. A BUCK A BEER® TOMORROW.

LAKEPORT and BUCK A BEER® are registered trademarks of Black Brewing Co. Ltd.
LAKEPORT is a registered trademark of Lakeport Brewing LP.



| | | |
|---------------------------------------|-----------------------|--------------------------|
| The Hamilton Spectator (Hamilton, ON) | | Order/Commande 115468 |
| Date 02.03.2007 | Circ. 105000 Page S11 | 1 / 1 |

BURP.

WHAT HAPPENS IF A BIG BEER COMPANY SWALLOWS A SMALL BEER COMPANY WHOLE?

One of the big boys wants to gulp down Lakeport. What will that leave the value beer drinker with? Questions. Who's looking out for customers? Who's looking out for the little guy? Could this be the end of value beer? Could Waterloo-brewed Laker end up being the last true Canadian beer for a buck? It's your beer. We want your opinion. Visit abuckabeer.ca and tell it like it is.



Laker®
A BUCK A BEER® TODAY. A BUCK A BEER® TOMORROW.

LAKER and BUCK A BEER are registered trademarks of Buck Brewing Co. Ltd.
LAKERDART is a registered trademark of Lakeport Brewing LP.



LAKEPORT VS LAKER

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| Lakeport | Laker |
|----------|-------|
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BUCK A BEER®.

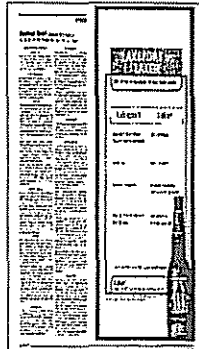
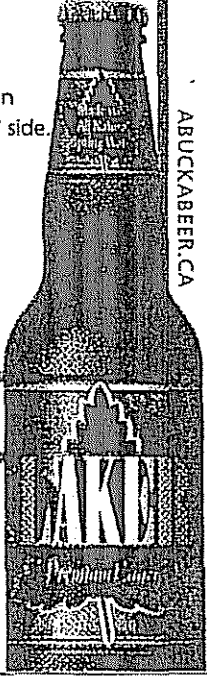
Brewed in Waterloo with pure spring water.

Still a thorn in the big boys' side.

It's time to take sides. Sign up at abuckabeer.ca

Laker®
A BUCK A BEER® TODAY. A BUCK A BEER® TOMORROW.

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Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Meyer

A Commissioner, etc.

CONFIDENTIAL

This is **Exhibit "38"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Moran

A Commissioner, etc.

CONFIDENTIAL

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Michelle Schotel

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CONFIDENTIAL

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E. Ann Nolan

A Commissioner, etc.



Droit de la concurrence, Ministère de la Justice Canada
Competition Law Division, Department of Justice Canada

FICHE DE TÉLÉCOPIE
 FACSIMILE TRANSMITTAL SLIP

Date : March 7, 2007

| | | | |
|---|--|--|--|
| Nbre de pages (incluant la présente) : 3 | | L'original suivra par la poste: | |
| No. of pages (including this form): | | Original will follow by mail: NO | |
| ENVOYER À / SEND TO | | DE / FROM | |
| Nom / Mr. Brian A. Facey Blake Cassels & Graydon LLP 199, Bay Street Suite 2800, Commerce Court West Toronto, Ontario M5L 1A9 | | Nom / Name: Robert J. Levine Édifice Concorde d'Industrie Canada 280, rue Albert, 10 ^e étage Ottawa (Ontario) K1A 0H3 Levine.Robert@bc-cb.gc.ca | |
| No. de tél. / Tel. No.: () | | No. du télécopieur / Fax # : (613) 954-0964 | No. du tél. / Tel. No.: (613) 954-0905 |
| Commentaires / Comments: Letter re: Labatt Brewing Company Ltd.: Schedule B of the Federal Court Order issued February 22, 2007, Federal Court File Number T-325-07 (the "Order") | | | |
| AVERTISSEMENT CONCERNANT LA CONFIDENTIALITÉ | | CONFIDENTIALITY CAUTION | |
| Ce message est strictement réservé à l'usage de la personne ou à l'organisme à qui il est adressé et peut contenir de l'information privilégiée et confidentielle. Cependant, si vous recevez cette communication par erreur, veuillez immédiatement en aviser l'émetteur par téléphone. Prendre note que si vous n'êtes pas le destinataire de ce message, vous êtes avisés, par la présente, que toute divulgation, diffusion, distribution ou reproduction de cette communication est strictement interdite. | | This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged and confidential. Therefore, if you receive this communication by mistake, please notify the sender immediately by telephone. Please note that if the reader of this message is not the intended recipient, he is hereby notified that any disclosure, dissemination, distribution or copying of this communication is strictly prohibited. | |
| Si la présente transmission pose des problèmes, veuillez communiquer avec : | | Linda Racine (613) 954-0858 | |
| If there are any problems with this transmission, please contact: | | (613) 954-0836 | |

