

## **NORTH WEST COMPANY FUND INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation of proxies by the Trustees of North West Company Fund (the "Fund") to be used at the Annual and Special Meeting (the "Meeting") of the holders (the "unitholders") of Trust Units (the "Units") of the Fund to be held at the time and place and for the purposes stated in the Notice of Annual and Special Meeting of Unitholders accompanying this Information Circular.** The Meeting will be held in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba, on Thursday, June 9, 2005 at 11:30 a.m. (Winnipeg time). Information given herein is given as of April 22, 2005, except where otherwise indicated. The solicitation will be primarily by mail, but proxies may also be solicited by employees of The North West Company Inc. (the "Company"), a wholly owned subsidiary of the Fund, or by CIBC Mellon Trust Company, its transfer agent. The cost of solicitation by Trustees of the Fund will be borne by the Fund.

The Fund, through CIBC Mellon Trust Company, has distributed copies of the Notice of Annual and Special Meeting of Unitholders, Information Circular and Form of Proxy to clearing agencies, securities dealers, banks and trust companies, or their nominees (collectively, "intermediaries") for onward distribution to unitholders whose Units are held by or in the custody of such intermediaries ("non-registered unitholders"). Such intermediaries are required to forward the documents to non-registered unitholders unless such non-registered unitholders have waived the right to receive the material.

The solicitation of proxies from non-registered unitholders will be carried out by intermediaries, the Fund or CIBC Mellon Trust Company, if the names and addresses of non-registered unitholders are provided by such intermediaries.

### **ADVICE TO BENEFICIAL HOLDERS OF TRUST UNITS**

**Unitholders who do not hold their Units in their own name (referred to herein as "Beneficial Unitholders") are advised that only proxies from unitholders of record can be recognized and voted upon at the Meeting.** Non-registered unitholders who wish to file proxies should follow the directions of their intermediaries with respect to the procedure to be followed. Generally, non-registered unitholders will either:

- A. be provided with a request for voting instructions. The intermediary is required to send to CIBC Mellon Trust Company an executed form of proxy completed in accordance with any voting instructions received by it; or
- B. be provided with a form of proxy executed by the intermediary but otherwise uncompleted. The non-registered unitholder may complete the proxy and return it directly to CIBC Mellon Trust Company (see "Appointment and Revocation of Proxies").

All references to unitholders in this Circular and the accompanying Notice of Meeting are to unitholders of record unless specifically stated otherwise.

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are Trustees of the Fund (the "Trustees").

**As indicated on the form of proxy, unitholders desiring to appoint some other person (who need not be a unitholder) to represent them at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy, returning the completed proxy in the envelope provided, or delivering it to the attention of the Trustees of the Fund at the address set forth below.**

A registered unitholder giving a proxy may revoke the proxy by instrument in writing executed by the registered unitholder or his attorney authorized in writing or, if the unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of the Fund, 77 Main Street, Winnipeg, Manitoba, R3C 2R1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or in either case with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

A non-registered unitholder may revoke voting instructions or a waiver of the right to receive documents and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of voting instructions or of a waiver of the right to receive documents and to vote that is not received by the intermediary at least seven days prior to the Meeting.

## **EXERCISE OF DISCRETION BY PROXIES**

The person named in the enclosed form of proxy will vote the Units in respect of which he/she is appointed in accordance with the direction of the unitholder appointing him/her. In the absence of such direction, such Units will be voted in favour of each of the matters referred to in the Notice of Annual and Special Meeting of Unitholders. **The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Unitholders, and with respect to other matters which may properly come before the Meeting.** As at the date of this Information Circular, the Trustees of the Fund know of no such amendments, variations, or other matters to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Unitholders.

## **VOTING UNITS, RECORD DATE AND PRINCIPAL HOLDERS THEREOF**

The issued and outstanding capital of the Fund as at April 22, 2005, consists of 16,126,000 Units to which are attached voting rights.

At all Meetings of the Unitholders, each unitholder is entitled to one vote for each Unit registered in his/her name on the books of the Fund. Every question coming before the Meeting shall, unless otherwise required by law or otherwise, be determined by the majority of votes duly cast on the question.

Unitholders of record as of April 22, 2005 shall be entitled to vote at the Meeting.

As at April 22, 2005 to the knowledge of the Trustees of the Fund, no person or corporation beneficially owns or exercises control or direction over more than 10% of the Fund's outstanding Units.

## **THE FUND**

The Fund is an open-ended mutual fund trust governed by the laws of the Province of Manitoba and created pursuant to a Declaration of Trust dated as of January 31, 1997 (the "Declaration of Trust"), which was amended on March 2, 1997, June 4, 1998 and February 25, 2003. The Fund is administered by a Board of Trustees. The principal and head office of the Fund is located at 77 Main Street, Winnipeg, Manitoba, R3C 2R1.

The Fund is a limited-purpose trust and is restricted to:

- (a) investing in such securities as may be approved from time to time by the Trustees of the Fund and the Board of Directors of the Company (the "Board");
- (b) disposing of any part of the assets of the Fund;
- (c) temporarily holding cash and investments for the purpose of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units and making distributions to unitholders; and
- (d) undertaking such other business and activities as shall be approved by the Trustees from time to time provided that such business or activity does not result in the Fund not being considered either a "unit trust" or a "mutual fund trust" for purposes of the Income Tax Act.

## **CHANGE IN NUMBER OF TRUSTEES**

Unitholders are being asked to pass a special resolution, requiring the affirmative vote of not less than 66 2/3% of the votes cast by unitholders with respect to the following proposed amendment to the Declaration of Trust.

Section 8.1 of the Declaration of Trust provides for a Board of Trustees consisting of a minimum of three Trustees and a maximum of seven Trustees. The three current Trustees have determined that it would be in the best interests of the Fund and the unitholders for the minimum number of Trustees to be increased to seven and the maximum number of Trustees increased to eleven. The current Trustees and the Company's Board of Directors believe that the increased size of the Board of Trustees will provide greater resources to the Fund. Therefore, the following special resolution of unitholders is proposed pursuant to Section 12.1 of the Declaration of Trust:

"Be it resolved, as a Special Resolution of the Unitholders of the North West Company Fund that Section 8.1 of the Declaration of Trust shall be amended such that it shall now provide as follows:

"The Trustees shall consist of not more than eleven nor less than seven Trustees, with the number of Trustees from time to time within such range being fixed by resolution of the Trustees provided that until otherwise so determined by resolution of the Trustees, the number of Trustees shall be nine."

And this Special Resolution shall be effective immediately upon passage."

## **CHANGE IN QUORUM**

Unitholders are being asked to pass a special resolution, requiring the affirmative vote of not less than sixty-six and two thirds percent of the votes cast by the unitholders with respect to the following proposed amendment to the Declaration of Trust, which amendment will be proposed by the Trustees in the event that the special resolution amending section 8.1 of the Declaration of Trust is duly passed.

The purpose of this amendment is to increase the number of Trustees required to be present at a meeting of Trustees in order for the transaction of business to occur to be increased to a minimum of four in order to insure that a majority of Trustees are present for the transaction of Business. Therefore, the following special resolution of unitholders is proposed pursuant to Section 12.1 of the Declaration of Trust:

“Be it resolved, as a special resolution of the unitholders of the North West Company Fund that Section 8.5 of the Declaration of Trust shall be amended such that it shall now provide as follows:

“The Quorum for the transaction of business of any meeting of the Trustees shall consist of the greater of four Trustees or a majority of the number of Trustees then holding office, and, notwithstanding any vacancy among the number of Trustees, a quorum of Trustees may exercise all of the powers of the Trustees.”

