

ROC PREF III CORP.

**NOTICE OF SPECIAL MEETING
OF SHAREHOLDERS**

AND

**MANAGEMENT INFORMATION
CIRCULAR**

**Meeting to be held at 8:30 a.m.
December 17, 2009**

**1 First Canadian Place
Suite 6300
100 King Street West
Toronto, Ontario**

ROC Pref III Corp.
181 University Avenue, Suite 300
Toronto, Ontario
M5H 3M7

November 20, 2009

Dear Shareholders:

You are invited to a special meeting (the “Meeting”) of shareholders (the “Shareholders”) of preferred shares (the “Preferred Shares”) of ROC Pref III Corp. (the “Company”) to be held on December 17, 2009 at 8:30 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B8.

The purpose of the Meeting is to consider and vote upon a special resolution (the “Special Resolution”) authorizing an amendment to the terms of the Preferred Shares, to change the redemption date of the Preferred Shares from March 23, 2012 to December 22, 2009 (the “Proposal”). As a result of this amendment, Shareholders will have their Preferred Shares redeemed by the Company on such date and will be paid a net asset value redemption price per Preferred Share which will equal the net asset value per Preferred Share as of December 18, 2009 plus a redemption premium of \$1.00 per Preferred Share. The credit linked note portfolio to which the Company has exposure has suffered several defaults over the past year and if one or more occur in the time remaining to maturity Shareholders risk losing all or a substantial portion of their investment. The Company’s Investment Advisor believes there are a number of reference companies in the credit linked note portfolio that are at a significant risk of default prior to the maturity of the credit linked note. Accordingly, the Company’s board of directors, Manager and Investment Advisor believe it is in the best interests of the Shareholders to crystalize and preserve the remaining value of the Preferred Shares for Shareholders. In this regard, following recently completed negotiations the issuer of the credit linked note has agreed to repurchase the note on December 18, 2009 to facilitate this outcome. In addition, the Company’s independent review committee reviewed the Proposal and recommended that the Special Resolution be put to Shareholders for their consideration.

In order to become effective, the Special Resolution must be approved by a two-thirds majority of the Shareholders represented at the Meeting in person or by proxy. Approval of the Special Resolution at the Meeting will result in a change to the redemption date of all the Preferred Shares, regardless of whether a particular Shareholder voted in favour of, against or did not vote in respect of the Special Resolution.

Attached is a Notice of Special Meeting of Shareholders and a Management Information Circular, which contain important information relating to the Special Resolution. You are urged to read the Management Information Circular carefully. If you are in doubt as to how to deal with the matters described in the Management Information Circular, you should consult your financial advisor.

If you wish to vote on the Special Resolution, you should contact your broker and submit the enclosed voting instruction form, as soon as possible, and in any event no later than 5:00 p.m. (Toronto time) on December 15, 2009. All Shareholders are encouraged to attend the Meeting or vote on the Special Resolution by proxy.

The board of directors of the Company has determined that the Proposal is in the best interest of the Shareholders. Accordingly, the board unanimously recommends that Shareholders vote in favour of the Special Resolution to be considered at the Meeting.

Sincerely,



W. NEIL MURDOCH
Chief Executive Officer

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that a special meeting (the “Meeting”) of holders of Preferred Shares (the “Preferred Shares”) of ROC Pref III Corp. (the “Company”) will be held on December 17, 2009 at 8:30 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B8 for the following purposes:

1. To consider, and if deemed advisable, approve, with or without variation, a special resolution in the form attached as Appendix I to the accompanying management information circular (the “Circular”) authorizing an amendment to the Articles of the Company to amend the rights, privileges, restrictions and conditions attaching to the Preferred Shares to change the scheduled redemption date of such shares from March 23, 2012 to December 22, 2009.
2. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

DATED at Toronto, Ontario as of the 20th day of November, 2009.

By Order of the Board of Directors of
ROC Pref III Corp.



W. NEIL MURDOCH
Chief Executive Officer

Note: Reference should be made to the accompanying Circular for details of the above matters. If you are unable to be present in person at the Meeting, you are requested to complete and sign the enclosed voting instruction form and to return it in the enclosed envelope provided for that purpose.

THE COMPANY

ROC Pref III Corp. (the “Company”) is a corporation governed by the *Canada Business Corporations Act*. The manager of the Company is Connor, Clark & Lunn Capital Markets Inc. (the “Manager”). The Manager is responsible for providing or arranging for the provision of administrative services required by the Company and Credit Trust III. The principal place of business of the Company and the registered office of the Manager is Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7. Connor, Clark & Lunn Investment Management Ltd. is the investment advisor (the “Investment Advisor”) to Credit Trust III. The principal office of the Investment Advisor is located at 2200 – 1111 West Georgia Street, Vancouver, British Columbia V6E 4M3. For further information relating to the Company, see “Appendix II — Additional Information”.

On March 8, 2005 the Company issued 10,600,000 Preferred Shares (the “Offering”). Preferred Shares were issued at a price of \$25.00 per Preferred Share for total gross proceeds of \$265 million. As at October 30, 2009 there were 7,082,859 Preferred Shares issued and outstanding.