Droit de la concurrence
 Ministère de la Justice Canada
 22^e étage, Tour I
 Place du Portage
 50, rue Victoria
 Gatineau (Québec) K1A 0G9

Competition Law Division
 Department of Justice Canada
 22nd floor, Phase I
 Place du Portage
 50 Victoria Street
 Gatineau, Quebec K1A 0G9

Canada



Ministère de la Justice
Canada

Department of Justice
Canada

Droit de la concurrence
280, rue Albert
10^e étage
Ottawa (Ontario)
K1A 0H5

Competition Law Division
280 Albert Street
10th floor
Ottawa ON K1A 0H5

Téléphone/Telephone: (613) 954-0905
Télocopieur/Facsimile: (613) 954-0964
Courriel/Email: levine.robert@cb-bc.gc.ca

March 7, 2007

Notre référence / Our file: CA-2225-250

Mr. Brian A. Facey
Blake Cassels & Graydon LLP
199 Bay Street
Suite 2800, Commercc Court West
Toronto ON M5L 1A9

BY FAX: 416-863-2653

Dear Mr. Facey:

**Re: Labatt Brewing Company Ltd.: Schedule B of the Federal Court Order issued
February 22, 2007, Federal Court File Number T-325-07 (the "Order")**

Please note that it is our understanding that the above-noted Schedule only applies to information relating to the Province of Ontario and only to sales through The Beer Store or the Liquor Control Board of Ontario, except where otherwise noted. We are prepared to proceed on this basis if you complete the undertaking below and return it along with this letter to my attention by the fax number noted above.

To the extent that it was not previously clear, upon reception of the completed undertaking, this letter serves to limit the amount of information to be provided in response to Schedule B.

Sincerely,

Robert J. Levine

Counsel
encl.

I _____, am an authorized representative of _____, and in that capacity hereby undertake to consent to an amendment to the above-noted Order for the clarification of the applicability of Schedule B to the manner described above, if such an amendment is or becomes necessary.

Signed:

This _____ day of March, 2007.

This is **Exhibit "41"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.



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PRIVILEGED & CONFIDENTIAL

Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

March 7, 2007

Reference: 7063/1904

VIA OVERNIGHT COURIER

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, Quebec
K1A 0C9

Attention: Tammy Abed

Re: The Commissioner of Competition v. Labatt Brewing Company Ltd.
re: Section 11 Order - First Production of Documents

Enclosed with this letter are the first set of documents from Labatt in response to the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order"). We have already provided our list of previously produced documents on March 3, 2007.

As discussed with Mr. Robert Levine of your office, in order to provide you with documents as quickly as possible, we will be responding to the Order in a rolling fashion.

As also discussed with Mr. Levine, we will be providing documents in electronic format pursuant to section 6 of Schedule A of the Order.

Enclosed herewith are 6 discs, which contain 236 documents in total. Each disc contains the documents that are responsive to a particular question. For instance, the disc labelled "Question 1" contains all of the documents that are responsive to Question 1 of the Order.

When the disc is opened, a table will come up on your computer (no special computer program is required to run these discs). The table lists all of the documents on that disc in chronological order along with a brief description of the document. A copy of the actual document is beside the document description. If you click on the icon, the document will open. The list also gives each document a production number and also lists which other question(s) the document is responsive to (if any). The discs are read-only and cannot be modified.

21616528.1



If you have any questions or have any problems accessing the documents on the discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

As stated above, this is a rolling production and we expect to have additional documents to you shortly.

Yours truly,

Brian A. Facey

BAF/pi
Encl.

c: Susan Rabkin
Craig Thorburn
Catherine Beagan Flood
Anne Glover

This is **Exhibit "42"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hlover

A Commisioner, etc.



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Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

Reference: 7063/1904

March 8, 2007

VIA OVERNIGHT COURIER

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, Quebec
K1A 0C9

Attention: Tammy Abed

Re: The Commissioner of Competition v. Labatt Brewing Company Ltd.
re: Section 11 Order - Second Production of Documents

Further to our letter dated March 7, 2007, enclosed with this letter is the second set of documents from Labatt in response to the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order").

The documents are being provided to you in the same format as the first set of productions. That is, each disc contains the documents that are responsive to a particular question. When the disc is opened, a table will appear which will list all of the documents on that disc in chronological order. The table will also provide a brief description of each document and the other questions (from the Order) to which the document is responsive. All documents have been given a production number.

There are 6 discs enclosed with this letter, which contain 111 documents in total. The documents have been given production numbers 237 to 347.

It has come to our attention that production number 35, which was sent to you yesterday in response to Question #3, is not opening. We have fixed that problem and enclosed with this letter is a new copy of that disc, so that you are able to access that document.