## **ELECTION OF TRUSTEES OF THE FUND**

Subject to the passage of the Special Resolution of Unitholders set forth under the heading “Change in Number of Trustees” above, it is proposed that the number of Trustees to be elected at the Meeting be nine, all of whom shall hold office until the next Annual Meeting of the Fund unless such person ceases to be a Trustee before then. All of the individuals listed under the heading “Proposed Trustees” other than David G. Broadhurst, is currently a Director of the Company and has indicated their willingness to serve as a Trustee of the Fund in addition to their roles as Directors of the Company.

Information given herein with respect to each of the current Trustees of the Fund and the proposed Trustees of the Fund is based upon information furnished to the Fund by each such individual.

The following tables state the names of all the persons who are currently Trustees and the names of all persons who are proposed to be nominated for election as Trustees, all other positions and offices within the Company and the Fund now held by them, their principal occupation or employment and the approximate number of Units of the Fund beneficially owned or subject to control or direction by each of them.

The persons named in the enclosed form of proxy intend to vote for the election of the nominees set forth in the “Proposed Trustees” table as Trustees unless unitholders specify in such proxy that their Units are to be withheld from voting in the election of Trustees or voted otherwise. For clarity, of the current Trustees set forth below, Ian Sutherland, currently the Chairman of the Fund and the Company, and David G. Broadhurst are proposed to continue in their capacity as a Trustee.

### **Current Trustees**

<b>Name and Principal Occupation</b>	<b>Municipality of Residence</b>	<b>Trustee Since</b>	<b>Units Beneficially Owned or Subject to Control or Direction</b>
Kevin R. Bolt, Partner, Aikins, MacAulay & Thorvaldson LLP	Winnipeg, Manitoba, Canada	1997	1,950
David G. Broadhurst, President, Poynton Investments Limited	Toronto, Ontario, Canada	1997	3,000
Ian Sutherland, Chairman, The North West Company Inc.	Oro Medonte, Ontario Canada	1997	338,000

## Proposed Trustees

Name and Principal Occupation	Municipality of Residence	Trustee Since	Units Beneficially Owned or Subject to Control or Direction
Frank Coleman President & Chief Executive Officer Coleman Group of Companies	Corner Brook, Newfoundland, Canada	---	36,500
R.J. (Bob) Kennedy Chief Executive Officer WiBand Communications Corp.	Winnipeg, Manitoba, Canada	---	2,000
Edward S. Kennedy President & Chief Executive Officer The North West Company Inc.	Winnipeg, Manitoba, Canada	---	171,138
Gary J. Lukassen Corporate Director	Mississauga, Ontario, Canada	---	3,750
Keith Martell Chairman First Nations Bank of Canada	Saskatoon, Saskatchewan, Canada	---	2,000
James G. Osborne Chairman Westgate Capital Management Corp.	Winnipeg, Manitoba, Canada	---	61,700
H. Sanford (Sandy) Riley President & Chief Executive Officer Richardson Financial Group Limited	Winnipeg, Manitoba, Canada	---	2,000
David G. Broadhurst President, Poynton Investments Limited	Toronto, Ontario, Canada	1997	3,000
Ian Sutherland Chairman, The North West Company Inc.	Oro Medonte, Ontario Canada	1997	338,000

All of the above-named persons have held their present positions or other executive positions with the same or associated firms or organizations during the past five (5) years, except as follows:

David G. Broadhurst is President of Poynton Investments Limited; President and C.O.O. of Reeve Court Insurance Limited (Bermuda) from 1998 to 2001; Investment Banker with First Marathon Securities Limited from 1996 to 1998. Previously he spent his entire career with PriceWaterhouse Canada retiring in 1996 as the Senior Tax Partner. Mr. Broadhurst has been a Trustee since 1997.

Gary J. Lukassen was Executive Vice-President and Chief Financial Officer of the Hudson's Bay Company (HBC) from 1989 until his retirement in 2001; Director of the HBC from 1987 to 2001; Senior Vice-President, Finance and Administration of the HBC from 1987 to 1989. Director, Stelco Inc., Abitibi Consolidated Inc. and Spinrite Income Fund. Director of the Company since 1987.

H. Sanford Riley is President and C.E.O. of Richardson Financial Group Limited since 2003; Chairman of Investors Group Inc. from 2001 to 2003; President and C.E.O. of Investors Group Inc. from 1992 to 2001. Chancellor of the University of Winnipeg; Chairman, University of Winnipeg Foundation. Director, Molson Coors Brewing Company and James Richardson & Sons affiliated companies. Director of the Company since 2003.

Ian Sutherland was President of MCAP Inc. from September 1998 to August 2000.

## **RECORD OF MEETING ATTENDANCE BY TRUSTEES**

(For the 12 months ended January 29, 2005)

<b>TRUSTEE MEMBER</b>	<b>TRUSTEE COMMITTEE MEETINGS</b>	<b>BOARD MEETINGS</b>	<b>AUDIT COMMITTEE MEETINGS</b>
Kevin Bolt	4 o f 4	4 o f 4	4 o f 4
David Broadhurst	4 o f 4	4 o f 4	4 o f 4
Ian Sutherland	4 o f 4	4 o f 4	4 o f 4

## **REMUNERATION OF TRUSTEES**

Trustees are entitled to a quarterly fee of \$4,000, a fee of \$1,000 per Trustee meeting and a fee of \$1,000 per Audit Committee meeting. Trustees are also reimbursed for reasonable traveling and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof or in connection with their services as Trustees. The Trustees met four times during the financial reporting period of the Fund ended January 29, 2005. Total Trustees' fees for the financial reporting period of the Fund ended January 29, 2005 were \$69,600.

If the proposed resolution to increase the number of Trustees is adopted and if a Trustee of the Fund is also a Director of the Company, then that person will no longer receive remuneration as a Director except for Board committees that they participate in other than the Audit Committee.

## **ELECTION OF DIRECTORS OF THE COMPANY**

The Company is a wholly owned subsidiary of the Fund. Pursuant to the Declaration of Trust, a resolution of the unitholders binds the Trustees with respect to the election of the Board of Directors of the Company (the "Directors"). The articles of the Company provide for a Board consisting of a minimum of eight Directors and a maximum of fifteen Directors. The number of Directors presently in office is nine. The information given herein with respect to each of the Directors is based upon information furnished to the Company by each Director.

The Trustees intend to elect as Directors of the Company, the nine individuals proposed below to hold office until the next Annual Meeting of the Fund unless any such person ceases to be a Director before then.

The following table states the names of all the persons proposed to be appointed by the Trustees as Directors of the Company, all other positions and offices within the Company and the Fund now held by them, their principal occupation or employment, the committees of the Board on which they are members, their municipality of residence, the year in which they became Directors and the actual number of Units of the Fund beneficially owned or subject to control or direction by each of them at April 22, 2005.

