

NORTH WEST COMPANY FUND INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular (this “Information Circular”) is furnished in connection with the solicitation of proxies by the Trustees (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 8, 2006 at 11:30 a.m. (Winnipeg time). Information given herein is given as of April 21, 2006, except where otherwise indicated. The solicitation will be primarily by mail, but proxies may also be solicited by telephone or other means of communication or in person by Trustees, Directors, officers or employees of the Fund and/or The North West Company Inc. (the “Company”), a wholly owned subsidiary of the Fund, or by CIBC Mellon Trust Company, the Fund’s transfer agent. The cost of any such solicitation 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 Annual and Special Meeting are to unitholders of record unless specifically stated otherwise.

Applicable securities laws require intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should carefully be followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder is identical to that provided to registered unitholders. However, its purpose is limited to instructing the registered unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Unitholders and asks Beneficial Unitholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the Units to be represented at the Meeting. A Beneficial Unitholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote Units directly at the Meeting. The proxy must be returned to IICC well in advance of the Meeting in order to have the Units voted.

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

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are 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 Attention: Léo Charrière, at any time up to and including 4:00 p.m. on 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 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 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 21, 2006, 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 21, 2006 shall be entitled to receive notice of, and to attend and vote at, the Meeting.

As at April 21, 2006 to the knowledge of the Trustees, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more 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, February 25, 2003 and June 9, 2005. 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 and the Board of Directors of the Company;
- (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.

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 Company's 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 motivate performance over a period greater than one financial year, 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 employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of its securities. Payouts under this plan are included as LTIP Payouts.

Name/ Principal Position	Financial Year	Annual Compensation			Long Term Compensation Awards		Long Term Compensation 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	2005	518,846	571,781	134,710	0	0	0	1,241
	2004	459,231	366,188	133,657	0	0	0	740
	2003	451,539	115,500	141,717	0	0	629,698	545
Léo P. Charrière Executive Vice President & CFO (5)	2005	262,769	232,560	60,921	0	0	0	710
	2004	230,385	121,800	59,455	0	0	0	371
	2003	142,789	56,250	29,492	0	0	0	190
Carl A. McKay Executive Vice President, Northern Canada Retail	2005	252,423	214,579	54,938	0	0	0	635
	2004	192,731	87,300	48,916	0	0	0	290
	2003	194,269	28,275	52,023	0	0	79,640	299
Rex Wilhelm President Alaska Commercial Company (6)	2005	156,021	125,156	0	0	0	35,634	0
	2004	153,241	73,959	0	0	0	96,377	0
	2003	150,777	51,698	0	0	0	131,142	0
Karen J. Milani Vice President Human Resources	2005	149,385	109,725	34,177	0	0	80,000	386
	2004	133,076	60,300	32,474	0	0	107,520	201
	2003	130,962	19,500	31,476	0	0	43,400	147

(1) 2003 was based on a 53 week fiscal year.

(2) Target incentives for executives with overall corporate accountabilities are based on achievement of consolidated Earnings before Interest and Taxes (EBIT) targets for the entire Company adjusted for the cost of capital and specific items. Target incentives for executives with business unit accountabilities are based 80-90% on Business Unit EBIT and 10-20% on consolidated EBIT for the entire company adjusted for the cost of capital and specific items. Maximum incentives for all executives are 1.5 times the target incentive.

(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. This program has been eliminated with the benefit reducing as loans expire. 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 28, 2006, was \$147,054.

Breakdown of other compensation for the Named Executive Officers

Named Executive Officers	Flex Benefits (\$)	MOP Interest (\$)	UPLP Prescribed Interest (\$)	Total Other Compensation (\$)
Edward S .Kennedy (7)	59,933	5,283	69,494	134,710
Léo P. Charrière (8)	30,292	7,278	23,351	60,921
Carl A. McKay	30,208	2,784	21,945	54,938
Karen J. Milani	17,258	4,598	12,321	34,177

- (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 P. Charrière joined the Company on May 20, 2003.
- (6) Rex Wilhelm was promoted to position of President, Alaska Commercial Company on April 1, 2005.
- (7) Edward S. Kennedy is not directly compensated by the Fund for his role as President & C.E.O. of the Fund
- (8) Léo P. Charrière is not directly compensated by the Fund for his role as the C.F.O. and Secretary of the Fund.

For the financial year of the Company ended January 28, 2006, the Company provided to all its officers a total of \$2,204,755 in salaries, \$1,818,409 in bonuses, \$416,829 in other annual compensation and \$4,909 in all other compensation.

UNIT OPTIONS AND UARs

Unit Options and UAR Grants in the Last Financial Year

There were no individual grants of Unit Options or UARs to any of the Named Executive Officers during the financial year of the Company ended January 28, 2006. This program was discontinued in the year 2000 and no UAR grants were issued thereafter.

UAR'S Exercised During the Year

Of the Named Executive Officers, Karen J. Milani exercised her UAR's for a realized value of \$80,000. The realized value is based on the market value of the underlying security at exercise date, minus the initial grant price. There were no exercisable UAR's held by the Named Executive Officers at January 28, 2006.

Option and UAR Repricing

Neither the Fund nor Company has any options or UARs issued and outstanding.

Proposed Deferred Unit Plan

At the Meeting, the unitholders will be asked to approve the adoption of the Deferred Unit Plan (as defined in Appendix "A" on page 36 hereof).

Officers' and Senior Managers' Unit Purchase Loan Program

During the financial year of the Company ended January 28, 2006, the Company issued loans to executive officers and eleven senior management personnel in the Canadian operation as part of its long-term incentive program to purchase Units under a Unit Purchase Loan Plan ("UPLP"). These loans are non-interest bearing and are repayable from the after tax distributions on the Units purchased using such loan proceeds or if the officer sells such Units or leaves the Company. The loans are secured by a pledge of such Units as presented in the following table. On December 8, 2005, the Board of Directors approved an increase in the maximum aggregate amount of the loans under the UPLP to \$15,000,000 from \$7,500,000. Additional loans may be made on an annual basis.

	Largest amount outstanding during the year ended January 28, 2006	Amount outstanding as at January 28, 2006	Security for indebtedness as at January 28, 2006 (units)	Market value of security as at January 28, 2006
Edward S. Kennedy	\$2,542,358	\$2,463,601	66,157	\$2,381,652
Léo P. Charrière	1,354,528	1,344,477	39,900	1,436,400
Carl A. McKay**	1,282,735	0	0	0
Russell J. Zwanka	1,245,373	1,235,183	40,450	1,456,200
Scott A. McKay	723,198	717,951	20,829	749,844
Karen J. Milani	613,551	608,891	18,500	666,000
Kenneth M. Claudel	434,556	431,382	12,600	453,600
Gerald L. Mauthe	425,384	421,866	13,965	502,740
Len G. Flett*	250,885	242,420	8,400	302,400
Management Group	2,521,711	2,499,191	84,655	3,047,580
	\$11,394,276	\$9,964,962	305,456	\$10,996,416

* Len G. Flett retired from the Company on September 23, 2005 and his loan was repaid on February 9, 2006.

** Carl A. McKay retired on February 10, 2006.

Pension Plan Disclosure

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 28, 2006, Edward S. Kennedy had 16 years total credited service and 15 years credited service as an officer, Léo P. Charrière had 2 years total credited service and 2 years credited service as an officer, Carl A. McKay had 33 years total credited service and 7 years credited service as an officer, and Karen J. Milani had 8 years total credited service and 5 years credited service as an officer.

Termination of Employment, Change in Responsibilities and Employment Contracts

Léo P. 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 a 10% flexible benefit payment.

Russell J. Zwanka joined the Company on August 8, 2005. Under the terms of his employment contract, if terminated without cause, he is entitled to severance compensation of 18 months base salary plus a 10% flexible benefit payment.

Carl A. McKay retired from the Company on February 10, 2006.

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 compensation of officers (including the Named Executive Officers), and to make recommendations as necessary to the Board of Directors, which has the final approval in all areas of officer compensation.

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

The committee typically meets three times a year and is composed of "unrelated" Directors. The Chief Executive Officer 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 entities. 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 50th 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 improvements. Target incentives for executives with overall corporate accountabilities are based 100% on achieving consolidated Earnings before Interest and Taxes (EBIT) targets for the Company's operations as a whole adjusted for cost of capital and specific items. Those executives with accountabilities solely in the Company's Canadian operations have their incentives based on Canadian EBIT targets adjusted for cost of capital and specific items. Executives with business unit accountabilities have their target incentives primarily focused on the performance of their business units with a small percentage (10-20%) on consolidated EBIT targets for the entire company adjusted for cost of capital and specific items. Maximum incentive payments equal 1.5 times the target incentive.

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 upfront, limited recourse interest-free loans to officers, granted by the Board 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 2005 an external consultant worked with the Human Resources & 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.