If you have any questions or have any problems accessing the documents on these discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

21617404.1



This is a rolling production and we expect to have the next set of documents to you shortly.

Yours truly,

Brian A. Facey

BAF/pi
Encl.

c: Susan Rabkin
Karyn Sullivan
Craig Thorburn
Catherine Beagan Flood
Anne Glover

This is **Exhibit "43"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Ann Glavin

A Commissioner, etc.

PIDZAMECKY, LAURIE

From: FACEY, BRIAN
Sent: Friday, March 09, 2007 1:55 PM
To: 'Levine, Robert: #LEG'
Cc: Miller, Bill: #LEG; Peters, Steve: #CB - BC; Lang, Greg: #CB - BC; BEAGAN FLOOD, CATHY
Subject: RE: Documents Previously Provided

Rob, we will get it to you sworn on or before Tuesday the 20th. Thx., Brian

From: Levine, Robert: #LEG [mailto:Levine.Robert@cb-bc.gc.ca]
Sent: Friday, March 09, 2007 11:47 AM
To: FACEY, BRIAN
Cc: Levine, Robert: #LEG; Miller, Bill: #LEG; Peters, Steve: #CB - BC; Lang, Greg: #CB - BC
Subject: RE: Documents Previously Provided

Brian,

I hereby confirm that the Commissioner is in possession of all of the documents referenced in your letter of March 3, 2007.

With respect to your request regarding the affidavit, while I don't anticipate an issue, could you please provide me with the date by which Labatt would provide the sworn version?

Thanks,

rob

-----Original Message-----

From: FACEY, BRIAN [mailto:BRIAN.FACEY@blakes.com]
Sent: Thursday, March 08, 2007 5:46 PM
To: Levine, Robert: #LEG
Cc: BEAGAN FLOOD, CATHY
Subject: Documents Previously Provided

Rob, as discussed today, Labatt agrees that the the documents previously produced as referenced in our letter of March 3, 2007, shall be deemed to be provided to the Commissioner pursuant to the section 11 order dated Feb 22, 2007.

Please confirm that the records are in the Commissioner's possession.

As mentioned we have and are sending disks with documents on them and will produce all records in this fashion for your ease of reference - please let me know if you have not received them.

As to the affidavit, the General Counsel is going to be out of the country next week - would you have any objection to us sending her affidavit unsworn on the 15th - with sworn to follow on her return.

Many thanks.

3/14/2007

This is **Exhibit "44"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hovell

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "45"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commisioner, etc.

PIDZAMECKY, LAURIE

From: Schwartzman, Charlie: #CB - BC [Schwartzman.Charlie@cb-bc.gc.ca]
Sent: Monday, March 12, 2007 11:22 AM
To: FACEY, BRIAN
Cc: Levine, Robert: #LEG
Subject: Service Level Date for: - Our File #3100883

Dear Mr. Facey,

I am writing in regards of your letter of February 13, 2007 , requesting the issuance of an Advanced Ruling Certificate pursuant to section 102 of the *Competition Act* with respect to the above transaction. I sincerely apologize for the delay in sending this correspondence.

We have reviewed the material submitted and determined this matter to be classified as very complex. The corresponding service standard period is 5 months .

The information provided in support of your request was sufficient to commence the Bureau's review. As a result, the service standard period commenced on February 13, 2007, the next business day after the date that sufficient information was received by the Bureau, and will end on June 13, 2007.

Should you wish any questions concerning this matter, please contact me .

Yours truly,

Charles Schwartzman
Mergers Branch
819-953-8223

This is **Exhibit "46"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Glover

A Commissioner, etc.



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PRIVILEGED & CONFIDENTIAL

March 12, 2007

VIA OVERNIGHT COURIER

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, QC K1A 0C9

Attention: Tammy Abed

Re: **The Commissioner of Competition v. Labatt Brewing Company Ltd.**
re: **Section 11 Order - Third Production of Documents**

Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

Reference: 7063/1904

Enclosed with this letter is the third set of documents from Labatt in response to the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order").

These documents are being provided to you in the same format as the first and second set of productions. That is, each disc contains the documents that are responsive to a particular question. When the disc is opened, a table will appear which will list all of the documents on that disc in chronological order. The table will also provide a brief description of each document and the other questions (from the Order) to which the document is responsive. All documents have been given a production number.

There are 7 discs enclosed with this letter, which contain 273 documents in total. The documents have been given production numbers 427 to 700. Production numbers 348 to 426 will be sent to you tomorrow.

If you have any questions or have any problems accessing the documents on these discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

As mentioned before, this is a rolling production and we expect to have the next set of documents to you tomorrow.

Yours truly,

Brian A. Facey

BAF/pi
Encl.

c: Susan Rabkin
Karyn Sullivan
Craig Thorburn
Catherine Beagan Flood
Anne Glover

21618086.2

This is **Exhibit "47"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Ann Glover

A Commissioner, etc.