## Current Board

Name and Principal Occupation	<u>Committees</u> Governance (1) Audit (2) HR & Comp (3) Pension (4)	Municipality of Residence	Director Since	Units Beneficially Owned or Subject to Control or Direction
Donald A. Beaumont President Beaumont & Associates	1,3	Don Mills, Ontario, Canada	1996	3,150
Frank Coleman President & Chief Executive Officer Coleman Group of Companies	2,3	Corner Brook, Newfoundland, Canada	1999	36,500
R.J. (Bob) Kennedy Chief Executive Officer WiBand Communications Corp.	2,3	Winnipeg, Manitoba, Canada	2003	2,000
Edward S. Kennedy President & Chief Executive Officer The North West Company Inc.	-	Winnipeg, Manitoba, Canada	1996	171,138
Gary J. Lukassen Corporate Director	2,3	Mississauga, Ontario, Canada	1987	3,750
Keith Martell Chairman First Nations Bank of Canada	1,2	Saskatoon, Saskatchewan, Canada	2000	2,000
James G. Osborne Chairman Westgate Capital Management Corporation	1,2,4	Winnipeg, Manitoba, Canada	1987	61,700
H. Sanford (Sandy) Riley President & Chief Executive Officer Richardson Financial Group Limited	1,2,4	Winnipeg, Manitoba, Canada	2003	2,000
Ian Sutherland Chairman The North West Company Inc.	-	Oro Medonte, Ontario, Canada	1978	338,000

## Proposed Board

<b>Name and Principal Occupation</b>	<b><u>Committees</u></b> <b>Governance (1)</b> <b>Audit (2)</b> <b>HR &amp; Comp (3)</b> <b>Pension (4)</b>	<b>Municipality of Residence</b>	<b>Direct or Since</b>	<b>Units Beneficially Owned or Subject to Control or Direction</b>
David G. Broadhurst President, Poynton Investments Limited	-	Toronto, Ontario, Canada	-	3,000
Frank Coleman President & Chief Executive Officer Coleman Group of Companies	2,3	Corner Brook, Newfoundland, Canada	1999	36,500
R.J. (Bob) Kennedy Chief Executive Officer WiBand Communications Corp.	2,3	Winnipeg, Manitoba, Canada	2003	2,000
Edward S. Kennedy President & Chief Executive Officer The North West Company Inc.	-	Winnipeg, Manitoba, Canada	1996	171,138
Gary J. Lukassen Corporate Director	2,3	Mississauga, Ontario, Canada	1987	3,750
Keith Martell Chairman First Nations Bank of Canada	1,2	Saskatoon, Saskatchewan, Canada	2000	2,000
James G. Osborne Chairman Westgate Capital Management Corporation	1,2,4	Winnipeg, Manitoba, Canada	1987	61,700
H. Sanford (Sandy) Riley President & Chief Executive Officer Richardson Financial Group Limited	1,2,4	Winnipeg, Manitoba, Canada	2003	2,000
Ian Sutherland Chairman The North West Company Inc.	-	Oro Medonte, Ontario, Canada	1978	338,000

All of the above-named persons have held their present positions or other executive positions with the same or associated firms or organizations during the past five (5) years, except as follows:

David G. Broadhurst is President of Poynton Investments Limited; President and C.O.O. of Reeve Court Insurance Limited (Bermuda) from 1998 to 2001; Investment Banker with First Marathon Securities Limited from 1996 to 1998. Previously he spent his entire career with PriceWaterhouse Canada retiring in 1996 as the Senior Tax Partner. Mr. Broadhurst has been a Trustee since 1997.

Gary J. Lukassen was Executive Vice-President and Chief Financial Officer of the Hudson's Bay Company (HBC) from 1989 until his retirement in 2001; Director of the HBC from 1987 to 2001; Senior Vice-President, Finance and Administration of the HBC from 1987 to 1989. Director, Stelco Inc., Abitibi Consolidated Inc. and Spinrite Income Fund. Director of the Company since 1987.



H. Sanford Riley is President and C.E.O. of Richardson Financial Group Limited since 2003; Chairman of Investors Group Inc. from 2001 to 2003; President and C.E.O. of Investors Group Inc. from 1992 to 2001. Chancellor of the University of Winnipeg; Chairman, University of Winnipeg Foundation. Director, Molson Coors Brewing Company and James Richardson & Sons affiliated companies. Director of the Company since 2003.

Ian Sutherland was President of MCAP Inc. from September 1998 to August 2000.

If any of the above persons is for any reason unavailable to serve as a Director, the Trustees will appoint another person at their discretion.

At the Meeting, unitholders will be asked to pass an ordinary resolution in the following form, or as same may be amended at the Meeting:

“Be it resolved as an ordinary resolution of unitholders, that the Trustees be and are hereby directed to elect the following persons as Directors of the North West Company Inc. to hold office until the next Annual Meeting of Unitholders or until their successors are elected or appointed: David Broadhurst, Frank Coleman, Bob Kennedy, Edward Kennedy, Gary Lukassen, Keith Martel, James Osborne, Sanford Riley and Ian Sutherland; provided that the Trustees may, in their discretion, elect one or more additional Directors for a term to expire (subject to further appointment) at the close of the next Annual Meeting of Unitholders, but the number of additional Directors so elected shall not at any time exceed one-third of the number of Directors who hold office immediately after the expiration of the immediately preceding Annual Meeting of the Unitholders.”

### **Additional Disclosure Relating to Trustees and Directors**

To the knowledge of the Trustees, no Trustee or Director of the Company is, or has been in the last ten years, a Director or Executive Officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following:

Mr. James G. Osborne was a Director and founding member along with five others of Futureview Inc., a company that went public in January 2001 on the Winnipeg Stock Exchange using its keystone company program and subsequently became listed on the TSX Venture Exchange. The shares of Futureview Inc. were suspended from trading in 2003 due to the company's failure to complete a required qualifying transaction as required by TSX Venture Exchange policy. The company was wound up in April 2004 after the external public shareholders had been returned 100 percent of their original investment and all corporate liabilities had been paid.

Mr. Gary J. Lukassen has been a Director of Stelco Inc. from 2002 to present. Stelco Inc. is currently undergoing a court supervised restructuring under the Company Creditors Arrangement Act.

Mr. R.J. (Bob) Kennedy was a Director and Officer of WiBand Communications Corporation. In December 2001, WiBand Communications Corporation was sold to OA Group Inc. an issuer listed on the TSX Venture Exchange. Shares were exchanged and the shareholders of WiBand Communications Corporation received shares in OA Group Inc. As a condition of the share exchange, Mr. Kennedy was to be included on the management slate of the Board of Directors of OA Group Inc. He was elected to the Board of Directors OA Group Inc. on June 20, 2002. Upon seeing the financial condition OA Group Inc. Mr. Kennedy resigned on July 8, 2002. OA Group Inc. went into receivership on July 15, 2002. Mr. Kennedy bought certain assets from the receiver and continues the business under the WiBand name.

The information set forth above, not being within the direct knowledge of management of the Fund, has been provided to the Fund by the persons referenced in the preceding paragraphs.

### **RECORD OF MEETING ATTENDANCE BY DIRECTORS**

(For the 12 months ended January 29, 2005)

The following table summarizes attendance of current Directors at the Company's Board and committee meetings for the financial year of the Company ended January 29, 2005. Committee membership is subject to change on an annual basis after the Annual General Meeting. The Chairman of the Board attends and Directors often attend additional committee meetings on an ex officio basis.