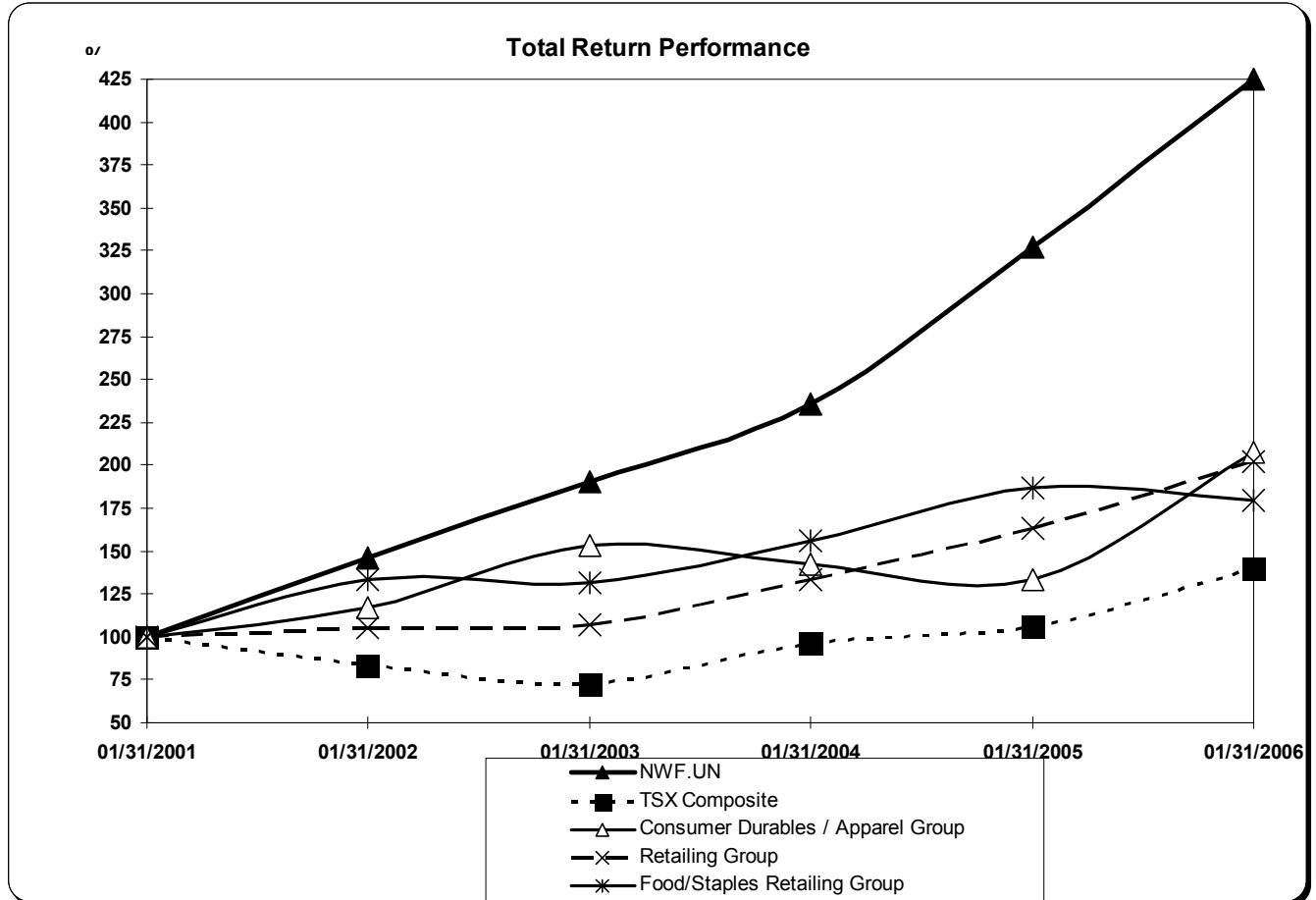
Based on the above, the annual incentive bonus increased significantly in 2005 as the yearly financial improvement targets were exceeded.

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

H. Sanford (Sandy) Riley (Chair)
Frank J. Coleman
Gary J. Lukassen
R.J. (Bob) Kennedy
Wendy F. Evans

PERFORMANCE GRAPH

Set out below is a comparison of the cumulative total return between the Fund, with the TSX Composite, Consumer Durables/Apparel Group, Retailing Group and Food/Staples Retailing Group from January 31, 2001 to January 31, 2006.



	Jan. 01	Jan. 02	Jan. 03	Jan. 04	Jan. 05	Jan. 06	Compound Annual Growth
The Fund	100	146	191	236	327	425	33.5%
TSX Composite	100	84	73	96	106	140	7.0%
Consumers Durables/Apparel Group	100	117	153	142	133	208	15.8%
Retailing Group	100	105	107	133	164	203	15.2%
Food/Staples Retailing Group	100	134	131	156	187	180	12.4%

Note: Assumes \$100 invested January 31, 2001 in the Fund, the TSX Composite, Consumer Durables/Apparel Group, Retailing Group and Food/Staples Retailing Group. Fund distributions are reinvested on the ex-distribution date. The above referenced indices already incorporate dividend reinvestment.

COMPENSATION OF TRUSTEES AND DIRECTORS

Total Trustees' fees for the financial reporting period of the Fund ended January 28, 2006 were \$10,500. Subsequent to the Annual and Special Meeting of the Unitholders of the Fund held on June 9, 2005, remuneration for the Trustees was blended into the remuneration of the Directors.

Directors who are not officers or employees of the Company are entitled to a quarterly fee of \$5,000, 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 each Board committee on which the Director serves as Chair, with the exception of the Chair of the Audit Committee who receives \$2,500 to serve as Chair. The Chairman of the Board is paid a quarterly fee of \$20,000. The fees include remuneration for the role of Trustees.

Total Directors' fees for the financial year of the Company ended January 28, 2006, amounted to \$299,106.

INDEBTEDNESS OF TRUSTEES, DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Neither the Trustees or 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 30, 2005, the beginning of the most recently completed financial year of the Company except as previously outlined above under "Officers' and Senior Managers' 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 or any Director or officer of the Company or any proposed nominee for election as a Trustee or Director, or any associate or affiliate of any such person in any transaction since January 30, 2005, the beginning of the most recently completed financial year of the Company and the Fund, 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 are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any Trustee, or 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 and the Fund beginning January 30, 2005, any proposed nominee for election as a Trustee or Director, or their respective associates or affiliates, in any matter to be acted on at the Meeting except as disclosed herein.

APPOINTMENT AND REMUNERATION OF AUDITORS

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

The auditors of the Fund and the Company are PricewaterhouseCoopers LLP, Chartered Accountants. Unless such authority is withheld, the persons named in the accompanying proxy

intend to vote for the appointment of PricewaterhouseCoopers LLP, Winnipeg, 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 propose that PricewaterhouseCoopers LLP be reappointed as auditors of the Fund and the Company. PricewaterhouseCoopers LLP 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 were:

	2005	2004
Audit fees	\$283,882	\$202,427
Audit related fees (1)	12,297	40,000
Tax fees (2)	253,342	143,950
Other fees (3)	19,441	3,472
Total	\$568,962	\$389,849

1. 2005 attendance at on site store audits; 2004 review of procedures for the Fund and confirmation of compliance with senior debt covenants. These procedures are included in the audit fees for 2005.
2. 2005 & 2004 quarterly tax compliance services and tax planning advice; 2005 \$150,000 one time expense related to tax planning and advice.
3. 2005 CEO and CFO Certification advice and Canadian Public Accountability Board fees; 2004 Canadian Public Accountability Board fees.

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.

PARTICULARS OF MATTERS TO BE CONSIDERED AT THE MEETING

RECEIPT OF FINANCIAL STATEMENTS

The consolidated financial statements of the Fund for the period ended January 28, 2006, together with the Auditor's Report thereon and the Management's Discussion and Analysis in respect thereof, are contained in the 2005 Annual Report of the Fund and are filed on the SEDAR website, www.sedar.com and on the Company's website, www.northwest.ca and will be presented at the Meeting.

ELECTION OF TRUSTEES OF THE FUND

Section 8.1 of the Declaration of Trust provides for a Board of Trustees consisting of a minimum of seven Trustees and a maximum of eleven Trustees.

It is proposed that the number of Trustees to be elected at the meeting be ten, all of whom shall hold office until the next Annual Meeting of the Unitholders of the Fund or until his or her earlier removal or resignation. All of the individuals listed under the heading "Trustees" have indicated

their willingness to serve as a Trustee in addition to their roles as Directors.

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

The table below states the names of all the persons who are currently Trustees and 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 beneficially owned, directly or indirectly, or subject to control or direction by each of them.

Proposed Trustees

Name, Municipality of Residence and Principal Occupation	Trustee Since	Units Beneficially Owned or Subject to Control or Direction
David G. Broadhurst (1) Toronto, Ontario President, Poynton Investments Limited	1997	5,000
Frank J. Coleman Corner Brook, Newfoundland and Labrador President & Chief Executive Officer Coleman Group of Companies	2005	40,500
Wendy F. Evans (1) Toronto, Ontario President, Evans and Company Consultants Inc.	2005	1,200
R.J. (Bob) Kennedy Winnipeg, Manitoba Chief Executive Officer, WiBand Communications Corp.	2005	2,000
Edward S. Kennedy Winnipeg, Manitoba President & Chief Executive Officer The North West Company Inc.	2005	136,023
Gary J. Lukassen (1) Mississauga, Ontario Corporate Director	2005	4,750
Keith G. Martell (1) Saskatoon, Saskatchewan Chairman, First Nations Bank of Canada	2005	2,000
James G. Osborne (1) Winnipeg, Manitoba Chairman, Westgate Capital Management Corp.	2005	65,000
H. Sanford (Sandy) Riley Winnipeg, Manitoba President & Chief Executive Officer Richardson Financial Group Limited	2005	2,000
Ian Sutherland Oro Medonte, Ontario Chairman, The North West Company Inc.	1997	338,000

(1) = Member of Audit Committee.

Prior to 2005, the Fund only had three Trustees.

The Trustees have beneficial ownership in aggregate of 596,473 units or 3.7% of the outstanding units of the Fund.

The Fund has an Audit Committee which reports directly to the Board of Trustees. The Company has three other committees; the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, and the Pension Committee that report directly to the Board of Directors of the Company.

Record of Meeting Attendance by Trustees

(For the 12 months ended January 28, 2006)

The following table summarizes the attendance of the current Trustees for meetings for the financial year of the Company ended January 28, 2006. Committee membership is subject to change on an annual basis after the Annual General Meeting of Unitholders of the Fund. The table below reflects the number of meetings that a Trustee attended for the period of time they were a member of that committee.

Trustee	Trustee Meetings	Audit Committee Meetings
Frank J. Coleman	1 of 1	-
R.J. (Bob) Kennedy	1 of 1	2 of 2
Edward S. Kennedy (1)	1 of 1	-
Gary J. Lukassen	1 of 1	4 of 4
Keith G. Martell	1 of 1	4 of 4
James G. Osborne	1 of 1	4 of 4
H. Sanford (Sandy) Riley	1 of 1	2 of 2
Wendy F. Evans	1 of 1	1 of 1
David G. Broadhurst	3 of 3	4 of 4
Ian Sutherland (1)	3 of 3	-

(1) The Chairman of the Board and President & Chief Executive Officer attend audit committee meetings in an ex officio capacity.