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PRIVILEGED & CONFIDENTIAL

March 13, 2007

VIA OVERNIGHT COURIER

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, QC K1A 0C9

Attention: Tammy Abed

Re: The Commissioner of Competition v. Labatt Brewing Company Ltd.
re: Section 11 Order - Fourth Production of Documents

Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

Reference: 7063/1904

Enclosed with this letter is the fourth set of documents from Labatt in response to the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order").

There are both hard documents and electronics enclosed. The hard documents have been given production numbers 348 and 426 (these are the documents referred to in our letter dated March 12, 2007). These documents are being provided to you in paper format as they are not scanning clearly into our database.

The electronic documents are being provided to you on disc. There are 4 discs enclosed with this letter, which contain 24 documents in total. The documents have been given production numbers 701 to 725. These documents are being provided to you in the same format as the other electronic documents. That is, each disc contains the documents that are responsive to a particular question. When the disc is opened, a table will appear which will list all of the documents on that disc in chronological order. The table will also provide a brief description of each document and the other questions (from the Order) to which the document is responsive.

If you have any questions or have any problems accessing the documents on the discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

We expect to have further documents to you shortly.

Yours truly,

Brian A. Facey

BAF/lpi
Encl.

c: Susan Rabkin
Karyn Sullivan
Craig Thorburn
Catherine Beagan Flood
Anne Glover

21618750.1

This is **Exhibit "48"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Heaver

A Commisioner, etc.



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Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

Reference: 7063/1904

PRIVILEGED & CONFIDENTIAL

March 14, 2007

VIA OVERNIGHT COURIER

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, QC
K1A 0C9

Attention: Tammy Abed

Re: The Commissioner of Competition v. Labatt Brewing Company Ltd. ("Labatt")
re: Section 11 Order - Fifth Production of Documents - Schedule "A"

Enclosed with this letter is the fifth set of documents from Labatt in response to Schedule "A" of the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order").

There are 15 discs enclosed with this letter, which contain 1,566 documents in total. The documents have been given production numbers 726 to 2292.

These documents are being provided to you in the same format as the previous Schedule "A" productions. That is, each disc contains the documents that are responsive to a particular question. When the disc is opened, a table will appear which will list all of the documents on that disc in chronological order. The table will also provide a brief description of each document and the other questions (from the Order) to which the document is responsive. All documents have been given a production number.

If you have any questions or have any problems accessing the documents on the discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

21619733.1



We have one final set of Schedule "A" documents which we are in the process of finalizing. These documents will be delivered to you tomorrow.

Yours truly,

Brian A. Facey

BAF/tpi

Encl.

c: Susan Rabkin
Karyn Sullivan
Craig Thorburn
Catherine Beagan Flood
Anne Glover

This is **Exhibit "49"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Mlover

A Commisioner, etc.



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Brian A. Facey
Partner
Dir: 416-863-4262
brian.facey@blakes.com

Reference: 7063/1904

PRIVILEGED & CONFIDENTIAL

March 15, 2007

HAND DELIVERED

Competition Bureau
Mergers Branch
50 Victoria Street, 19th Floor
Gatineau, QC
K1A 0C9

Attention: Tammy Abed

Re: The Commissioner of Competition v. Labatt Brewing Company Ltd. ("Labatt")
re: Section 11 Order - Sixth Production of Documents - Schedule "A"

Enclosed with this letter is the sixth set of documents from Labatt in response to Schedule "A" of the Section 11 Order dated February 22, 2007 (Court File No. T-325-07) (the "Order").

There are 10 discs enclosed with this letter, which contain 3,342 documents (including attachments) in total. The documents have been given production numbers 2,293 to 3,833.

These documents are being provided to you in the same format as the previous Schedule "A" productions. That is, each disc contains the documents that are responsive to a particular question. When the disc is opened, a table will appear which will list all of the documents on that disc in chronological order. The table will also provide a brief description of each document and the other questions (from the Order) to which the document is responsive. All documents have been given a production number.

If you have any questions or have any problems accessing the documents on the discs, please do not hesitate to contact either myself or my partner, Catherine Beagan Flood. Ms. Beagan Flood's direct line is (416) 863-2269 and her e-mail address is cbe@blakes.com.

21619982.1



This is the final set of Schedule "A" documents in response to the Order.

Yours truly,

Brian A. Facey

BAF/lpi

Encl.

c: Susan Rabkin
Karyn Sullivan
Craig Thorburn
Catherine Beagan Flood
Anne Glover

This is **Exhibit "50"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hlover

A Commisioner, etc.

CONFIDENTIAL

This is **Exhibit "51"** referred to in
the Affidavit of

Michelle Schotel

Sworn before me this 23rd day of March, 2007

E. Anne Hlover

A Commisioner, etc.

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