<b>BOARD MEMBER</b>	<b>Board</b>	<b>Governance</b>	<b>Audit</b>	<b>HR &amp; COMP</b>	<b>Pension</b>
Don Beaumont	4 of 4	3 of 3	-	3 of 3	-
Frank Coleman	4 of 4	-	2 of 2	2 of 2	1 of 1
Bob Kennedy	4 of 4	-	4 of 4	3 of 3	-
Edward Kennedy	4 of 4	-	-	-	-
Gary J. Lukassen	4 of 4	-	4 of 4	3 of 3	-
Keith Martell	4 of 4	3 of 3	4 of 4	-	-
J.G. Osborne	4 of 4	3 of 3	4 of 4	-	3 of 3
Sandy Riley	4 of 4	1 of 2	4 of 4	-	3 of 3
Ian Sutherland	4 of 4	-	-	-	-

- = not a member of that committee

### **REMUNERATION OF DIRECTORS**

Directors who are not employees of the Company are entitled to a quarterly fee of \$4,000, a fee of \$1,000 per meeting of the Board attended, a fee of \$1,000 per committee meeting attended and a quarterly fee of \$1,500 for the Chair of each Board committee with the exception of the Chair of the Audit Committee who receives \$2,500. The Chairman of the Board is paid a quarterly fee of \$15,000. Total Directors' fees for the year ended January 29, 2005, amounted to \$312,983.00.

If the proposed resolution to increase the number of Trustees is adopted and if a Trustee of the Fund is also a director of the Company, then that person will no longer receive remuneration as a director except for Board committees that they participate in other than the Audit Committee. The Chair of each Board committee will continue to receive the additional quarterly fee.

## EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

The following summary compensation table sets forth information concerning compensation awarded to, earned by or paid to the Company's Chief Executive Officer ("CEO"), the Chief Financial Officer (CFO) and the Company's three other highest paid Executive Officers, who were serving as Executive Officers at the end of the fiscal year (the "Named Executive Officers") for services rendered in all capacities with respect to the three most recently completed financial years of the Company.

"LTIP" or "long term incentive plan" means any plan providing compensation intended to serve as incentive for performance to occur over a period longer than one financial year, whether the performance is measured by reference to financial performance of the issuer or an affiliate of the issuer, the price for the issuer's securities or any other measure, but does not include option or UAR plans or plans for compensation through restricted Units.

"UAR" or "Unit Appreciation Right" means a right, granted by the Fund or the Company as compensation for services rendered or otherwise in connection with officer or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of its securities.

Name/ Principal Position	Financial Year	Annual Compensation			Long Term Compensation Awards		Payouts	
		Salary (Cdn \$) (1)	Bonus (Cdn \$) (2)	Other Annual Comp. (Cdn \$) (3)	Securities Under Options/ UARs Granted (#)	Restricted Units	LTIP Payouts (Cdn \$)	All Other Compensation (Cdn \$) (4)
Edward S. Kennedy President & CEO	2004	459,231	366,188	133,657	0	0	0	740
	2003	451,539	115,500	141,717	0	0	629,698	545
	2002	413,077	113,400	102,322	0	0	0	1,035
Leo Charriere (5) Executive Vice President & Chief Financial Officer	2004	230,385	121,800	59,455	0	0	0	371
	2003	142,789	56,250	29,492	0	0	0	190
	2002	0	0	0	0	0	0	0
Gerald H. Bittner President, Alaska Commercial Company	2004	197,826	134,470	0	0	0	172,800	0
	2003	205,059	123,867	0	0	0	256,960	0
	2002	224,208	120,309	0	0	0	43,624	0
Scott F. Findlay, Vice- President & General Manager, Food Procurement & Wholesaling	2004	192,731	87,300	50,398	0	0	472,000	13,526
	2003	194,269	28,275	52,379	0	0	0	13,617
	2002	180,854	29,800	41,392	0	0	0	13,915
Carl A. McKay, Executive Vice- President, Northern Canada Retailing	2004	192,731	87,300	48,916	0	0	0	290
	2003	194,269	28,275	52,023	0	0	79,640	229
	2002	180,854	29,280	40,932	0	0	0	415

- (1) 2003 was based on a 53 week fiscal year.
- (2) The bonus plan was based on achieving Canadian EBIT [earnings before interest & taxes from Canadian operations] +/- cost of capital adjustment. For those Officers supporting Alaska, the bonus plan was based on achieving Consolidated EBIT (earnings before interest & taxes from consolidated Canadian and Alaskan operations) +/- cost of capital adjustment. Alaskan Officers are on a separate plan that is based on Alaskan Operating Profit +/- cost of capital adjustment
- (3) Includes the value of the interest subsidy paid to Officers on loans incurred to purchase Units, and the amount paid to Officers under the flexible spending plan. The Company has a management ownership plan ("MOP") under which it pays, on behalf of certain eligible

management employees (including the Named Executive Officers), interest costs over 2% per annum on certain loans incurred to purchase Units. The Company also has a Unit purchase loan program ("UPLP") under which it pays, on behalf of Officers (including the Named Executive Officers), full interest costs on loans approved by the Board to purchase Units. The aggregate interest subsidy paid under these plans to Named Executive Officers for the financial year of the Company ended January 29, 2005, was \$148,632.

#### **Breakdown of Other Compensation for the Named Executive Officers**

<b>Named Executive Officers</b>	<b>Flex Benefits (\$)</b>	<b>MOP Interest (\$)</b>	<b>UPLP Prescribed Interest (\$)</b>	<b>Total Other Compensation (\$)</b>
Edward S. Kennedy (6)	80,365	6,319	46,972	133,657
Léo Charrière (7)	40,317	6,248	12,890	59,455
Scott Findlay	33,728	4,519	12,151	50,398
Carl A. McKay	33,728	3,037	12,151	48,916

- (4) Includes the value of insurance premiums paid by the Company with respect to term life insurance for the Officers, contributions made by the Company to the Officers' defined contribution pension plan (it is not required to disclose contributions in the defined benefit plan made by the Company for Officers), relocation allowance, and any other miscellaneous payments.
- (5) Léo. Charrière joined the Company on May 20, 2003.
- (6) Edward Kennedy is not directly compensated by the Fund for his role as President & C.E.O. of the Fund.
- (7) Léo Charrière is not directly compensated by the Fund for his role as the C.F.O. and Secretary of the Fund.

For the year ended January 29, 2005, the Company provided to all its Officers a total of \$2,418,779 in Salaries, \$1,249,752 in Bonuses, \$440,021 in Other Annual Compensation and \$15,900 in All Other Compensation.

#### **UNIT OPTIONS AND UAR'S GRANTS IN LAST FINANCIAL YEAR**

There were no individual grants of Unit Options or UARs to any of the Named Executive Officers during the year ended January 29, 2005. This program was discontinued in the year 2000 and no UAR grants were issued thereafter.

## AGGREGATED UAR'S EXERCISED IN THE YEAR & YEAR-END VALUES

The following table sets forth information regarding the exercise of UAR's by the Named Executive Officers during the year ended January 29, 2005. There are no additional UAR's held by the Named Executive Officers at January 29, 2005.

Name	Value acquired on exercise (#)	Value realized (\$) (1)	Unexercised UAR's at financial year-end (#)		Value of unexercised in-the-money UARS at the financial year-end (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Edward S. Kennedy		0	0	0	0	0
Léo Charrière		0	0	0	0	0
Gerald H. Bittner		172,800	0	0	0	0
Scott F. Findlay		472,000	0	0	0	0
Carl A. McKay		0	0	0	0	0

(1) Market value of underlying securities at exercise date, minus the initial grant price.

(2) Market value of underlying securities based on year-end Unit price of \$31.00, minus the initial grant price.

## OPTION AND UAR REPRICING

The Company's policy is not to re-price long term incentives such as UARs and options. Accordingly, there were no option or UAR re-pricings done by the Company in the most recent fiscal year. Neither the Fund nor Company has options outstanding.