At the Meeting, unitholders will be asked to consider, to pass, a resolution electing each person named as proposed Trustees as Trustees to hold office until the next Annual Meeting of Unitholders of the Fund, or until his or her earlier resignation or removal.

The persons named in the enclosed form of proxy intend to vote for the election of the nominees set forth in table below 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.

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 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 ten. The information given herein with respect to each of the Directors is based upon information furnished to the Company by each Director.

Unitholders of the Fund will be asked to consider and, if deemed advisable, to pass a resolution directing the Trustees to elect the ten individuals identified in the table below as Directors until the next Annual Meeting of the Unitholders of the Fund, or until his or her earlier resignation or removal. The following table states the names of all the persons proposed to be appointed by

the Trustees as Directors, 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 number of Units of the Fund beneficially owned, directly or indirectly or subject to control or direction by each of them as at April 21, 2006.

Proposed Directors

Name, Municipality of Residence and Principal Occupation	Director Since	Units Beneficially Owned or Subject to Control or Direction
David G. Broadhurst (3) Toronto, Ontario President, Poynton Investments Limited	2005	5,000
Frank J. Coleman (2) (3) Corner Brook, Newfoundland and Labrador President & Chief Executive Officer Coleman Group of Companies	1999	40,500
Wendy F. Evans (2) Toronto, Ontario President, Evans and Company Consultants Inc.	2005	1,200
R.J. (Bob) Kennedy (1) (2) Winnipeg, Manitoba Chief Executive Officer WiBand Communications Corp.	2003	2,000
Edward S. Kennedy Winnipeg, Manitoba President & Chief Executive Officer The North West Company Inc.	1996	136,023
Gary J. Lukassen (2) Mississauga, Ontario Corporate Director	1987	4,750
Keith G. Martell (1) Saskatoon, Saskatchewan Chairman First Nations Bank of Canada	2000	2,000
James G. Osborne (3) Winnipeg, Manitoba Chairman Westgate Capital Management Corporation	1987	65,000
H. Sanford (Sandy) Riley (1) (2) Winnipeg, Manitoba President & Chief Executive Officer Richardson Financial Group Limited	2003	2,000
Ian Sutherland Oro Medonte, Ontario Chairman The North West Company Inc.	1978	338,000

- (1) Member of Corporate Governance and Nominating Committee.
- (2) Member of Human Resources and Compensation Committee.
- (3) Member of Pension Committee.

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:

On December 8, 2005, Wendy F. Evans who is President of Evans and Company Consultants Inc., became a Trustee and a Director. In 1987 she formed Evans and Company Consultants Inc., which provides marketing, financial and management

services. Ms. Evans is an Adjunct Professor in the School of Retail Management at Ryerson University. She led the retail portion of the “Doing Business in the United States” research at the National Centre for Management Research and Development. Ms. Evans is a Director on the Board of Sun Life Financial Trust, and has served on the Advisory Board of the Ontario Retail Sector Strategy.

On June 9, 2005 David G. Broadhurst, who is President of Poynton Investments Limited became a Director. He was 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.

On May 29, 2003 R.J. (Bob) Kennedy, became a Director. Presently, Mr. Kennedy is the Chief Executive Officer of WiBand Communications Corporation, a position he has held since January 1999. He previously held positions as Worldwide Business Development Executive – IBM Corporation – Education and Training in 1998, and Chief Executive Officer – PBSC Computer Training Centres in 1991.

On May 29, 2003, H. Sanford (Sandy) Riley, became a Director. Since 2002, Sandy Riley is the President and C.E.O. of Richardson Financial Group Limited. He previously held positions as Chairman of Investors Group Inc. from 2001 to 2002, President and C.E.O. of Investors Group Inc. from 1992 to 2001, Chancellor of the University of Winnipeg; Chairman, University of Winnipeg Foundation and is a Director of Molson Coors Brewing Company and of James Richardson & Sons affiliated companies.

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

Additional Disclosure Relating to Trustees and Directors

To the knowledge of the Trustees, except as set forth in the paragraphs below, no proposed Trustee or Director is, or has been in the last ten years, a trustee, 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 was a Director of Stelco Inc. from June 2002 until March 31, 2006. On January 29, 2004 Stelco Inc. filed for and was granted Court protection under the Companies' Creditors Arrangement Act ("CCAA"). Stelco Inc. emerged from Court protection under the CCAA on March 31, 2006.

Mr. R.J. (Bob) Kennedy was a Director and officer of WiBand Corporation. In December 2001, WiBand Communications Corp. was sold to OA Group Inc. an issuer listed on the TSX Venture Exchange. Shares were exchanged and the shareholders of WiBand Communications Corp. 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 of 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 and the information relating to the beneficial ownership and/or control of Units by the Trustees, 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 28, 2006)

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 28, 2006. Committee membership is subject to change on an annual basis after the Annual General Meeting. A member of a committee in the last half of the year may not have been a member of that committee in the first half of the year and thus are shown as having attended all of the meetings for the period in which they were members.

Board Member	Board	Corporate Governance & Nominating	Human Resources & Compensation	Pension
David G. Broadhurst	2 of 2	-	-	1 of 1
Frank J. Coleman	4 of 4	-	4 of 4	3 of 3
Wendy F. Evans	1 of 1	-	1 of 1	
R.J. (Bob) Kennedy	4 of 4	-	4 of 4	-
Edward S. Kennedy (1)	4 of 4	-	-	-
Gary J. Lukassen	4 of 4	-	4 of 4	-
Keith G. Martell	4 of 4	3 of 3	-	-
James G. Osborne	4 of 4	3 of 3	-	3 of 3
H. Sanford (Sandy) Riley	4 of 4	3 of 3	3 of 3	1 of 1
Ian Sutherland (1)	4 of 4	-	-	-

"-" means not a member of that committee

(1) The Chairman of the Board and the President & Chief Executive Officer normally attend all committee meetings on an ex officio basis. Other Directors will also often attend committee meetings on the same basis.

At the Meeting, unitholders will be asked to consider and, if deemed advisable, to pass, a resolution directing the Trustees to elect the persons named as proposed Directors to hold office as Directors until the next Annual Meeting of the Unitholders of the Fund, or until their earlier resignation or removal.

The persons named in the enclosed form of proxy intend to vote for the resolution electing the proposed Directors as Directors, unless unitholders specify in such proxy that their Units are to be withheld from voting on such resolution.

APPROVAL OF AUDITORS

At the Meeting, the unitholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution appointing PricewaterhouseCoopers LLP as the auditors of the Fund and the Company for the ensuing year and to authorize the Trustees and Directors to fix the remuneration of the auditors.

"BE IT RESOLVED as an ordinary resolution of the unitholders, that PricewaterhouseCoopers LLP is appointed as auditors of the North West Company Fund (the "Fund") and the North West Company Inc. (the "Company") for the ensuing year until the next Annual Meeting of Unitholders of the Fund and the Trustees of the Fund and the Directors of the Company are hereby authorized to fix the remuneration of the auditors."

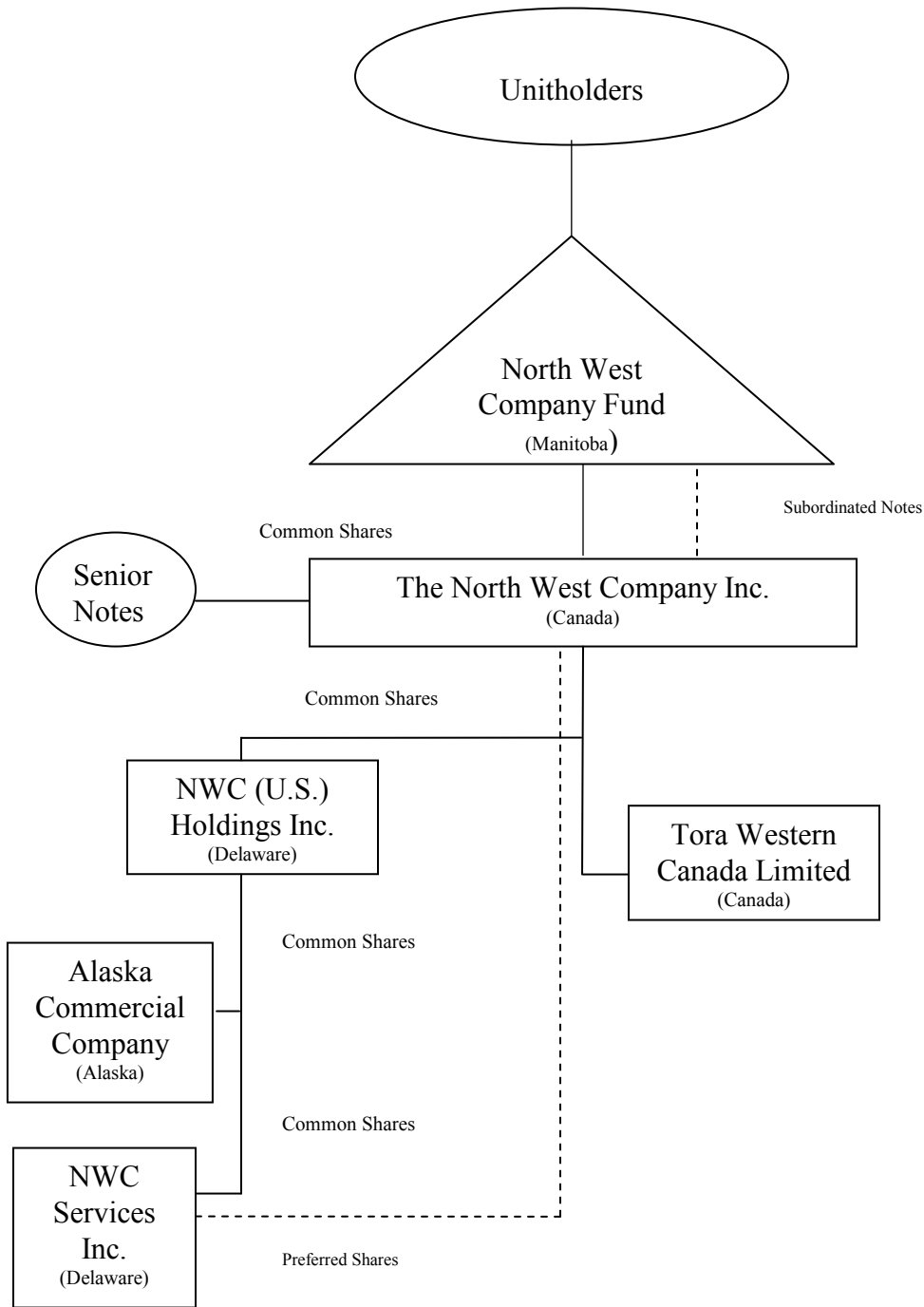
APPROVAL OF REORGANIZATION

Unitholders are being asked to consider, and if thought advisable to pass, without variation, a Special Resolution of the Fund, in the form described below, to approve a proposed internal reorganization of the Fund and its affiliates and certain related amendments to the Fund's Declaration of Trust.