The Company’s investment objectives are (i) capital repayment: to pay to holders of Preferred Shares (the “Shareholders”), on or about March 23, 2012 (the “Redemption Date”), an amount per Preferred Share equal to the original subscription price of \$25.00 per Preferred Share; and (ii) distributions: to provide Shareholders with quarterly fixed cumulative preferential distributions of \$0.275 per Preferred Share (\$1.10 per annum to yield 4.40% on the subscription price of \$25.00 per Preferred Share). Preferred Share distributions consist primarily of returns of capital and may include capital gain dividends.

In order to meet its investment objectives, the Company entered into a forward purchase and sale agreement (the “Forward Agreement”) with TD Global Finance, a member of the TD Bank Financial Group (the “Counterparty”), which provided the Company with the economic return generated by a credit linked note (the “Credit Linked Note”). Under the terms of the Forward Agreement, the Counterparty agreed to pay the Company on or about the Redemption Date, as the purchase price for a portfolio of common shares of Canadian public companies acquired by the Company with the net proceeds of the Offering, the economic return provided by the Credit Linked Note.

The Credit Linked Note was issued by The Toronto-Dominion Bank (“TD Bank”), a Canadian chartered bank. The return on the Credit Linked Note is linked to the number of defaults experienced over the term of the Credit Linked Note among companies in an equally weighted portfolio (the “CLN Portfolio”) of approximately 115 to 140 companies (the “Reference Companies”) all of which were rated investment grade by S&P at the time the Credit Linked Note was issued. The Investment Advisor is responsible for the execution of Credit Trust III’s investment strategy, including the initial composition of the CLN Portfolio and its subsequent active management, subject to the investment guidelines and restrictions relating to Credit Trust III.

The Credit Linked Note is owned by an investment trust (“Credit Trust III”). Neither the Company, nor the Shareholders, have any ownership interest in Credit Trust III or the Credit Linked Note.

The Company has partially settled the Forward Agreement prior to the Redemption Date in accordance with its terms in order to fund quarterly distributions as well as retractions of Preferred Shares by Shareholders, expenses and other liabilities of the Company.

The Credit Linked Note was issued at 97.0% of par, is scheduled to mature on March 22, 2012 and pays a fixed Canadian dollar coupon of 5.416% on the outstanding principal amount to yield 5.94% per annum. The combination of the accrual to par on the Credit Linked Note plus the amount of the coupon was expected to be sufficient to pay expenses and enable the Company to receive sufficient amounts under the Forward Agreement to fund distributions on the Preferred Shares and pay to Shareholders the original subscription amount of the Preferred Shares on the Redemption Date.

The Credit Linked Note has been structured so that it is unaffected by the first net losses on the CLN Portfolio up to 3.84% of the initial value of the CLN Portfolio (representing defaults by eight Reference Companies in a CLN Portfolio comprised of 125 Reference Companies). The net loss on a Reference Company that defaults is calculated as the percentage exposure in the CLN Portfolio to such Reference Company multiplied by 60.0% (based on a 40.0% fixed recovery rate).

RECENT DEVELOPMENTS

Since the Credit Linked Note was issued there have been 8.5 defaults in the CLN Portfolio. These companies include Dana Corporation, Fannie Mae, Freddie Mac, Lehman Brothers Holdings Inc., Washington Mutual, Tribune Company, Idearc Inc., Lear Corporation and CIT Group Inc. Idearc Inc. was a spin-off from Verizon Communications Inc. and therefore was represented in the CLN Portfolio at a one-half weight and constituted a half default.

On November 6, 2008, the Company announced the implementation of restructuring initiatives by the Manager and the Investment Advisor. In this regard: (i) the trading reserve account was used to buy additional subordination in the Credit Linked Note; (ii) for the following three quarters beginning on December 31, 2008, the coupons on the Credit Linked Note were sold to TD Bank in exchange for additional subordination and as a result, dividends on the Preferred Shares were suspended for three quarters commencing with the December 31, 2008 dividend; and (iii) the deferred management fee payable to the Manager has been made available for the benefit of the Shareholders. These restructuring initiatives were reviewed and approved by the independent members of the Company's board of directors. The net effect of these initiatives was to add subordination equivalent to 0.8 defaults.

As a result of the defaults mentioned above, the actual subordination level and the number of defaults that the Credit Linked Note can experience while continuing to make full coupon payments and return principal at maturity declined significantly. As of the date hereof, the Credit Linked Note can withstand approximately 0.6 further defaults before the interest payable on and the principal amount of the Credit Linked Note will be impacted. The default protection level equates to 0.2 times the historical average level of default on a portfolio with the same ratings distribution as the CLN Portfolio and 0.1 times the worst level of default experienced among a mix of credits comparable to that of the CLN Portfolio in any 2.4 year period from 1981 to 2008. As indicated by these ratios, there is considerable doubt about the Company's ability to return the full \$25.00 original purchase price of the Preferred Shares at maturity. If the CLN Portfolio sustains less than 0.6 defaults the Company will be able to pay the full \$25.00 at maturity, however, if the CLN Portfolio sustains more than 2.7 defaults then the principal amount of the Credit Linked Note will be reduced to zero and the payout, if any, on the Preferred Shares will be negligible.