## EXECUTIVE OFFICER'S INDEBTEDNESS

### OFFICER'S UNIT PURCHASE LOAN PLAN

During the year ended January 29, 2005, the Company issued loans to executive Officers in the Canadian operation as part of its long-term incentive program to purchase Units of the Fund under a Unit purchase loan plan ("UPLP"). These loans are non-interest bearing and are repayable from the after tax distributions on the Units or if the officer sells the Units or leaves the Company. The loans are secured by a pledge of the Units as presented in the following table. Additional loans may be made on an annual basis over the next two years. The maximum value of the loans under the UPLP will not exceed \$7,500,000.

Officer	Largest amount outstanding during the year ended January 29, 2005	Amount outstanding as at January 29, 2005 (1)	Security for indebtedness as at January 29, 2005 (units)	Market value of security as at January 29, 2005
Edward S. Kennedy	\$1,829,466	\$1,738,816	93,957	\$2,912,667
Léo Charrière	503,286	481,964	22,100	685,100
Scott Findlay	472,375	449,027	24,200	750,200
Carl McKay	472,375	449,027	24,200	750,200
Scott McKay	352,419	349,228	13,229	410,099
Karen Milani	204,211	194,177	10,400	322,400
Ken Claudel	189,500	180,431	6,400	198,400
Len Flett	185,878	176,712	9,500	294,500
	<b>\$4,209,510</b>	<b>\$4,019,380</b>	<b>203,986</b>	<b>\$6,323,566</b>

(1) As at January 29, 2005 the total outstanding loan amount was \$4,428,624 of which \$409,244 belonged to David Preddy who has left the Company. Mr. Preddy's loan was repaid on February 9, 2005.

## PENSION PLAN TABLE

The following table shows the estimated annual benefits payable upon retirement of the Canadian Officers of the Company under the Company's Pension Plan.

Remuneration	Years of Service			
	10	15	20	25
(\$)	(\$)	(\$)	(\$)	(\$)
125,000	21,250	31,875	42,500	53,125
150,000	25,500	38,250	51,000	63,750
175,000	29,750	44,625	59,500	74,375
200,000	34,000	51,000	68,000	85,000
225,000	38,250	57,375	76,500	95,625
250,000	42,500	63,750	85,000	106,250
300,000	51,000	76,500	102,000	127,500
400,000	68,000	102,000	136,000	170,000
500,000	85,000	127,500	170,000	212,500
600,000	102,000	153,000	204,000	255,000
700,000	119,000	178,500	238,000	297,500
800,000	136,000	204,000	272,000	340,000
900,000	153,000	229,500	306,000	382,500

The previous table reflects the annual benefits payable, under the non-contributory defined benefit pension plan, to Officers of the Company at age 60 for the various earnings/service combinations shown. The benefit is not reduced for early retirement at age 60 if the member has 10 years of service as an Officer of the Company. The benefits do not include payments from the Canada/Quebec Pension Plan or Old Age Security.

The annual benefit payable is based on 1.7% per year of service of the average of the Officer's final three years of remuneration. Remuneration includes base earnings plus bonuses. Upon death, reduced payments continue to the spouse, if applicable. Officers may elect to contribute to the plan to provide for enhanced ancillary benefits.

This table reflects the benefits payable for service as an Officer. Various lower benefit formulas apply for service prior to appointment as an Officer.

Officers may elect to accumulate their benefits through an alternative defined contribution arrangement. The benefits under this option will be based on the balance accumulated in their defined contribution account.

As of January 29, 2005, Edward Kennedy had 15 years total credited service and 14 years credited service as an Officer, Léo Charrière had one year total credited service and one year credited service as an Officer, Carl McKay had 32 years total credited service and six years credited service as an Officer, and Scott Findlay had five years total credited service and five years credited service as an Officer. Gerald Bittner is a member of Alaska Commercial Company's 401k plan and is therefore not eligible for payment under the Pension Plan.

## **TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS**

Léo Charrière joined the Fund and the Company on May 20, 2003. Under the terms of his employment contract, if terminated without cause, he is entitled to severance compensation of 18 months base salary plus 10.0% flexible benefit payment.

## **HUMAN RESOURCES AND COMPENSATION COMMITTEE**

For the composition of the Human Resources and Compensation Committee of the Company, please see the following section and the section entitled "Corporate Governance – Board Committees".

## **REPORT ON EXECUTIVE COMPENSATION**

The Human Resources and Compensation Committee of the Company is responsible for reviewing and advising on policies and programs for attracting, retaining, developing and motivating employees of the Company. This committee also has the specific mandate to annually review officer compensation and make recommendations as necessary to the Board, which has the final approval in all areas of Officer compensation.

In carrying out its mandate, the committee assesses the performance of the CEO on an annual basis against previously established performance objectives. It also reviews the yearly performance recommendations submitted by the CEO for the other Officers of the Company.

The committee typically meets three times a year and is composed of "unrelated" Directors. The CEO and the Vice-President of Human Resources attend meetings of the committee but are not present for discussions of their own remuneration.

The guiding philosophy of the Officer compensation program is a mixture of team and direct responsibility based "pay-for-performance" which provides a tight linkage between investor goals and officer compensation rewards. The total compensation program for Officers is composed primarily of three components, namely a base salary, an annual incentive plan and a long-term incentive program. The latter two variable compensation programs are designed to put a significant amount of Officer remuneration at risk by being highly dependent upon increases in Company profitability and unitholder value. The Company's total compensation objective is to reward its executives in the upper quartile of the market when upper quartile financial performance is achieved, relative to similar sized, publicly traded companies. Base salaries are targeted at the 50th percentile of market as measured against the appropriate external comparator group. These salaries are reviewed and adjusted periodically against current survey data. Individual salaries are set at an appropriate level based on the officer's experience and proven, or expected, level of performance. Officers would normally be expected to reach the 50<sup>th</sup> percentile of market within three years.

The second component of total compensation, the annual incentive bonus, is intended to reward Officers for the achievement of specific predetermined, yearly financial objectives. In 2004, the annual incentive program was based 100% on achieving Canadian EBIT +/- cost of capital adjustment. For those Officers with responsibilities in Alaska, the annual incentive bonus was based solely on achieving Consolidated EBIT +/- cost of capital adjustment. Alaskan Officers are on a separate plan that rewards on Alaskan Operating Profit +/- cost of capital adjustment.

The final compensation component of the Officer compensation program is the long term incentive program, which is intended to reinforce the Officers' commitment to the sustained enhancement of both profitability and unitholder value. This objective is achieved through the UPLP which provides limited recourse interest-free loans to Officers, granted annually by the Board to purchase Units, and the MOP, which provides low interest loans to Officers equivalent to 1.5 times base salary to purchase Units.

In arriving at its recommendations, this committee has access to compensation information from the retail industry and other employers with whom the Company may compete for resources. In 2001 an external consultant worked with the Human Resources and Compensation Committee to undertake a detailed competitive analysis of Total Cash Compensation for Officers as part of the development of the long term incentive program. The services of the external consultant continue to be used to gather comparative market data. This committee also considers qualitative factors in assessing officer performance such as demonstrated leadership abilities, risk-taking and the management of major projects and initiatives seen to be of importance to the Company.