Background

On December 8, 2005, the Trustees of the Fund and the Directors of the Company approved a two step plan to restructure the business of the Company, Tora Western Canada Limited (Giant Tiger) and Tora Saskatchewan Limited (Giant Tiger) to enable the Fund to increase profitability, to grow its business operations and meet its long term debt commitments and to allow for further growth in distributions to its unitholders.

The structure before the first step of the restructuring plan was:



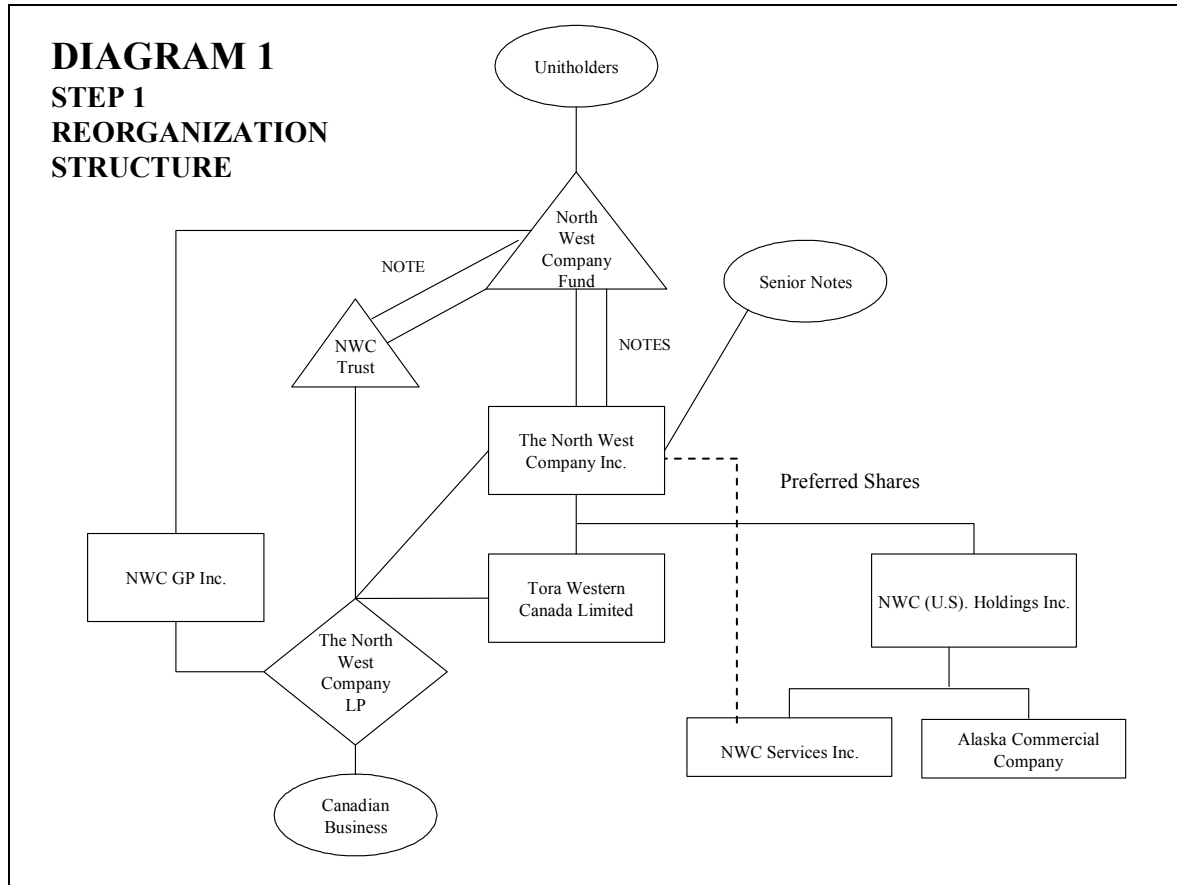
The first step provides for the transfer of the northern Canada store assets and most of the Giant Tiger store assets to The North West Company LP.

Step 1 – Reorganization (See Diagram 1 below)

The first step of the restructuring plan is expected to be implemented by the end of April 2006.

The simplified structure at the end of Step 1 will be as follows:

1. The Fund is a mutual fund trust whose units are publicly listed and traded.
2. Among the Fund's assets will be the shares and subordinated notes (the "Notes") of the Company, a corporation that carries on business throughout Canada and Alaska through its direct and indirect subsidiaries, including The North West Company LP (described below).
3. The Company will be a limited partner of The North West Company LP, a limited partnership formed under the laws of Manitoba ("NWCLP"). NWCLP will operate most of the Canadian business of the Company. The Company will also have wholly-owned subsidiaries; the key subsidiaries will be Tora Western Canada Limited ("Tora Canada") and NWC (US) Holdings Inc. ("NWCUS"), the parent company for the U.S. operations. Tora Canada will also be a limited partner of NWCLP.
4. The Fund will also be the sole holder of units in a commercial trust named The NWC Trust ("NWC Trust") via a nominal equity investment and will hold a \$30 million note payable by NWC Trust to the Fund. NWC Trust will also be a limited partner in NWCLP.
5. The Fund has also formed NWC GP Inc. ("NWC GP") as a direct subsidiary. NWC GP will act as the general partner of NWCLP.
6. NWCLP is an operating partnership that has issued three classes of units, Class A units or "common" units, Class B units or "preferred" units and Class C units. The limited partners of NWCLP are: the Company and Tora Canada, and NWC Trust and the general partner is NWC GP which holds a nominal interest.



The Step 1 Reorganization will be entirely internal and does not involve any amendments to the Fund’s Declaration of Trust. Accordingly, approval from the unitholders is not required.

Step 2 - Restructuring (See Diagram 2 below)

The objective of Step 2 of the Restructuring is to complete the reorganization of the current organizational structure of the Fund and its subsidiaries into a structure that (a) is suited to the profitable, expansionary stage that has been reached by the business carried on by the Company and other entities in which the Fund holds investments (the "Business"), and (b) satisfies unitholder expectations regarding returns on their investment in the Fund. Due to the success of the Business, the Fund expects in the near future to have excess funds available to fund additional strategic investments. In order to maximize cash distributions to unitholders, the Fund anticipates making such investments through NWC Trust. Maintaining both a new trust and the existing holding corporation (i.e. the Company) would, however, result in unnecessary administrative cost and effort. Consequently, the Fund’s business purposes would best be met by replacing the current holding corporation structure with a trust-on-trust structure.

The Fund will apply to the Canada Revenue Agency (“CRA”) for an advance income tax ruling (the “Ruling”) confirming the anticipated tax effects of Step 2 of the Restructuring. The Company’s advisors have indicated that it may take from six to twelve months to receive a response from CRA to the request for the Ruling. If obtained, the Ruling will confirm that the Restructuring will occur on a tax deferred rollover basis for: (i) the Fund (ii) its subsidiaries and

affiliates, and (iii) the Holders of Units resident in Canada. See “Certain Canadian Federal Income Tax Considerations – Tax Considerations Applicable to the Restructuring” on page 26 of this Information Circular.

The following is a summary of the principal steps required to effect Step 2 Restructuring.

1. A new corporation ("MFC") will be formed under the Canada Business Corporations Act (the "CBCA"). The charter documents of MFC will state that its only undertaking will be the activities described in subparagraphs (i), (ii) and (iii) of paragraph 131(8)(b) of the *Income Tax Act* (Canada) (the "Act"). The authorized capital of MFC will consist of three classes of shares, namely Common shares, Class A shares and Class B shares.
2. Following the incorporation of MFC, the Fund will subscribe for 1,000 Common shares for a cash payment of \$1,000.
3. The Fund's Declaration of Trust will be amended to permit the issuance of a second class of Units to be designated as "Special Units", which will be identical to the existing Units in all but one respect. The Declaration of Trust currently provides that a unitholder who tenders Units for redemption in one month is entitled to be paid the redemption price (i) on the last day of the following month if the redemption price is paid *in specie*, and (ii) on or before the last day of the month following the month in which the tender occurred if the redemption price is paid in cash. The Special Units instead will be redeemed within two days of the demand for redemption.
4. The Fund's Declaration of Trust will also be amended in respect of *in specie* redemption rights. Under certain circumstances the Unit redemption price may be paid in certain shares of the Company or Company Notes. Since those securities will cease to exist as a result of these transactions, the *in specie* redemption provision of the Fund's Declaration of Trust will need to be amended to provide that in the event that the redemption price is to be paid *in specie*, then each Unit tendered for redemption shall be redeemed by way of a distribution *in specie* of Series 1 Notes issued by NWC Trust.
5. The Company will be replaced by NWC GP as the Fund's administrator.
6. In addition, certain other amendments may be made at the same time to the Fund's Declaration of Trust that are unrelated to these transactions and that amount to general "housekeeping" or "cleanup" matters.
7. Modifications to the amendments to the Fund's Declaration of Trust described in this section entitled “Step 2 Requirements” may be required to be made as a result of the content of the Ruling.
8. Tora Regina (Tower) Limited (“Tora Regina”) will become a limited partner in NWC LP and transfer its assets and business to NWC LP.
9. The Company will form a new wholly-owned corporate subsidiary under the CBCA ("NW Holdco"). The Company will transfer its shares in NWC (US) Holdings Inc. (the parent company for the U.S. operations), Preferred shares of NWC Services Inc. to NW Holdco solely in exchange for Common shares. The Company, in its capacity as transferor, and NW Holdco, in its capacity as transferee, will jointly elect under subsection 85(1) of the Act, in prescribed form and within the time determined under subsection 85(6) or 85(7) of

the Act, with respect to such transfer. The elected amount for purposes of the election for each property transferred will be within the limits prescribed by paragraphs 85(1)(c) and (c.1) of the Act.