The Investment Advisor believes there are a number of companies in the CLN Portfolio that are at a significant risk of default prior to the maturity of the Credit Linked Note. The following provides a brief description of such companies, the issues which, in the opinion of the Investment Advisor, they are facing at the present time and the Investment Advisor's opinion regarding the current risk level.

Ambac Assurance Corporation

Ambac is a monoline insurance company, providing credit enhancement for municipal bonds as well as structured finance transactions. Many of the structured finance transactions Ambac insured had exposure to the prime and subprime mortgage market. The unprecedented decline in the housing market, with little ability to predict with any confidence where it might end, has resulted in the rating agencies downgrading Ambac and other monoline insurers well into 'junk' territory. The decline in ratings has prevented Ambac from writing new business, which would help build capital. While the company has raised additional capital through the financial crisis, the rating agencies have repeatedly changed the level of capital necessary to maintain strong ratings and the company is now unable to raise sufficient additional capital to support either its existing business, or a newly created subsidiary. Liquidity at the holding company, while sufficient in the very near term, will, in the view of the Investment Advisor, continue to decline and could be depleted in less than two years unless the regulator permits the operating company to pay a cash dividend to the holding company.

Given the volatile operating environment, Ambac's earnings have been subject to large swings with, in the opinion of the Investment Advisor, little visibility. The Investment Advisor expects the operating environment for Ambac to remain volatile for the intermediate period, with little visibility, and therefore the Investment Advisor is of the opinion that there is a high probability that the company could breach minimum capital levels. Breaching minimum regulatory capital levels would permit the company's regulator to take actions which, in the opinion of the Investment Advisor, could result in a credit event at one or both of the operating and holding companies. The operating company is currently rated CC by S&P.

McClatchy Co.

McClatchy is a newspaper publisher in the United States. As with many American publishers, the company has suffered a dramatic decline in advertising revenue. While the company has had some success in controlling its costs, revenue has continued to decline. As a result of an acquisition in June 2006, the company has over \$1 billion of debt maturing in June 2011. In the view of the Investment Advisor, the company may be unable to meet its debt maturity through cash from operations or current liquidity. A debt exchange was pursued to restructure the company's balance sheet earlier in the year with little success. The company's ability to successfully refinance its debt maturity will likely depend upon a significant turnaround in the fundamentals of its business and the newspaper industry. The company is currently rated CC by S&P.

Radian Group Inc.

Radian provides mortgage insurance to originators of mortgages, including commercial banks, savings institutions, credit unions and mortgage brokers. Mortgage insurance typically covers up to the first 20% of the outstanding loan balance, primarily used by home buyers who do not have a full down payment. The majority of mortgage insurance is written on prime mortgages, with a relatively small percentage of insurance being written on subprime mortgages. While the housing crisis initially affected the performance of subprime mortgages, prime mortgages are now at record levels of delinquency, driven both by rising unemployment and the large decline in house prices. While there have been recent reports of stabilization in the housing markets, foreclosures continue to rise, particularly in respect of prime mortgages. Various government programs have had the effect of delaying foreclosures, but the net effect of such actions remains to be seen. In the view of the Investment Advisor, Radian's holding company liquidity is sufficient in the near term, however, the Investment Advisor is of the opinion that the company's expected liquidity, absent a capital raise, may not be sufficient to repay debt maturing in June 2011. The company's ability to raise outside capital is currently constrained by the uncertainty of its business, which would likely need to become more visible before outside capital became available. Radian is currently rated CCC by S&P.

Residential Capital Corporation

Residential Capital ("Rescap") is a prime and subprime mortgage lender owned 100% by GMAC. Although there have been some early signs that the housing market may be close to reaching bottom, the operating environment for Rescap continues to be very challenging and the company continues to report substantial losses. GMAC has received significant financial support from the Treasury and was approved by the FDIC to issue FDIC guaranteed debt, improving its liquidity situation. GMAC's ability and willingness to provide continued financial support to Rescap is critical to the company's survival. GMAC has stated that it will continue to support Rescap as long as it is in the best interest of GMAC's shareholders.

The Investment Advisor is of the opinion that there is a high likelihood that Rescap will continue to generate losses in the coming quarters. Such losses negatively impact GMAC's capital, which is the subject of the Government's stress tests and capital oversight. Due to restructuring actions taken during the past year, GMAC's financial exposure to Rescap has been collateralized, minimizing the negative impact a Rescap bankruptcy filing would have on GMAC. The Investment Advisor believes that GMAC could discontinue its support of Rescap in the near term. Rescap is currently rated CCC by S&P.

MBIA Inc. and MBIA Insurance Corporation

Like Ambac, MBIA is a monoline insurance company, providing credit enhancement for municipal bonds as well as structured finance transactions. Many of the structured finance transactions MBIA insured had exposure to the prime and subprime mortgage market. The unprecedented decline in the housing market, with little ability to predict with any confidence where it might end, has resulted in the rating agencies downgrading MBIA and other monoline insurers well into 'junk' territory. Also, as in the case with Ambac, the decline in ratings has prevented MBIA from writing new business, which would help build capital. While the company has raised additional capital through the financial crisis, the rating agencies have repeatedly changed the level of capital necessary to maintain strong ratings and the company is now unable to raise significant additional capital to support its business. While MBIA continues to have good liquidity at the holding company and solid

regulatory capital, the operating environment remains volatile. The company recently separated its municipal business from its structured business leaving the operating company holding the structured credit assets and liabilities and transferring the municipal assets and liabilities to a new, legally separate, subsidiary of the holding company. Counterparties and creditors of the old operating company have launched a lawsuit contesting the transfer, arguing the assets remaining in the operating company are unlikely to cover the liabilities of the structured products subsidiary. The transfer was approved by the company's regulator, and is consistent with the regulator's approach of protecting municipal policyholders' interests above and beyond other stakeholders. The Company has exposure to both the operating company and the holding company. The holding company is currently rated BB- by S&P and the operating company is currently rated BB+ by S&P.