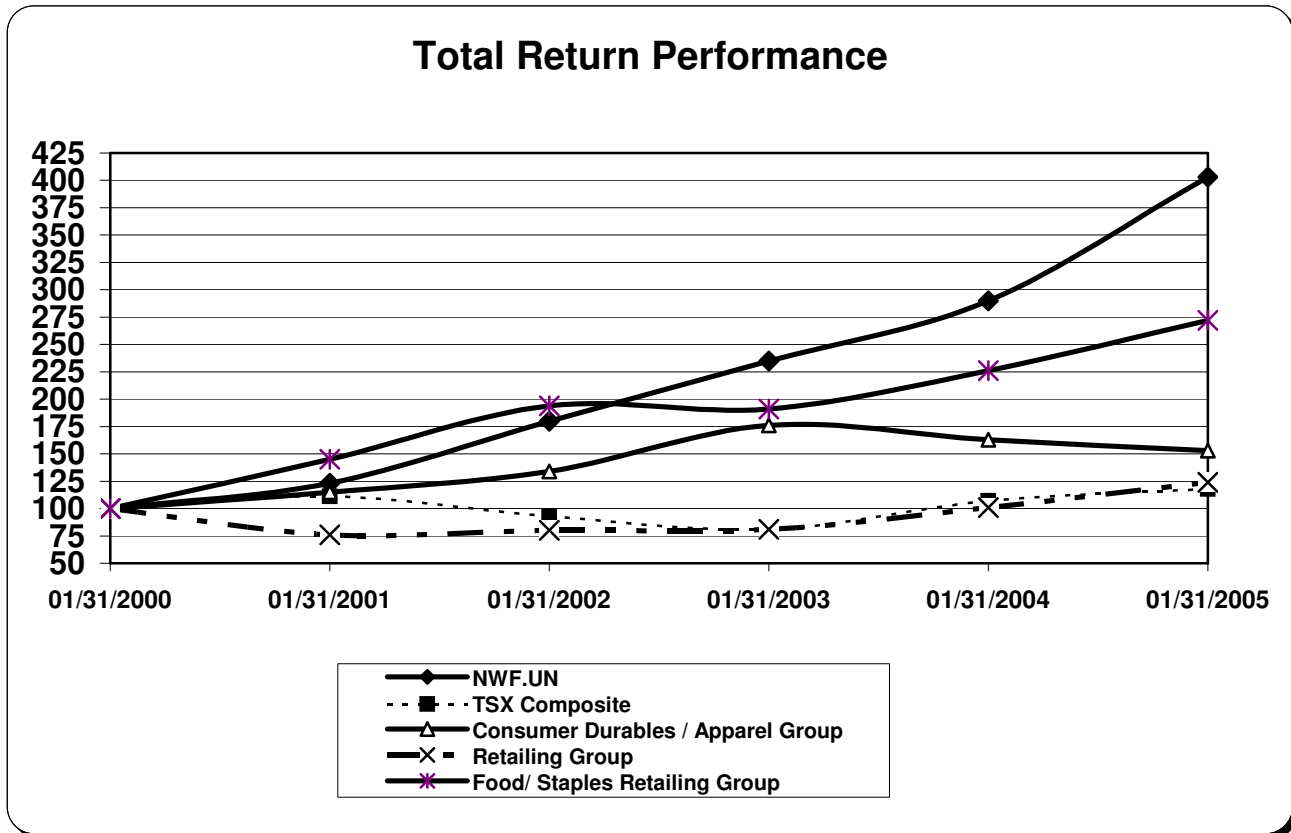
Submitted by the Human Resources and Compensation Committee of the Board:

Donald A. Beaumont, Chair  
Frank Coleman  
Gary J. Lukassen  
R.J. (Bob) Kennedy



## PERFORMANCE GRAPH

Set out below is a comparison of the cumulative total return of the Fund, compared with the TSX Composite index, the Consumer Durables/Apparel Group index, the Retailing Group index and the Food/Staples Retailing Group index from January 31, 2000 to January 31, 2005.



	JAN. 00	JAN. 01	JAN. 02	JAN. 03	JAN. 04	JAN. 05
The Fund	100	123	180	235	290	403
TSX Composite index	100	111	93	81	107	118
Consumers Durables/Apparel Group index	100	115	134	176	163	153
Retailing Group index	100	76	80	81	101	124
Food/Staples Retailing Group index	100	145	194	191	226	272

Notes: Assumes \$100 invested January 31, 2000, in the Fund, the TSX Composite, the Consumer Durables/Apparel Group index, the Retailing Group index and the Food/Staples Retailing Group index. Fund distributions are reinvested on the ex-distribution date. The indexes already incorporate dividend reinvestment.

## INDEBTEDNESS OF TRUSTEES, DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Neither the Trustees or the Officers of the Fund, nor any of the Directors or Officers of the Company, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to the Fund or the

Company at any time since January 31, 2004, the beginning of the financial year of the Company except as previously outlined under the Executive Officers' Unit Purchase Loan Plan.

### **INTEREST OF TRUSTEES, DIRECTORS, OFFICERS AND OTHERS IN MATERIAL TRANSACTIONS**

The Trustees are not aware of any material interest, direct or indirect, of any Trustee of the Fund or Director or Officer of the Company or any proposed nominee for election as a Trustee or as a Director of the Company, or any associate or affiliate of any such person in any transaction since January 31, 2004, the beginning of the most recently completed financial year of the Company, which has materially affected or will materially affect the Fund or the Company or its subsidiaries.

### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

The Trustees of the Fund are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any Trustee of the Fund, Director or Senior Officer of the Company, anyone who has held office as such at any time since the beginning of the financial year of the Company beginning January 31, 2004, any proposed nominee for election as the Trustee of the Fund or Director of the Company, or their respective associates or affiliates, in any matter to be acted on at the Meeting except as disclosed herein.

### **MANAGEMENT CONTRACTS**

The management functions of the Fund and of the Company are not performed to any substantial degree by a person or company other than the Trustees and Senior Officers of the Fund or the Directors and Senior Officers of the Company.

### **APPOINTMENT AND REMUNERATION OF AUDITORS**

The Declaration of Trust provides that the unitholders shall appoint the auditors of the Fund at each Annual Meeting of the Fund.

The auditors of the Fund and of the Company are PricewaterhouseCoopers LLP (PWC). Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of PWC, as auditors of the Fund and the Company and to authorize the Trustees to fix the remuneration of such auditors. On the recommendation of the Audit Committee, the Trustees and the Board propose that PWC be reappointed as auditors of the Fund and of the Company. PWC were first appointed as auditors of the Company on June 10, 1987, and as auditors of the Fund as of January 31, 1997.

Fees paid to the external auditors in the past two years with respect to services provided to the Fund and the Company are:

	<b>2004</b>	<b>2003</b>
Audit fees	\$202,427	\$199,322
Audit related fees (1)	40,000	2,500
Tax fees (2)	143,950	108,000
Other fees (3)	3,472	8,255
<b>Total</b>	<b>\$389,849</b>	<b>\$318,077</b>

1. 2004 & 2003 Review of procedures for NWF and confirmation of compliance with senior debt covenants.
2. 2004 & 2003 quarterly tax compliance services and tax planning advice.
3. 2004 Canadian Public Accountability Board fees and in 2003, technical advice.