10. The Company will transfer the Class C units it holds in NWC LP to NWC GP in exchange for a bare assumption by NWC GP of the senior indebtedness of the Company to third party creditors (the "Senior Notes") such that the Senior Notes are not novated under law.
11. The Fund will subscribe for that number of Class A shares of MFC as is equal to the number of its issued and outstanding Units in consideration for a cash payment of \$0.01 per Class A share (the "Class A Share Subscription Proceeds"). Based on the number of Units currently issued and outstanding, the total subscription price payable by the Fund would be \$161,260.
12. The Fund will undertake a return of capital in respect of its Units held by unitholders who are not "designated beneficiaries" (as defined in the Act; and which term includes generally non-residents of Canada and certain tax-exempt entities), by distributing one Class A share of MFC per Unit held by each such unitholder.

At the time that the Fund distributes the Class A shares of MFC, there will be at least 150 holders of Class A shares, each of which holds Class A shares having an aggregate fair market value of not less than \$500 because the Fund will have at least 150 unitholders each of which holds at least 50,000 Units. The distribution of the Class A shares to the unitholders will comply with provincial securities legislation and regulation.

13. The Fund and MFC will enter into an agreement of purchase and sale under which the Fund will transfer the Common shares of the Company and the Company Notes to MFC for an aggregate purchase price equal to the respective fair market value of each property so transferred. MFC will satisfy the purchase price by issuing to the Fund 1,000,000 Class B shares. The Class B Redemption Amount will be established by reference to the aggregate fair market value of the Common shares of the Company and the Company Notes at that time, which will be based on the trading value of the Units prior to the time of the transfer to MFC. The Fund and MFC will jointly elect under subsection 85(1) of the Act, in prescribed form and within the time determined under subsection 85(6) or 85(7) of the Act, with respect to the transfer of the Common shares of the Company and the Company Notes. The elected amount for purposes of the election for each property transferred will be within the limits prescribed by paragraphs 85(1)(c) and (c.1) of the Act.
14. MFC, the Company, Tora Canada and Tora Regina will undertake a vertical short-form amalgamation to form one corporation (referred to herein as "Amalco"), which amalgamation will be governed by the provisions of section 87 of the Act including subsection 87(1.1).

The charter documents of Amalco will state that its only undertaking will be the activities described in subparagraphs (i), (ii) and (iii) of paragraph 131(8)(b) of the Act.

15. Amalco will transfer the Class A and Class B NWC LP units, all of the issued and outstanding shares of NW Holdco and the Class A Share Subscription Proceeds (collectively, the "NW Properties") to the Fund solely in exchange for:

- (a) that number of Units having an aggregate fair market value equal to the sum of the aggregate redemption amount of the Class A shares, and
- (b) that number of Special Units having an aggregate fair market value equal to the Class B Redemption Amount.

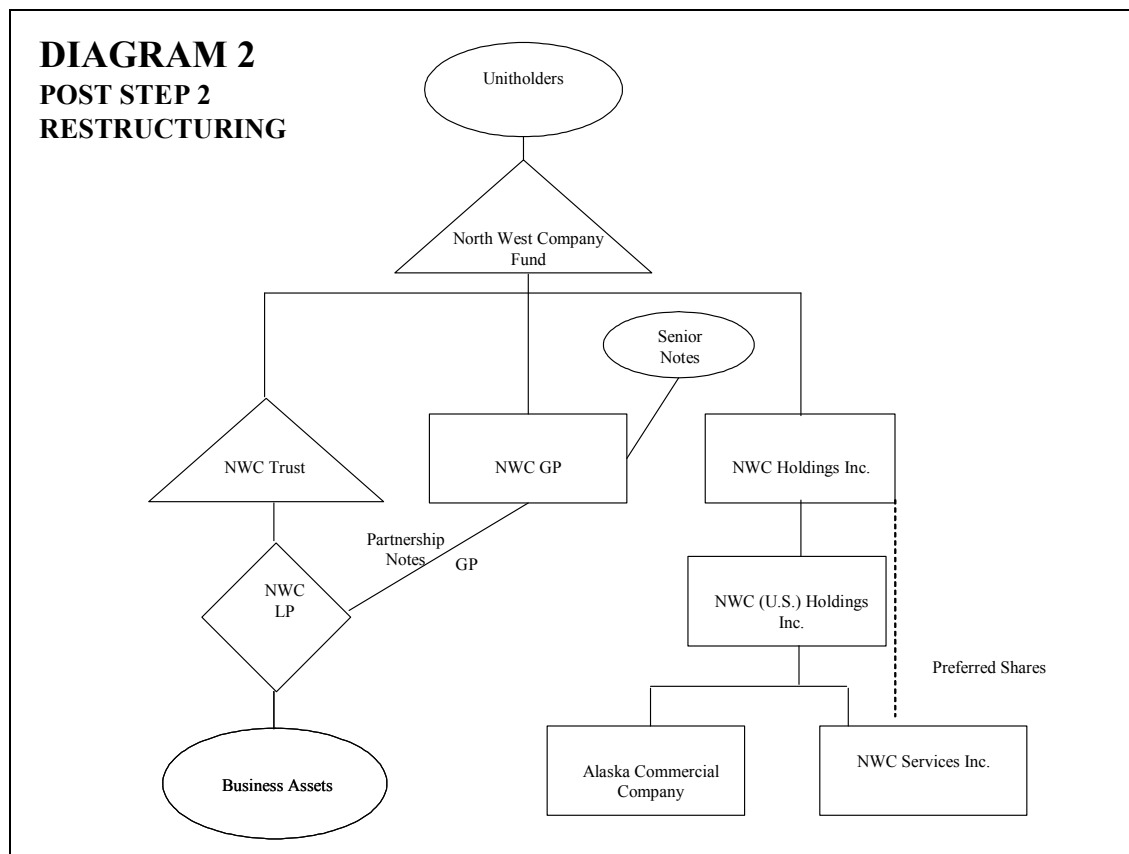
Subsequent to this transfer, Amalco will not have any property other than (i) the \$1,000 of cash subscription proceeds received by MFC (a predecessor of Amalco) on the issuance of the Common shares, (ii) the cash that had remained in the Company, Tora Canada and Tora Regina (predecessors of Amalco) to cover any liabilities that cannot be assumed, such as tax liabilities, and (iii) the Units and Special Units it received (referred to above). The Fund and Amalco will jointly file an election in prescribed form and within the prescribed time in respect of the transfer pursuant to paragraph (c) of the definition of "qualifying exchange" in subsection 132.2(2) of the Act.¹ No election will be filed in respect of the transfer pursuant to Clause 132.2(1)(c)(ii)(B) of the Act.²

- 16. Amalco will redeem all the outstanding Class A shares and pay the redemption price with Units, and all the outstanding Class B shares and pay the redemption price with Special Units, in each case as such Units and Special Units were acquired by Amalco in the immediately preceding transaction. The Special Units received by the Fund on the redemption of the Class B shares will be immediately cancelled and, consequently, no Special Units will remain outstanding. No consideration other than Units will be received by the unitholders on the redemption of the Class A shares. No consideration other than Special Units will be received by the Fund on the redemption of the Class B shares.
- 17. The outstanding Units will be consolidated on a basis such that the number of Units outstanding following such consolidation will be equal to the number of Units that were outstanding immediately before the Restructuring.
- 18. The Fund will then transfer to NWC Trust, in exchange for 999 additional NWC Trust units, the NW Properties that the Fund received from Amalco in the transaction described in Step 15 (except the Shares of NW Holdco). The Fund will not make the election in subparagraph 107.4(3)(a)(i) of the Act. Following this transfer, the Fund will continue to directly own 100% of the NWC Trust units and will indirectly own 100% of the partnership interests of NWC LP. None of the limited partnership interests of NWC LP transferred by the Fund to NWC Trust will be used to fund a distribution by NWC Trust.
- 19. Series 1 Notes will be reserved by NWC Trust to be issued exclusively as full or partial payment of the redemption price of NWC Trust units. The Series 1 Notes issued by NWC Trust to the Fund would, in turn, be distributed by the Fund in satisfaction of the redemption price of Units in the event in which a unitholder is entitled to *in specie* redemption.
- 20. Amalco will be amalgamated with NWC GP.

¹ If the amendments to section 132.2 proposed by the July 18, 2005 Draft Amendments are enacted as drafted, the election will be that prescribed by paragraph (c) of the definition of "qualifying exchange" in subsection 132.2(1).

² Nor pursuant to clause 132.2(4)(b)(ii)(B) if section 132.2 is amended as proposed by the July 18, 2005 Draft Amendments.

The structure following the proposed restructuring is shown in the diagram below entitled “Diagram 2 – Post-Restructuring”.