In addition to the companies discussed above, there are approximately another 110 companies in the CLN Portfolio. While the Investment Advisor has not identified any of them as being at significant risk of default in the near term there is still uncertainty about the strength and resilience of the economic recovery as well as the ability of certain businesses to refinance borrowing requirements in the future. As corporate defaults tend to lag an economic recovery there is a risk that one or more of these other companies in the CLN Portfolio could default before the scheduled maturity of the Credit Linked Note.

Recently, the net asset value of the Preferred Shares has improved due to falling spreads as the credit markets have started to recover. It is not clear whether there is a significant opportunity for the net asset value to improve further as the benefit of the passage of time and any further drop in credit spreads could, in the opinion of the Investment Advisor, be offset by the deterioration of and possible default by the riskiest companies in the CLN Portfolio.

DETAILS OF THE PROPOSAL

Shareholders are being asked to vote upon a special resolution (the "Special Resolution") to amend the terms of the Preferred Shares, changing the Redemption Date to December 22, 2009 (the "Proposal"). If approved, the Company will redeem the Preferred Shares on December 22, 2009 at a net asset value redemption price per Preferred Share which will equal the net asset value per Preferred Share as of December 18, 2009 plus a redemption premium of \$1.00 per Preferred Share.

The purpose of the special meeting of Shareholders (the "Meeting") is to consider and vote upon a special resolution (the "Special Resolution") authorizing an amendment to the terms of the Preferred Shares, to change the redemption date of the Preferred Shares from March 23, 2012 to December 22, 2009 (the "Proposal"). As a result of this amendment, Shareholders will have their Preferred Shares redeemed by the Company on such date and will be paid a net asset value redemption price per Preferred Share which will equal the net asset value per Preferred Share as of December 18, 2009 plus a redemption premium of \$1.00 per Preferred Share. The CLN Portfolio to which the Company has exposure by virtue of the Forward Agreement has suffered several defaults over the past year and if one or more occur in the time remaining to maturity Shareholders risk losing all or a substantial portion of their investment. The Company's Investment Advisor believes there are a number of Reference Companies in the CLN Portfolio that are at a significant risk of default prior to the maturity of the Credit Linked Note. Accordingly, the Company believes it is in the best interests of the Shareholders to crystalize and preserve the remaining value of the Preferred Shares for Shareholders. In this regard, following recently completed negotiations the issuer of the Credit Linked Note has agreed to repurchase the Credit Linked Note on December 18, 2009 to facilitate this outcome.

In order to become effective, the Special Resolution must be approved by a two-thirds majority of the Shareholders represented at the Meeting in person or by proxy. Approval of the Special Resolution at the Meeting will result in a change to the redemption date of all the Preferred Shares, regardless of whether a particular Shareholder voted in favour of, against or did not vote in respect of the Special Resolution. If the Special Resolution is not approved, the Redemption Date will not be changed to December 22, 2009 and the Shareholders will remain exposed to the risk of any further defaults in the CLN Portfolio.

REASONS FOR THE PROPOSAL

The board of directors of the Company has determined that the Special Resolution is in the best interests of the Company and its Shareholders. In arriving at such determination, consideration was given to the following factors:

- There is a significant risk that further defaults by Reference Companies in the CLN Portfolio will occur before the Redemption Date and therefore an increased risk that Shareholders will lose their investment.
- The issuer of the Credit Linked Note, TD Bank, has agreed to repurchase the Credit Linked Note prior to maturity at a price equal to the value of the Credit Linked Note on December 18, 2009 plus an amount equal to \$1.00 multiplied by the number of Preferred Shares then outstanding. The price at which TD Bank is obligated pursuant to a note repurchase agreement to repurchase portions of the Credit Linked Note in the event that Shareholders exercise their monthly retraction rights represents a discount to the value of the Credit Linked Note. There is no assurance that the agreement with TD Bank to repurchase the Credit Linked Note at the more favourable price would be available in the future.
- TD Global Finance has agreed to waive the fee associated with an early termination by the Company of the Forward Agreement and there is no assurance that such agreement would be available in the future.

Based on such factors, the board of directors of the Company unanimously recommends that Shareholders vote in favour of the Special Resolution.

As required by National Instrument 81-107 — *Independent Review Committee for Investment Funds* (“NI 81-107”), the Manager presented the terms of the Proposal to the independent review committee of the Company (the “IRC”) for a recommendation as required by NI 81-107. The IRC reviewed the Proposal and recommended that the Special Resolution be put to Shareholders for their consideration.

EXPENSES OF THE PROPOSAL

All costs and expenses associated with the Proposal are estimated to be approximately \$50,000. All of these costs will be borne by the Company.