TSX Guidelines	The Company's Governance Practices
(b) Risk Management	<p>Management requires the Board's approval for any transaction that would have a significant impact on the strategic plan.</p> <hr/> <p>The Board is responsible for identifying the principle risks of the Company and ensuring that risk management systems are implemented.</p> <p>The Board reviews risks associated with the environment, the Company's industry, consumer income and community relations.</p> <p>The Board, through the Audit Committee:</p> <ul style="list-style-type: none"> <li>• reviews risks related to financial and accounting risks.</li> <li>• reviews and recommends for approval, the external auditor.</li> <li>• reviews and ensures the integrity of the Company's internal control and management information systems.</li> <li>• meets to review reports and discuss significant risk areas with the internal and external auditors.</li> </ul> <hr/>
(c) Human Resources and Compensation (including the President and CEO)	<p>The Board is responsible to:</p> <ul style="list-style-type: none"> <li>• Appoint the President and Chief Executive Officer ("CEO")</li> <li>• Review and approve the compensation programs for senior management including the Unit Purchase Loan Plan and Executive Annual Incentive Plan.</li> <li>• Evaluate performance of the i) CEO ii) each officer who reports to the CEO taking into account evaluations provided by the Human Resource and Compensation Committee.</li> <li>• Review and approve compensation of the Chair of the Board, Chairs of the Board Committees and of each director taking into account the recommendations of Corporate Governance Committee.</li> </ul>



TSX Guidelines	The Company's Governance Practices
<p>If the Fund has a significant unitholder, in addition to a majority of unrelated Trustees and Directors, the Board should include a number of Trustees and Directors who do not have interests in or relationships with either the Fund or the Company or the significant unitholder and which fairly reflects the investment in the Fund by unitholders other than the significant unitholder (<i>a significant unitholder with the ability to exercise a majority of the votes for election of the Board</i>)</p>	
<p>3. The Board has responsibility for applying the definition of "unrelated Director" and unrelated Trustee to each individual Director and Trustee and for disclosing annually the analysis of the application of the principles supporting this definition and whether the Board has a majority of unrelated Directors and Trustees.</p>	<p>The Board, in order to determine whether the Directors and Trustees are unrelated analyzes all the relationships with the Fund and its subsidiaries. All of the Directors and Trustees are considered unrelated except for Edward Kennedy because of his position as President and CEO of the Fund and the Company. All Directors and Trustees attended 100% of the four Board and Trustee meetings held during the year. All Trustees attended the four Trustee meetings held during the year. More information about each Director and Trustee, including other Directorships can be found on pages 4 to 8.</p>
<p>4. The Board should appoint a committee of Directors composed exclusively of outside (i.e. non-management ) Directors, a majority of whom are unrelated Directors, with the responsibility for proposing new nominees to the Board and for assessing Directors on an ongoing basis.</p>	<p>The Governance and Nominating committee is responsible for considering and recommending nominees for election to the Board. This committee is also responsible for establishing procedures to evaluate the Board and each Director and overseeing such evaluation. In considering nominees for election to the Board, the Corporate Governance and Nominating Committee takes into account geographic diversity and considers the primary markets in which the Company operates as well as the appropriate expertise and background to contribute to the support of the Company's strategy and operations. All of its members are outside and unrelated Directors.</p>
<p>5. The Board should implement a process to be carried out by the appropriate committee for assessing the effectiveness of the Board, its committees and the contributions of individual Directors.</p>	<p>The Corporate Governance and Nominating Committee is responsible for reviewing annually the structure and mandates of each Board committee (including this committee) and assessing the effectiveness of each Board committee. In addition, suggestions regarding the appointment of new Directors and issues regarding Board performance have also been raised and have been regularly explored at meetings of the Board. It is also the responsibility of the Chair of the Board to ensure effective operation of the Board and to ensure the Board discharges its responsibilities.</p>

<b>TSX Guidelines</b>	<b>The Company's Governance Practices</b>
6. The Board should provide an orientation and education program for new Directors and Trustees.	New Directors and Trustees are given the opportunity to individually meet with senior management to improve their understanding of the Fund's and the Company's operations and tours are arranged of several of the Company's key operations for the new Directors. New Directors and Trustees are also provided with a reference binder that contains information on the Company's organizational structure, the structure of the Board and its committees, Company policies, articles and by-laws as well as Board materials for the preceding 12 months. On an ongoing basis, presentations on various aspects of the Company's activities and functions. In addition, regardless of whether a meeting of the Board is scheduled, all Directors regularly receive information on the Company's operations including a report from the CEO, a report on corporate development activities, operations reports, a financial overview and other pertinent information. All executives are available for discussions with Directors and Trustees concerning any questions or comments which may arise between meetings.
7. The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of Directors to a number which facilitates Board effectiveness.	The Company's Board currently consists of three Trustees and nine Directors; with one individual being both a Trustee and a Director. The Trustees and the Board have agreed to govern jointly and have determined that the combined number of Trustees and Directors to be elected at the Meeting will be nine. The Board feels that this size is more appropriate for a company this size and believes that the range of expertise and skills facilitate Board effectiveness.
8. The Board should review the adequacy and form of compensation of Directors in light of the risks and responsibilities involved in being an effective Director.	The Corporate Governance and Nominating Committee reviews how Directors are compensated for serving on the Board and its committees and recommends any changes to the Board. In this regard, the committee compares the Directors' compensation to that of similar companies. The Board has four committees. The Chair of the Board is an ex-officio member of all committees of the Board, subject to the limitations set out in the Company's by-laws.
9. Committees of the Board should generally be composed of outside Directors and Trustees, a majority of whom should be unrelated.	<ul style="list-style-type: none"> <li>• The Audit Committee has five members who are outside and unrelated. The committee met four times in 2004 and all members attended. Under the terms of the Audit Committee Charter, the committee is responsible for, among other things,</li> </ul>

TSX Guidelines	The Company's Governance Practices
	<p>reviewing the Fund's and the Company's financial reporting procedures, internal controls, recommending the appointment of the external auditors as well as reviewing the performance of the Fund's and the Company's external auditors. The Audit Committee also establishes the external auditors' compensation. Prior approval of any non-audit related services is required. The Audit Committee is also responsible for reviewing the quarterly and the annual financial statements and related news releases, as well as Management's Discussion and Analysis of Financial Results prior to their approval by the Board. The Audit Committee reviews managements' report on compliance with the Company's Code of Conduct policy. The Company has an internal Auditor who reports regularly to the Audit Committee.</p> <ul style="list-style-type: none"> <li>• The Human Resources and Compensation Committee has four outside and unrelated members. The Committee met three times and all members attended. The Human Resources and Compensation Committee makes recommendations to the Board on, among other things, executive compensation, the compensation of the CEO, and reviews other aspects of executive compensation, such as the Company's unit compensation plans. The Committee reviews and approves the total compensation philosophy of the company and the key elements of the program design. The Compensation Committee also insures that the Company complies with corporate and securities legislation with respect to executive compensation disclosure in the annual information circular.</li> <li>• The Pension Committee has three members and met three times in 2004. All of the members are outside and unrelated. The Pension Committee is responsible for overseeing matters relating to the investment policies, actuarial valuations, regulatory requirements, employee communications and performance of the Company's pension funds.</li> <li>• The Corporate Governance and Nominating Committee has four members who are outside and related. The committee met three times in 2004 and all members attended. The committee recommends to the Board the size and composition of the Board and its committees,</li> </ul>