As noted above, the completion of the Restructuring is contingent on the receipt of a favourable tax ruling from the CRA and approvals from the Board of Trustees of the Fund, approvals from the Board of Directors of the Company and the approval of the unitholders of certain amendments to the Declaration of Trust.

Also, certain aspects of the Restructuring will require several approvals and consents, some or all of which may not be obtainable and some of which, if not obtainable, may preclude or constrain the Restructuring. For example, approvals or consents may be required from bankers and other third parties.

Notwithstanding that the special resolution referred to below may be passed by the unitholders of the Fund at the Meeting, the Trustees may, in their sole discretion, elect not to proceed with the Restructuring or the amendments to the Fund Declaration of Trust.

Subject to obtaining the Ruling and the required approvals and consents referred to above and those determined to be necessary or advisable in connection with the Restructuring, the Fund presently plans to effect the Restructuring during calendar 2006 or calendar 2007.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, special counsel to the Fund and its affiliates in connection with the Restructuring, the following summary fairly describes, as of the date of this Information Circular, the principal Canadian federal income tax considerations relating to the

Restructuring pursuant to the *Income Tax Act* (Canada) ("Tax Act") generally applicable to a unitholder who, at all relevant times and for the purposes of the Tax Act, holds Units as capital property and who deals at arm's length, and is not affiliated, with the Fund or its affiliates. Generally, Units will constitute capital property to a holder thereof unless such Units are held in the course of carrying on a business of buying and selling securities or have been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain unitholders whose Units might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units deemed to be capital property. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a unitholder that is a "financial institution" or a "specified financial institution" or a unitholder with an interest in which would be a "tax shelter investment", as defined in the Tax Act.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "Regulations") and counsel's understanding, based on publicly available published materials, of the current administrative practices of the CRA, all in effect as of the date of this Information Circular. This summary takes into account all specific proposals to amend the Tax Act and the Regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, (the "Proposals"), and assumes that such Proposals will be enacted as proposed, but no assurance can be given that this will be the case. This summary does not otherwise take into account or anticipate any changes in the law or administrative practice, whether by judicial, regulatory or legislative action or decision, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations applicable to unitholders. This summary is not intended to be, and should not be construed to be, legal, business or tax advice to any particular unitholder and no representation with respect to the tax consequences to any particular unitholder are made. Unitholders should consult their own tax advisors to determine the tax consequences to them of the Restructuring having regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

Tax Considerations Applicable to the Restructuring

The Fund and its Subsidiaries & Affiliates

None of the Fund or any of its subsidiaries or affiliates will be required to include in its income any material amount as a result of the Restructuring.

Unitholders Resident in Canada

The following portion of the summary is applicable to unitholders who at all relevant times are, or are deemed to be, resident in Canada for the purposes of the Tax Act and any applicable tax treaty or convention.

Participation of Unitholders in the Restructuring

Unitholders will not be required to include in computing income for the year the nominal value of the Class A shares of MFC received from the Fund as a return of capital. A unitholder will be required to reduce the adjusted cost base of his Units by the amount of the return of capital. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the unitholder will then be nil. The cost to a unitholder of a Class A share of MFC distributed to such holder will be equal to the fair market value of such share at the time of the distribution.

A unitholder holding Class A shares of Amalco will not be considered to have received a dividend and will not realize a capital gain or a capital loss as a result of the receipt of Units of the Fund on the redemption of such shares. The cost to a unitholder of Units of the Fund received by such holder on the redemption will be equal to the cost amount of the redeemed Class A shares to the holder immediately prior to the redemption. The cost of these Units will be required to be averaged with the adjusted cost base of all other Units held by the unitholder as capital property immediately before the acquisition in order to determine the adjusted cost base of each Unit.

The consolidation of Units of the Fund occurring as part of the Restructuring will not be considered to result in a disposition of Units by unitholders. The aggregate adjusted cost base of Units owned by a unitholder after the Restructuring will be equal to the aggregate adjusted cost base of the Units owned by the unitholder immediately prior to the Restructuring.

Eligibility for Investment

The Class A shares of MFC and Amalco will be qualified investments for purposes of the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, "Deferred Income Plans") and registered education savings plans ("RESPs").

Provided the Fund is a mutual fund trust within the meaning of the Tax Act, the Units will be qualified investments for Deferred Income Plans and RESPs. If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for such plans. Any Series 1 Notes received upon the redemption of Units may not be qualified investments for Deferred Income Plans and RESPs, and this could give rise to adverse consequences to such plans or the annuitants under such plans. Accordingly, Deferred Income Plans and RESPs that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Tax Considerations Following the Restructuring

Status of the Fund

Mutual Fund Trust

This summary is based on the assumption that the Fund qualifies, and will continue to qualify, as a "mutual fund trust" as defined in the Tax Act. If the Fund were not to qualify as a mutual fund trust, the income tax considerations described in this summary (including the summary of the tax considerations applicable to the Restructuring) would, in some respects, be materially different.

Taxation of the Fund

The taxation year-end of the Fund is December 31 of each year. In each taxation year, the Fund is subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable capital gains, computed in accordance with the Tax Act, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to unitholders. An amount will be considered to be payable to a unitholder in a taxation year if it is paid to the unitholder in the year by the Fund or if the unitholder is entitled in that year to enforce payment of the amount.

Income Inclusion

The Fund will include in its income for each taxation year such amount of NWC Trust's income for tax purposes, including net taxable capital gains, as is paid or becomes payable to the Fund in the year in respect of the NWC Trust Units and all interest on the NWC Trust Notes that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding year. The Fund will not be subject to tax on any amount received as a payment of principal in respect of the NWC Trust Notes or any amount received as a return of capital from NWC Trust (provided that the capital returned, if any, does not exceed the cost amount of the NWC Trust Units held by the Fund).

A distribution by the Fund of its property upon a redemption of Units will be treated as a disposition by the Fund of the property so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds of disposition of NWC Trust Notes will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund's income in the year of disposition to the extent that it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition. The Fund currently intends to treat as payable to and designate to a redeeming unitholder any capital gain realized by the Fund as a result of the distribution of such property to the unitholder.

Income Deduction

In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the expenses incurred by it in connection with the issuance of Units. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses.

Counsel has been advised that the Fund intends to make distributions in each year that are not less than its income for purposes of the Tax Act, including net realized taxable capital gains, so that the Fund will generally not be liable in such year for income tax under Part I of the Tax Act. Income of the Fund that is used to fund redemptions of Units for cash or is otherwise unavailable for distribution in cash will be paid to Unitholders in the form of additional Units. Income of the Fund payable to unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Fund in computing its taxable income. Losses incurred by the Fund cannot be allocated to unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

In the event the Fund is otherwise liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the "Capital Gains Refund"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the Fund's tax liability for such taxation year arising as a result of the distribution of Trust Notes in connection with the redemption of Units. Thus, the Declaration of Trust provides, and the Amended Fund Declaration of Trust will provide, that any capital gains realized by the Fund as a result of such redemption may be allocated to the unitholders redeeming their Units. The taxable portion of such capital gains must be included in the income of the redeeming unitholder.

Taxation of NWC Trust

NWC Trust will be taxable on its income determined under the Tax Act for each taxation year (which will be the calendar year), which will include its allocated share of the income of NWC LP for its fiscal period ending on or before the year-end of the NWC Trust, except to the extent such income is paid or payable in such year to the Fund and is deducted by the NWC Trust in computing its income for tax purposes. The NWC Trust will generally be entitled to deduct its expenses incurred to earn such income provided such expenses are reasonable and otherwise deductible, subject to the relevant provisions of the Tax Act. Under the NWC Trust Declaration of Trust, all of the income of the NWC Trust for each year, together with the taxable and non-taxable portion of any capital gains realized by the NWC Trust in the year, will generally be payable in the year to the Fund and will generally be deductible by the NWC Trust in computing its taxable income. As a result, Counsel has been advised that the Fund does not expect the NWC Trust to be liable for any material amount of tax under Part I of the Tax Act.

Taxation of NWC LP

NWC LP will not be subject to tax under the Tax Act. Each partner of NWC LP, including the NWC Trust, will be required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of NWC LP, as the case may be, for its fiscal year ending in, or coincidentally with, the partner's taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of NWC LP will be computed for each fiscal year as if NWC LP was a separate person resident in Canada. In computing the income or loss of NWC LP, deductions may be claimed in respect of its administrative and other expenses incurred to earn income from its business or investments. The income or loss of NWC LP for a fiscal year will be allocated to the partners of NWC LP, including the NWC Trust, on the basis of their respective share of that income or loss subject to the detailed rules in the Tax Act in that regard.

Each partner of NWC LP will be deemed to realize a capital gain to the extent the adjusted cost base of its partnership units is negative at the end of a fiscal year.

If NWC LP incurs losses for tax purposes, NWC Trust will be entitled to deduct in the computation of its income for tax purposes its share of any such losses for any fiscal year to the extent that NWC Trust's investment is "at risk" within the meaning of the Tax Act. In general, the amount "at risk" for an investor in a partnership for any taxation year will be the adjusted cost base of the investor's partnership interest at the end of the year, plus any undistributed income allocated to the limited partner for the year, less any amount owing by the limited partner (or a person with whom the limited partner does not deal at arm's length) to NWC LP (or to a person with whom NWC LP does not deal at arm's length) and less the amount of any benefit that a limited partner (or a person with whom the limited partner does not deal at arm's length) is

entitled to receive or obtain for the purpose of reducing, in whole or in part, any loss of the limited partner from the investment.

Taxation of Unitholders

Fund Distributions

A unitholder will generally be required to include in income for a particular taxation year the portion of the net income for tax purposes of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the unitholder in the particular taxation year, whether the amount is received in cash, additional Units or otherwise.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a unitholder in a taxation year will not be included in computing the unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a unitholder in that year (other than as proceeds in respect of the redemption of Units) will not generally be included in the unitholder's income for the year, but will reduce the adjusted cost base of the Units by that amount. To the extent the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be nil. The taxation of capital gains is described below.