TERMINATION OF THE SPECIAL RESOLUTION

The Special Resolution may, at any time before or after the holding of the Meeting, but prior to filing articles of amendment changing the Redemption Date, be terminated by the board of directors of the Company without further notice to, or action on the part of, the Shareholders if the board of directors of the Company determines in its sole judgment that it would be inadvisable for the Company to proceed.

INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSAL

The Manager receives a management fee and the Investment Advisor receives investment advisor fees as described in Appendix II — Additional Information under “Management of the Company — The Manager” and “Management of the Company — The Investment Advisor”.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations relating to the Special Resolution that are generally applicable to a Shareholder who, for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”), is resident in Canada, deals at arm’s length with the Company and holds Preferred Shares as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “Regulations”), the Company’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the “Tax Proposals”). This summary assumes that the Tax Proposals will be enacted substantially as proposed, although no assurance in this regard can be given. This summary does not otherwise

take into account or anticipate any changes in law, whether by legislative, government or judicial action or interpretation, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not applicable to Shareholders an interest in which would be a tax shelter investment for the purposes of the Tax Act, or Shareholders to whom the functional currency reporting rules in the Tax Act apply. This summary does not deal with the mark-to-market rules in the Tax Act and Shareholders that are “financial institutions” as defined in the Tax Act for purposes of these rules should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations relating to the Special Resolution. Moreover, the income and other tax consequences relating to the Special Resolution will vary depending on the Shareholder’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be nor should it be construed as legal or tax advice to any particular Shareholder. Shareholders should consult their own tax advisors for advice with respect to the income tax consequences relating to the Special Resolution, based on their own particular circumstances.

This summary is based on the assumption that the Company has qualified since inception, and will qualify at all material times, as a “mutual fund corporation” within the meaning of the Tax Act. If the Company were to fail to qualify as a mutual fund corporation, the income tax considerations described below would in some respects be materially different.

The redemption of a Preferred Share by the Company on the Redemption Date will result in the disposition of such share. A capital gain (or a capital loss) will be realized by a Shareholder to the extent that the proceeds of disposition of such share exceed (or are less than) the aggregate of the Shareholder’s adjusted cost base of such share and any reasonable costs of disposition.

The adjusted cost base to a Shareholder of a Preferred Share will be determined by averaging the cost of the Preferred Shares acquired by the Shareholder at a particular time with the adjusted cost base to the Shareholder of any Preferred Shares already held by the Shareholder as capital property.

One-half of any capital gain (a taxable capital gain) will be required to be included in computing the Shareholder’s income and one-half of any capital loss (an allowable capital loss) may be deducted from taxable capital gains realized by the Shareholder in the year of disposition. Allowable capital losses in excess of capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

A taxable gain realized by an individual, and certain trusts, may give rise to a liability for alternative minimum tax.

A Shareholder that is a “Canadian controlled private corporation” (as defined in the Tax Act) may be liable for an additional refundable tax on investment income for the year, which is defined to include taxable capital gains.

RIGHT OF DISSENT

The Shareholders have the right to dissent from the Special Resolution pursuant to Section 190 of the *Canada Business Corporations Act*. Reference is made to “Appendix III — Right to Dissent” to this Circular which contains a summary of this right to dissent.

PREFERRED SHARES AND PRINCIPAL SHAREHOLDERS

As of October 30, 2009 there were 7,082,859 Preferred Shares outstanding.

As of October 30, 2009, to the knowledge of the directors and executive officers of the Company, no person owned of record more than 10% of the outstanding Preferred Shares other than CDS & Co., the nominee of CDS Clearing and Depository Services Inc., which held all of the Preferred Shares as registered owner for various brokers and other persons on behalf of their clients and others, and the names of the beneficial Shareholders of such Preferred Shares are not known to the Company.

GENERAL PROXY INFORMATION

Circular

This Circular is furnished in connection with the solicitation by management of the Company of proxies to be used at the Meeting to be held at the time and place and for the purposes set out in the Notice of Special Meeting of Shareholders accompanying this Circular. The Meeting will be held on December 17, 2009 at 8:30 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario. The delivery of notice of the Meeting and soliciting proxies for the Meeting will be paid for by the Company. Solicitation of proxies will be by mail and may be supplemented by telephone or other personal contact by agents of the Company.

Voting Rights, Record Date, Quorum and Proxy Information

To be used at the Meeting, a proxy must be deposited with Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario M5J 2Y1 (or if by facsimile sent to: 416-263-9524 or 1-866-249-7775) at any time up to 5:00 p.m. (Toronto time) on December 15, 2009 or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

Only Shareholders of record at the close of business on November 13, 2009 will be entitled to vote in respect of the matters to be voted on at the Meeting, or any adjournment thereof, including the Special Resolution.

With respect to each matter properly before the Meeting, a Shareholder shall be entitled to one vote for each Preferred Share beneficially owned by such Shareholder.

A quorum at the Meeting will consist of not less than 25% of the outstanding Preferred Shares represented by Shareholders in person or by proxy. If the quorum requirement is not satisfied, the Meeting will be adjourned by the Chairman of the Meeting. If adjourned, the Meeting will be rescheduled to 8:30 a.m. (Toronto time) on December 18, 2009. At the adjourned meeting, the business of the Meeting will be transacted by those Shareholders present in person or represented by proxy.