<b>TSX Guidelines</b>	<b>The Company's Governance Practices</b>
	identifies and recommends suitable Director candidates, sets Director compensation and surveys and evaluates Board performance.
10. The Board should expressly assume responsibility for, or assign to a committee the general responsibility for, developing the Fund and the Company's approach to governance issues.	The Corporate Governance and Nominating Committee is responsible for developing and recommending to the Board a set of corporate governance principles applicable to the Fund and the Company. This committee also monitors compliance with any rules, regulations, procedures or guidelines promulgated by regulatory authorities having jurisdiction over the Fund and the Company (including applicable stock exchanges) relating to corporate governance. The Board is responsible for reviewing and approving the set of corporate governance principles recommended by the Corporate Governance and Nominating Committee.
11. The Board, together with the CEO, should develop position descriptions for the Board and for the CEO, including the definition of the limits to management's responsibilities. The Board should approve or develop corporate objectives, which the CEO is responsible for meeting and should assess the CEO against these objectives.	<p>A position description has been developed for the CEO. The Human Resources and Compensation Committee is responsible for reviewing and approving the corporate objectives (financial and personal) which the CEO is responsible for meeting. This committee also conducts the annual assessment of the CEO's performance against these objectives. The results of the assessment are reported to the Board.</p> <p>In addition to those matters which must by law be approved by the Board, the Board reviews and approves dispositions, acquisitions or investments which are outside the ordinary course of business of the Company. The Board also reviews the recommendations of the Corporate Governance and Nominating Committee as to the adequacy and form of compensation of the Directors to ensure that compensation realistically reflects the responsibility and risks involved in being an effective Director and that required to recruit new Directors by reference to independent compensation surveys. The Board also approves changes in senior management. The Directors and the Trustees have access to management and the Company's and the Trustees advisors in order to assist in their understanding of proposed Board actions and the implications of voting for or against such actions.</p>
12. The Board should have in place appropriate structures and procedures to ensure the Board can function independently of management.	In order to ensure that the Board can function independently from management, the Company has separated the roles of Chair and CEO. The Chair is held by Mr. Ian Sutherland and the CEO is Mr. Edward Kennedy. All but one of the Board members are independent Directors.

TSX Guidelines	The Company's Governance Practices
	At regularly scheduled Board and committee meetings, the independent Directors meet separately from management.
<p>13. The Audit Committee should be composed only of unrelated Directors. The roles and responsibilities of the Audit Committee should be specifically defined so as to provide appropriate guidance to Audit Committee members as to their duties. The Audit Committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The Audit Committees duties should include oversight responsibility for management's reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal controls, it is the Audit Committees responsibility to ensure that management has done so.</p>	<p>The Audit Committee is composed only of unrelated and independent Directors. The roles and responsibilities of the Audit Committee are set out in its charter (see item 9, Audit Committee, for further particulars).</p> <p>All of the members of the Audit Committee are financially literate.</p> <p>The Audit Committee has direct communications channels with the internal and external auditors to discuss and review specific issues as appropriate. The Audit Committee charter is reviewed by the Board at least annually.</p> <p>The Audit Committee meets with the Company's external and internal auditors absent management at least once per year.</p> <p>The Audit Committee Charter is presented in the Annual Information Form 51-102F2 as filed on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
<p>14. The Board should implement a system to enable an individual Director to engage an outside advisor at the Company's expense in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.</p>	<p>Individual Directors may, with the consent of the Chair of the Corporate Governance and Nominating Committee, engage outside advisors at the expense of the Company. Committees of the Board are authorized by the Board from time to time, and as appropriate, to retain outside advisors at the Company's expense. In addition, the Human Resource and Compensation Committee is permitted, without any separate approval being required, to retain consulting firms at the expense of the Company, to assist the committee in the evaluation of the CEO and other Executive Officers and in setting executive compensation.</p>

## UNITHOLDER RELATIONS AND FEEDBACK

The Executive Vice-President and Chief Financial Officer of the Fund is responsible for investor relations and ensures that questions and concerns receive prompt responses.

At Annual Meetings, unitholders are encouraged to ask questions of the Trustees of the Fund and the Directors and Officers of the Company. In addition, a 24-hour listen line with an 800 number and an e-mail address provide unitholders with the ability to direct questions to the Fund and Company. A web

site provides unitholders with access to recent press releases, quarterly reports and general information on the Company and the Fund. Quarterly conference calls are held with analysts, investors and interested persons. Phone and fax numbers and the Company's web site address are printed on all Company and Fund reports.

## **BOARD EXPECTATIONS OF MANAGEMENT**

The Board holds management responsible for the achievement of goals set out in strategic plans. It also requires management to report on their progress on a timely, accurate and relevant basis to enable effective evaluation of performance.

## **AVAILABILITY OF DISCLOSURE DOCUMENTS**

The Fund will provide to any unitholder, upon request to its Secretary, a copy of:

- (i) its most recent Annual Information Form together with any document or pertinent pages of any document incorporated therein by reference;
- (ii) its audited comparative consolidated financial statements for its last fiscal year together with the auditors' report thereon;
- (iii) its most recent Information Circular;
- (iv) any material change reports (other than confidential reports) which have been filed with the various securities regulatory authorities.
- (v) additional information relating to the Fund is on SEDAR at [www.sedar.com](http://www.sedar.com)

## **APPROVAL OF AMENDMENT TO UNITHOLDER RIGHTS PLAN**

Unitholders are being asked to pass an ordinary resolution, meaning the affirmative vote of not less than a majority of votes cast by unitholders with respect to a particular matter (the "Ordinary Resolution"), at the Meeting to approve the ratification of an amendment to the Unitholder Protection Rights Plan Agreement (the "Rights Plan Agreement") of the Fund. The Rights Plan Agreement was originally entered into on March 27, 1997 between the Fund and R-M Trust Company (now CIBC Mellon Trust Company) and amended effective March 14, 2002 and provides the unitholders with certain additional rights beyond those which they already enjoy as unitholders. If not amended, the Rights Plan Agreement would terminate on June 30, 2005. The amendment shall serve to extend the term of the Rights Plan Agreement until June 30, 2008. This shall be accomplished by replacing the definition of "Expiration Time" in the Rights Plan Agreement, which is June 30, 2005 with June 30, 2008.

The amendment to the Rights Plan Agreement was approved by the Trustees of the Fund on March 17, 2005 and will take effect as of close of business June 30, 2005. However, pursuant to section 5.4(a)(i) of the Rights Plan Agreement, the unitholders of the Fund must approve any amendment to extend the term of the Rights Plan Agreement. If the Rights Plan Agreement is not ratified by the unitholders at the Meeting then the amendment to the Rights Plan Agreement will be cancelled and be of no further effect after the Meeting. The following is the text of the Ordinary Resolution which will be put before the unitholders at the Meeting in order to approve the extension to the Rights Plan Agreement:

**“BE IT RESOLVED THAT:**

1. The definition of “Expiration Time” contained in the Rights Plan Agreement is amended to read as follows:

“Expiration Time” shall mean the earlier of:

- (i) the Termination Time; or
- (ii) the close of business on June 30, 2008.”

The Trustees believe that the passing of the Ordinary Resolution is in the best interests of the Fund and recommend that unitholders vote in favor of the Ordinary Resolution.

The persons named in the enclosed form of proxy intend to direct the Trustees to vote for the foregoing Ordinary Resolution authorizing the amendment to the Rights Plan Agreement, unless unitholders specify in such proxy that their Units are to be voted against the authorization of the amendment to the Rights Plan Agreement.

**OTHER MATTERS**

The Trustees of the Fund know of no other matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting; however, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**CERTIFICATE**

The contents of this Information Circular and the sending thereof have been approved by the Trustees of the Fund.

By Order of the Trustees



LÉO CHARRIÈRE  
Executive Vice-President,  
Chief Financial Officer and Secretary  
Winnipeg, Manitoba  
April 22, 2005