Disposition of Units

On a disposition or deemed disposition of a Unit, the unitholder will realize a capital gain (or a capital loss) equal to the amount by which the unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit to the unitholder and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the unitholder's income. The taxation of capital gains and capital losses is described below.

For the purpose of determining the adjusted cost base to a unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the unitholder as capital property immediately before that time.

Where Units are redeemed by the distribution of Series 1 Notes to the unitholder, the proceeds of disposition to the unitholder of the Units will be equal to the fair market value of the property so distributed less any income or capital gain realized by the Fund as a result of the redemption of such Units which is designated by the Fund to the unitholder. Where income or capital gain realized by the Fund as a result of the distribution of NWC Trust Notes on a redemption of Units is made payable and designated by the Fund to a redeeming Unitholder, the unitholder will be required to include in income the income or taxable portion of the capital gain so designated.

The redeeming unitholder will be required to include in income, interest on any Series 1 Notes acquired, (including interest that accrued prior to the date of the acquisition of such debt by the unitholder that is designated as income to the unitholder by the Fund), if any, in accordance with the provisions of the Tax Act.

The cost of any NWC Trust Notes distributed by the Fund to a unitholder upon a redemption of Units will be equal to the fair market value of the NWC Trust Notes at the time of the distribution less any accrued interest thereon. The unitholder will thereafter be required to include in income interest on the NWC Trust Notes, if any, in accordance with the provisions of the Tax Act. To the

extent that the unitholder is required to include in income interest accrued on the NWC Trust Notes to the date of acquisition, an offsetting deduction may be available. Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a unitholder and the amount of any net taxable capital gain designated by the Fund in respect of a unitholder will be included in the unitholder's income as a taxable capital gain. One-half of any capital loss realized by a unitholder in excess of capital gains in a particular year may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

Where a unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the unitholder's capital loss from the disposition will generally be reduced by the amount of any dividends, previously designated by the Fund to the unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or a trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

In general terms, net income of the Fund paid or payable to a unitholder that is an individual or a trust that is designated as taxable dividends or capital gains, and capital gains realized on the disposition of Units, may increase the unitholder's liability for minimum tax.

Unitholders Not Resident in Canada

The following portion of the summary is generally applicable to unitholders who, for purposes of the Tax Act and any applicable tax treaty or convention, are not, and are not deemed to be, resident in Canada and whose Units are not taxable Canadian property (as defined in the Tax Act and the Tax Proposals). Generally, such Units will not be taxable Canadian property provided that the Fund is a mutual fund trust at the time of a disposition of such Units, and such unitholder does not use or hold, and is not deemed to use or hold, such Units in connection with carrying on a business in Canada and such unitholder has not, either alone or in combination with persons with whom such unitholder does not deal at arm's length, owned (or had an option to acquire) 25% or more of the issued Units of the Fund any time within 60 months preceding the date of disposition, and provided the unitholder is not carrying on an insurance business in Canada or elsewhere.

Participation in the Restructuring

Generally, a unitholder who is not resident in Canada will not participate in the Restructuring and hence will have no tax consequences.

Tax Considerations Following the Restructuring

Where the Fund makes distributions to a non-resident unitholder, the same considerations as those discussed above with respect to a unitholder who is resident in Canada will generally apply, except that any distribution of income (excluding capital gains) paid or credited by the Fund to a non-resident unitholder, including any income or accrued interest arising in connection with a redemption of Units, will be subject to Canadian withholding tax at the time such distribution is paid or credited at the rate of 25%, subject to reduction of such rate under an applicable tax treaty or convention. As discussed above, distributions of trust capital paid or

credited by the Fund to a non-resident Unitholder will be subject to Canadian withholding tax at the time such distribution is paid or credited at the rate of 15%. In addition, interest paid to a non-resident unitholder on the Series 1 Notes will be subject to Canadian withholding tax at a rate of 25%, subject to reduction under an applicable treaty or tax convention.

**SPECIAL RESOLUTION
APPROVAL OF PROPOSED RESTRUCTURING AND AMENDMENTS TO
THE DECLARATION OF TRUST**

Unitholders are being asked to consider, and if thought advisable to pass, without variation, a special resolution of the Fund to approve the Restructuring of the Fund and its affiliates and certain related amendments to the Declaration of Trust, as amended, as follows:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. (i) the Restructuring (the “Restructuring”) of North West Company Fund (the “Fund”), substantially as described in the Management Information Circular of the Fund dated April 21, 2006, and each of the steps and transactions contemplated thereby; or such steps and transactions as may be modified as necessary in order to effect the Restructuring as approved by any one officer or Trustee of the North West Company Fund; and
- (ii) such amendments (the “Amendments”) to the Declaration of Trust of the Fund dated January 31, 1997, as amended and restated as of March 2, 1997 and June 4, 1998 and February 25, 2003 and June 9, 2005, as, in the opinion of the Trustees of the Fund, are necessary or desirable to give effect to the Restructuring, substantially as described in the Management Information Circular of the Fund dated April 21, 2006, and such other additions, deletions, and amendments and/or restatements of the Declaration of Trust as the Trustees consider necessary or advisable in order to reflect the structure of the Fund following the completion of the Restructuring, provided that the Trustees consider such additions, deletions and amendments to be in the best interests of the Trust and not prejudicial to unitholders,

be and are hereby authorized and approved, and any one officer or Trustee of the Fund, is authorized and directed, for and on behalf of the Fund, to negotiate, execute and deliver any document or instrument, and to do or cause to be done all such other acts and things, as such officer or Trustee of the Fund may determine if necessary or desirable to carry out the intent of the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the doing of such acts and things; and

2. notwithstanding that this special resolution has been duly passed by the unitholders of the Fund, the Trustees may revoke this special resolution and elect not to proceed with the Restructuring or the Amendments without further approval of the unitholders of the Fund.”

APPROVAL OF DEFERRED UNIT PLAN

At the Meeting, the unitholders will be asked to consider and, if deemed advisable, to pass a resolution approving the adoption by the Fund of a deferred unit plan (the "Deferred Unit Plan") which will authorize the Board to grant awards ("Awards") of deferred units ("Deferred Units") to Trustees and Directors, other than a Trustee or Director who is also an employee of the Fund, the Company or an affiliate of the Fund ("Participants"). A copy of the Deferred Unit Plan is set out in Appendix "A" to this Information Circular.

The principal purpose of the Deferred Unit Plan is to enhance the ability of the Fund and the Company to attract and retain independent Trustees and Directors whose training, experience and ability will promote the interests of the Fund, the Company and affiliates of the Fund and to directly align the interests of such independent Trustees and Directors with the interests of unitholders by providing compensation in the form of Units. The Deferred Unit Plan is designed to permit such independent Trustees and Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Fund and the Company.

Under the terms of the Deferred Unit Plan, each Participant may elect to receive all or any portion of the Participant's annual retainer, Chair retainers and meeting fees (other than fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board) in Deferred Units. The Board may also determine from time to time, to grant Deferred Units to a Participant as special compensation in addition to any regular retainer or fee to which the Participant is entitled.

Participants will be credited with Awards on a quarterly basis. The number of Deferred Units underlying an Award will be calculated on the date of grant by dividing the portion of the Participant's fees that are payable to the Participant in Units for the current quarter, by the fair market value of the Units on the date that the Award is granted. Fair market value is the weighted average trading price of the Units on the TSX for the five (5) trading days on which the Units traded immediately preceding such date.

Each Award will entitle the holder to be issued the number of Units designated in the Award and such Awards will be exercisable by the Participant at any time and from time to time at the Participant's option up to but not later than December 31 of the first calendar year commencing after the date a Participant ceases to be a Director or a Trustee, as applicable, provided that the Board may accelerate the issue of Units under any Award whether or not exercised by the Participant. The number of Units to be issued on exercise will be adjusted by multiplying such number by an adjustment ratio that provides for cumulative adjustments to the number of Units to be issued for distributions paid on the Units after the grant of the Award. The adjustment ratio is initially equal to one and is adjusted on each date that distributions are paid on the Units by an amount equal to a fraction having as its numerator the amount of the distribution per Unit and having as its denominator the fair market value of the Units on the trading day immediately preceding the distribution payment date.

Except in the case of death, the right to receive Units pursuant to an Award granted to a Participant may only be exercised by such Participant personally. Except as otherwise provided in the Deferred Unit Plan, no assignment, sale, transfer, pledge or charge of a Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Award will terminate and be of no further force or effect.

The Deferred Unit Plan provides that the maximum number of Units reserved for issuance from time to time pursuant to Awards shall not exceed a number of Units equal to 2% of the aggregate number of: issued and outstanding Units; plus (ii) the number of Units issuable upon exchange of outstanding Exchangeable Securities (as defined in the Deferred Unit Plan), if any. The aggregate number of Awards granted to any single Participant shall not exceed 2% of the issued and outstanding Units, calculated on an undiluted basis. In addition: (i) the number of Units issuable to insiders at any time, under all security based compensation arrangements of the Fund, shall not exceed 10% of the issued and outstanding Units; and (ii) the number of Units issued to insiders, within any one year period, under all security based compensation arrangements of the Fund, shall not exceed 10% of the issued and outstanding Units.

The Fund has the right to amend from time to time or to terminate the terms and conditions of the Deferred Unit Plan by resolution of the Board. Any amendments will be subject to the prior consent of any applicable regulatory bodies, including the TSX. Any amendment to the Deferred Unit Plan will take effect only with respect to Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Awards with the mutual consent of the Fund and the Participants to whom such Awards have been made.

At the Meeting, the unitholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the adoption of the Deferred Unit Plan:

"BE IT RESOLVED as an ordinary resolution of the unitholders that the Deferred Unit Plan, substantially as set out in Appendix "A" of the Management Information Circular of the North West Company Fund dated April 21, 2006, be and the same is hereby approved and authorized."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by unitholders who vote in person or by proxy at the Meeting. The persons named in the enclosed form of proxy, if named as proxy, intend to vote for the resolution approving the adoption of the Deferred Unit Plan.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Fund's statement of corporate governance practices are set forth in Appendix "B" to this Information Circular.