Appointment of Proxy Holders

Shareholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a Shareholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. Please indicate the way you wish to vote on each item of business and your vote will be cast accordingly. **If you do not indicate a preference, the Preferred Shares represented by the enclosed proxy form, if the same is executed in favour of the appointees named in the proxy form and deposited as provided in the Notice of Special Meeting, will be voted in favour of all matters identified in such Notice of Special Meeting.**

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the appointees named therein with respect to such matters, including without limitation such amendment or variation to the Special Resolution, as, though not specifically set forth in the Notice of Special Meeting, may properly come before the Meeting. The board of directors and management do not know of any such matter which may be presented for consideration at the Meeting. However, if any such matter is presented, the proxy will be voted thereon in accordance with the best judgment of the appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all Preferred Shares in respect of which the appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the instructions of the Shareholder signing the proxy form. If no such specification is made, then the Preferred Shares will be voted in favour of all matters identified in the Notice of Special Meeting.

Alternate Proxy

A Shareholder has the right to appoint a person other than the appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms which appoint persons other than the appointees whose names are printed on the form should be submitted to the Company and the person so appointed should be notified. A person acting as proxy need not be a Shareholder.

On any ballot that may be called for at the Meeting, all Preferred Shares in respect of which the person named in a proxy form has been appointed to act shall be voted or withheld from voting in accordance with the specification of the Shareholder signing such proxy form. If no such specification is made, then the Preferred Shares may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting and will be voted on such amendments and other matters in accordance with the best judgment of the person named in such proxy form.

Revocation of Proxies

If the accompanying form of proxy is executed and returned, such proxy may nevertheless be revoked by an instrument in writing executed by the Shareholder or his or her attorney authorized in writing, as well as in any other manner permitted by law. Any such instrument revoking a proxy must either be deposited at the registered office of the Company no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or be deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If the instrument of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

Solicitation of Proxies

The cost of the solicitation of proxies will be borne by the Company. The Company will reimburse brokers, custodians, nominees and fiduciaries for the proper charges and expenses incurred in forwarding this Circular and related materials to beneficial shareholders of Preferred Shares. In addition to solicitation by mail, officers of the Company may, without additional compensation, solicit proxies personally or by telephone.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to beneficial shareholders of Preferred Shares, as all Preferred Shares are held in the name of CDS & Co., the nominee of CDS Clearing and Depository Services Inc. and not in the name of the beneficial shareholders of the Preferred Shares. The Company utilizes the book-entry only system of registration and thus shareholders do not hold their Preferred Shares in their own name (“Beneficial Shareholders”). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered Shareholders of Preferred Shares can be recognized and acted upon at the Meeting. Preferred Shares held by brokers or their nominees through CDS & Co. can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, CDS & Co. and brokers/nominees are prohibited from voting Preferred Shares for their client(s). The Company does not know for whose benefit the Preferred Shares registered in the names of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their Preferred Shares in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires brokers, dealers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Preferred Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its intermediary is identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholders. The

majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (“Broadridge”). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Shareholders and asks Beneficial Shareholders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Preferred Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote Preferred Shares directly at the Meeting. Rather, the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Preferred Shares voted.**

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker, dealer or other intermediary well in advance of the Meeting to determine how you can do so.

If you are a Shareholder and wish to vote on the Special Resolution, you should submit a voting instruction form well in advance of the 5:00 p.m. (Toronto time) deadline on December 15, 2009 for deposit of proxies.

Voting instructions forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the internet at www.proxyvotecanada.com.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information relating to the Preferred Shares and the Company can be found in the Company’s annual information form for the year ended June 30, 2009 (the “AIF”) dated September 2009 under the headings “Description of Share Capital — Preferred Shares”, “Investment Restrictions of the Company”, “Investment Restrictions of Credit Trust III”, “Method of Valuation”, “Management of the Company” and “Shareholder Matters” and is specifically incorporated by reference into this Circular. The AIF is available on SEDAR at www.sedar.com. Upon request, the Manager will promptly provide a copy of the AIF free of charge to a Shareholder.

ADDITIONAL INFORMATION

Additional information relating to the Company including the Company’s annual report, financial statements and the Company’s management report of fund performance is available on SEDAR at www.sedar.com. Copies of these documents may be obtained upon sending a request to the Manager at 181 University Avenue, Toronto, Ontario M5H 3M7, or calling (416) 862-2020 or by visiting the Manager’s website at www.cclcapitalmarkets.com.

Approval by the Board of Directors

The contents and mailing to Shareholders of this Circular have been approved by the board of directors of the Company.

Dated as of the 20th day of November, 2009.



W. NEIL MURDOCH
Chief Executive Officer

APPENDIX I

SPECIAL RESOLUTION OF THE SHAREHOLDERS

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Articles of the Company be amended to amend the rights, privileges, restriction and conditions attaching to the Preferred Shares to change the scheduled redemption date of such shares from March 23, 2012 to December 22, 2009.
2. The Company is hereby authorized to make all filings necessary for the issuance of a Certificate of Amendment under the *Canada Business Corporations Act* (the "Act") to give effect to this Special Resolution.
3. The directors and proper officers of the Company are hereby authorized and directed to take such action and to execute and deliver such documentation as may be necessary or desirable for the implementation of this Special Resolution.
4. Notwithstanding the provisions hereof, the directors of the Company may revoke this Special Resolution at any time prior to the issuance of a Certificate of Amendment under the Act giving effect hereto without further approval of the Shareholders.

APPENDIX II
ADDITIONAL INFORMATION
MANAGEMENT OF THE COMPANY

The Manager

Connor, Clark & Lunn Capital Markets Inc. is the manager (the “Manager”) of ROC Pref III Corp. (the “Company”) and Credit Trust III and is responsible for the investment, management, administration and other services for the Company and Credit Trust III. The Manager is part of the Connor, Clark & Lunn Financial Group. The registered office of the Manager is located at Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7.

The name, municipality of residence, offices held with the Manager and principal occupation during the past five years of each of the directors and officers of the Manager are set out below:

<u>Name and Municipality</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
W. NEIL MURDOCH Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
MICHAEL W. FREUND Toronto, Ontario	Director, Chairman and Chief Financial Officer	Managing Partner, Connor, Clark & Lunn Financial Group.
DARREN N. CABRAL Toronto, Ontario	Director and Vice-President	Vice-President, Connor, Clark & Lunn Capital Markets Inc.

During the past five years, all of the directors and officers listed above have held their present principal occupations (or similar positions with their present employer or its affiliates), except for Darren N. Cabral who prior to May 2007 held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

The Manager receives an annual management fee in an amount equal to the lesser of (a) 0.25% per annum of the net asset value of the Company and (b) 0.25% of the Company’s initial net asset value, to be calculated and payable monthly in arrears, plus applicable taxes. As compensation for services rendered to Credit Trust III, the Manager receives an annual management fee in an amount equal to the lesser of (a) 0.10% per annum of the net asset value of the Credit Trust III and (b) 0.10% of Credit Trust III’s initial net asset value, to be calculated and payable monthly in arrears, plus applicable taxes. The total management fees charged during the year ended June 30, 2009 were \$120,197 in respect of the Company, and \$44,148 in respect of Credit Trust III.

The Investment Advisor

Connor, Clark & Lunn Investment Management Ltd. has been retained as the investment advisor (the “Investment Advisor”) to provide investment advisory and portfolio management advice to Credit Trust III. Decisions as to the active management of, and the evaluation of risks associated with, the CLN Portfolio and the Credit Linked Note held by Credit Trust III are made by the Investment Advisor in accordance with the investment restrictions applicable to Credit Trust III. The Investment Advisor was established in 1982 and has offices in Vancouver and Toronto, Canada, and had over \$18 billion directly under its management as at August 31, 2009. The principal office of the Investment Advisor is located at 2200 – 1111 West Georgia Street, Vancouver, British Columbia V6E 4M3.

The following people are directors of the Investment Advisor:

<u>Name and Municipality</u>	<u>Position with the Investment Advisor</u>	<u>Principal Occupation</u>
LARRY R. LUNN Vancouver, British Columbia	Director, Chairman and President	Director, Chairman and President of Connor, Clark & Lunn Investment Management Ltd.
MICHAEL W. FREUND Toronto, Ontario	Director	Managing Partner, Connor, Clark & Lunn Financial Group
MARTIN L. GERBER West Vancouver, British Columbia	Director and Commodity Advising Officer	Director and Commodity Advising Officer of Connor, Clark & Lunn Investment Management Ltd.
BRIAN EBY West Vancouver, British Columbia	Director and Vice-President	Director and Vice-President of Connor, Clark & Lunn Investment Management Ltd.
GORDON H. MACDOUGALL West Vancouver, British Columbia	Director and Vice-President	Director and Vice-President of Connor, Clark & Lunn Investment Management Ltd.
J. WARREN STODDART Toronto, Ontario	Director and Vice-President	Managing Partner, Connor, Clark & Lunn Financial Group
GARY BAKER West Vancouver, British Columbia	Director	Director of Connor, Clark & Lunn Investment Management Ltd.
PHILLIP J. COTTERILL West Vancouver, British Columbia	Director	Director of Connor, Clark & Lunn Investment Management Ltd.
KATHLEEN A. LEAVENS Vancouver, British Columbia	Compliance Officer	Compliance Officer, Connor, Clark & Lunn Investment Management Ltd.

The Manager, in its capacity as manager of Credit Trust III, is responsible for payment of the investment management fees of the Investment Advisor.

The Independent Review Committee

National Instrument 81-107 — *Independent Review Committee for Investment Funds* requires all publicly offered investment funds, including the Company, to establish an independent review committee (the “IRC”) to whom the Manager must refer all conflict of interest matters for review or approval. The IRC is required to conduct regular assessments and to provide reports to the Manager and the Shareholders in respect of its activities. The members of the IRC are Fred Lazar, Frank Santangeli and Joseph Wright.

The Custodian

Pursuant to a custodian agreement, the Company has retained RBC Dexia Investor Services Trust to act as custodian of the assets of the Company. The custodian is also responsible for certain aspects of the Company’s day-to-day operations. The principal office of the custodian is located at The Royal Trust Tower, 12th Floor, P.O. Box 7500, Station “A”, 77 King Street West, Toronto, Ontario M5W 1P9.

APPENDIX III

RIGHT TO DISSENT

Pursuant to the provisions of Section 190 of the *Canada Business Corporations Act* (the “CBCA”), a holder (a “shareholder”) of Preferred Shares is entitled to dissent and be paid the fair value of such shares if the shareholder objects to the Special Resolution and the Special Resolution becomes effective. A shareholder may dissent only with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder’s name. However, a shareholder is not entitled to dissent from the Special Resolution with respect to any Preferred Shares beneficially owned by one owner if the shareholder votes any such shares beneficially owned by that owner in favour of the Special Resolution.

In order to dissent, a shareholder must send a written objection (an “Objection Notice”) to the Special Resolution to the Company, Suite 300, 181 University Avenue, Toronto, Ontario M5H 3M7 on or before the date of the Special Meeting. A vote against the Special Resolution or an abstention in respect thereof does not constitute such an Objection Notice, but a shareholder need not vote his or her shares against the Special Resolution in order to dissent in respect of the Special Resolution. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Special Resolution does not constitute an Objection Notice in respect of the Special Resolution, but any such proxy granted by a shareholder who intends to dissent should be validly revoked (see “General Proxy Information — Revocation of Proxies”) in order to prevent the proxy holder from voting such shares in favour of the Special Resolution and thereby disentitling the shareholder from the right to dissent. Within 10 days following the date of the Meeting, the Company will deliver to each shareholder who has filed an Objection Notice in respect of the Special Resolution, at the address specified for such purpose in such shareholder’s Objection Notice, a notice stating that the Special Resolution has been adopted (the “Company Notice”). A Company Notice is not required to be sent to any shareholder who voted for the Special Resolution or who has withdrawn an Objection Notice.

Within 20 days after receipt by a shareholder of the Company Notice or, if no Company Notice is received by the dissenting shareholder, within 20 days after such shareholder learns that the Special Resolution has been adopted, the dissenting shareholder is required to send a written notice to the Company, at the address set forth in the preceding paragraph, containing the shareholder’s name and address, the number of shares held in respect of which such shareholder dissents and a demand for payment of the fair value of such shares (the “Demand for Payment”). Within 30 days thereafter, the shareholder must send the share certificates representing such shares to the Company. Such share certificates will be endorsed by the Company with a notice that the holder is a dissenting shareholder and will be returned to the dissenting shareholder. A shareholder who fails to forward share certificates within the time required loses any right to make a claim for payment of the fair value of such shareholder’s shares.

On sending a Demand for Payment to the Company, a dissenting shareholder ceases to have any rights as a shareholder except the right to be paid the fair value of his or her shares unless the dissenting shareholder withdraws the Demand for Payment before the Company sends an Offer to Purchase as described below or the Special Resolution does not become effective, in which case such shareholder’s rights are reinstated as of the date such Demand for Payment was sent. If a shareholder fails to comply with each of the steps required to dissent effectively, the rights, privileges, restrictions and conditions attaching to such shareholder’s shares will be amended in accordance with the Special Resolution.

Not later than seven days after the later of the day on which the action approved Special Resolution becomes effective and the date the Company receives the Demand for Payment, the Company will send to each dissenting shareholder a written offer (the “Offer to Pay”) to pay for the shares which are the subject of the Objection Notice in an amount considered by the Board of Directors of the Company to be the fair value of such shares as of the close of business on the day before the day on which the action approved by the Special Resolution becomes effective accompanied by a statement showing how the fair value was determined. Every Offer to Pay for Preferred Shares shall be on the same terms.

Dissenting shareholders who accept the Offer to Pay will be paid by the Company within 10 days of acceptance by the dissenting shareholders of such offer, provided share certificates representing the shares held by such dissenting shareholder have been delivered to the Company. The Offer to Pay lapses if the Company

does not receive an acceptance of the Offer to Pay within 30 days after the date on which the Offer to Pay was made.

If the Company fails to make the Offer to Pay or a dissenting shareholder fails to accept the Offer to Pay within the time limit prescribed therefor, the Company may apply under the CBCA to a court to fix a fair value for the shares within 50 days after the day on which the action approved Special Resolution becomes effective or within such further period as the court may allow.

Upon any application to court by the Company, the Company shall notify each affected dissenting shareholder of the date, place and consequences of the application and of such dissenting shareholder's right to appear and be heard in person or by counsel. If the Company fails to make such application, the dissenting shareholder has the right to so apply within a further period of 20 days or within such further period as a court may allow. All dissenting shareholders whose shares have not been purchased by the Company will be joined as parties to the application and will be bound by the decision of the court. The court may determine whether any person is a dissenting shareholder who should be joined as a party and the court will fix a fair value for the shares of all dissenting shareholders.

Provided that the Special Resolution becomes effective, a shareholder who complies with each of the steps required to dissent effectively is entitled to be paid the fair value of the shares in respect of which such shareholder has dissented. Such fair value as determined by the court may be more than, less than or equal to the consideration to be received under the Offer to Pay.

The foregoing is a summary only of the rights of dissenting shareholders. Any shareholder desiring to exercise a right to dissent should seek legal advice since failure to comply strictly with the provisions of section 190 of the CBCA may prejudice that right.