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 (1-800-563-0002) and an e-mail address (mnoakes@northwest.ca) provide unitholders with the ability to direct questions to the Fund and Company. A web site (www.northwest.ca) 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 auditor's 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 Company is on SEDAR at www.sedar.com;
- (vi) additional information relating to the Company can be found on the Company's website at www.northwest.ca

OTHER MATTERS

The Trustees know of no other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special 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.

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

By Order of the Trustees

"LÉO CHARRIÈRE"

LÉO CHARRIÈRE
Executive Vice-President,
Chief Financial Officer and Secretary

Winnipeg, Manitoba
April 21, 2006

APPENDIX "A"

NORTH WEST COMPANY FUND

Deferred Unit Plan

The Board of Directors of The North West Company Inc. (the "**Corporation**") and the Trustees of North West Company Fund (the "**Fund**") have adopted this Trustee and Director Deferred Unit Plan (the "**Plan**") for the Fund governing the issuance of Deferred Units to Trustees and Directors.

1. Purpose

The principal purpose of the Plan is to enhance the ability of the Fund and the Corporation to attract and retain non-employee Trustees and Directors whose training, experience and ability will promote the interests of the Fund, the Corporation and the Fund Affiliates and to directly align the interests of such non-employee Trustees and Directors with the interests of unitholders by providing compensation in the form of Units. The Plan is designed to permit such non-employee Trustees and Directors to defer the receipt of all or a portion of the cash compensation otherwise payable to them for services to the Corporation.

2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Adjustment Ratio**" means, with respect to any Award, the ratio used to adjust the number of Units to be issued on the applicable Unit Issue Date(s) pertaining to such Award determined in accordance with the terms of the Plan; and, in respect of each Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Distribution Payment Date by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Distribution, expressed as an amount per Unit, paid on that Distribution Payment Date, and having as its denominator the Fair Market Value of the Units on the Trading Day immediately preceding that Distribution Payment Date;
- (b) "**Annual Cash Retainer**" means the annual retainer payable by the Fund or the Corporation to Participant in a Plan Year for service as a Trustee or Director;
- (c) "**Annual Deferred Unit Retainer**" means the annual retainer payable by the Fund or the Corporation to a Participant in a Plan Year for a service as a Trustee or a Director, which amount is payable entirely in awards of Deferred Units determined in accordance with Sections 4(a) and 4(g);
- (d) "**Award**" means an award of Deferred Units under the Plan, which Deferred Units shall be subject to adjustment for Distributions pursuant to the provisions of Section 6(c);
- (e) "**Award Issue Date**" means the date in each Quarter, which is three (3) business days following the publication by the Fund of its financial results for the previous Quarter (or the previous financial year in the case of the first Quarter), or such other date determined by the Board from time to time that does not fall within a Blackout Period;

- (f) **"Blackout Period"** means the period commencing on the first day of the fiscal period following the end of a Quarter and ending on the second day following the issuance of a news release disclosing quarterly or annual financial results;
- (g) **"Board"** means the Board of Directors of the Corporation as it may be constituted from time to time;
- (h) **"Cessation Date"** means the date a Participant ceases to be a Director or a Trustee, as applicable, for any reason whatsoever including by reason of resignation, removal by a vote of shareholders or unitholders, non-reappointment, death or otherwise;
- (i) **"Chair Retainer"** means the annual retainer payable by the Fund or the Corporation to a Participant in a Plan Year for acting as the Chair of the Trustees, the Board or one or more committees of the Trustees or the Board;
- (j) **"Committee"** has the meaning set forth in Section 3 hereof provided that if the Human Resources and Compensation or another committee is not appointed or authorized to administer the Plan by the Board, all references in the Plan to the committee will be deemed to be references to the Board;
- (k) **"Deferred Unit"** means a right to receive Units under an Award made pursuant to the Plan, which Units shall be issued on the Unit Issue Date(s) determined in accordance with Section 6(a) hereof, subject to adjustment for Distributions pursuant to the provisions of Section 6(c);
- (l) **"Deferred Unit Account"** has the meaning ascribed thereto in Section 4(h);
- (m) **"Director"** means each member of the Board other than a member of the Board who is also an employee of the Fund, the Corporation or a Fund Affiliate, who is or becomes a member of the Board on or after January 1, 2006;
- (n) **"Distribution"** means a distribution paid by the Fund in respect of the Units, whether of cash, Units or other securities or other property, expressed as an amount per Unit;
- (o) **"Distribution Payment Date"** means any date that a Distribution is distributed to unitholders;
- (p) **"Elected Amount"** means all or any portion of the following Eligible Fees in respect of which a Trustee or Director has elected pursuant to Section 4(b):
 - (i) Annual Cash Retainer;
 - (ii) Chair Retainer (if applicable); and
 - (iii) Meeting Fees;
- (q) **"Election Notice"** has the meaning ascribed thereto in Section 4(b);
- (r) **"Eligible Fees"** means the Annual Cash Retainer, Chair Retainer and Meeting Fees and, for greater certainty does not include retainer, meeting or chair fees for service on a special or other *ad hoc* committee unless otherwise determined by the Board;

- (s) **"Exchangeable Securities"** means shares or other securities in the capital of the Corporation or any other Fund Affiliate that are exchangeable into Units;
- (t) **"Exercise Notice"** has the meaning ascribed thereto in Section 6(a);
- (u) **"Fair Market Value"** with respect to a Unit, as at any date means the weighted average of the prices at which the Units traded on the TSX (or, if the Units are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Units are then listed and posted for trading as may be selected for such purpose by the Board in its sole and absolute discretion) for the five (5) trading days on which the Units traded on the said exchange immediately preceding such date. In the event that the Units are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Units as determined by the Board in its sole and absolute discretion;
- (v) **"Fund Affiliate"** means a corporation, partnership, trust or other entity that is affiliated with the Corporation or the Fund (within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*);
- (w) **"Meeting Fees"** means the fees payable by the Fund or the Corporation, as the case may be, to a Participant in a Plan Year for attendance at meetings of the Trustees, the Board or their respective committees;
- (x) **"Participant"** means each Trustee and each Director;
- (y) **"Plan Year"** means the calendar year;
- (z) **"Quarter"** means a fiscal quarter of the Fund;
- (aa) **"Settlement Amount"** has the meaning set forth in Section 6(d) hereof;
- (bb) **"Trading Day"** means any date on which the TSX is open for the trading of Units;
- (cc) **"Trustee"** means each Trustee of the Fund, other than a Trustee of the Fund who is also an employee of the Fund, the Corporation or a Fund Affiliate, who is or becomes a Trustee of the Fund on or after January 1, 2006;
- (dd) **"TSX"** means the Toronto Stock Exchange;
- (ee) **"Unitholder"** means a holder of Units;
- (ff) **"Unit Issue Date"** means, with respect to any Award, the date upon which the Units underlying the Award are issued to the Participant on exercise or deemed exercise of such Award as determined pursuant to Section 6(a); and
- (gg) **"Units"** means trust units of the Fund.

3. Administration

The Plan shall be administered by the **Corporate Governance and Nominating Committee** of the Board or such other committee as the Board considers appropriate (the "**Committee**").

The Committee shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan subject to and not inconsistent with the express provisions of this Plan, including, without limitation:

- (a) to determine eligibility for participation and Awards under the Plan;
- (b) to determine whether any election or notice requirement or other administrative procedure under the Plan has been adequately observed;
- (c) to remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision;
- (d) to determine the Fair Market Value of the Units on any date;
- (e) to determine the Adjustment Ratio on any date;
- (f) to determine the Settlement Amount on any date;
- (g) to prescribe, amend and rescind rules and regulations relating to the Plan;
- (h) to interpret the Plan; and
- (i) to make any and all other determinations deemed necessary or advisable for the administration of the Plan.

The determinations of the Committee shall be subject to review and approval by the Board whose determination shall be final, conclusive and binding on all parties. The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.

4. Award Grants and Elections

- (a) **Automatic Awards** – In each Plan Year, each Participant shall be automatically granted Awards equal in value to the Participant's Annual Deferred Unit Retainer for the Plan Year. Such Awards shall be credited to the Participants in accordance with Section 4(f) and the number of Deferred Units attributable to each such Award shall be determined in accordance with Section 4(g). The value of the Annual Deferred Unit Retainer shall be determined by the Board from time to time.
- (b) **Elective Awards** – Each Participant may elect with respect to each Plan Year to receive all or any portion of the Participant's Eligible Fees in Deferred Units. Such election must be made by the Participant by filing a notice of election (the "**Election Notice**") in the form of **Schedule A** hereto with the Corporate Secretary of the Corporation not later than thirty (30) days following the adoption of the Plan by the Fund in respect of the 2006 Plan Year. An individual who becomes a Trustee or Director after the first day of a Plan Year may file the Election Notice for that Plan Year within thirty (30) days of becoming a Trustee or Director, as the case may be, with effect as of the first day in the Plan Year on which the individual became a Trustee or Director.

- (c) **Effect of Election Notice** – Each Election Notice filed in accordance with the Plan shall be deemed to apply to the 2006 Plan Year and to all Plan Years subsequent to the filing of the Election Notice unless the Participant files a subsequent Election Notice to (i) change the Participant's election, or (ii) terminate the receipt of Elected Amounts in Deferred Units.
- (d) **Change to Elected Participation** - Each Participant is entitled to change his or her election in respect of all or any portion of the Elected Amount by filing a subsequent Election Notice with the Corporate Secretary. Such Participant's Election Notice must be received not later than December 15 and the requested change shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year.
- (e) **Election to Terminate** –
 - (i) Each Participant is entitled to terminate the Participant's participation in the Plan in respect of Elected Amounts by filing a subsequent Election Notice electing to terminate the receipt of additional Deferred Units with the Corporate Secretary. Such Participant's election must be received not later than December 15 and shall be effective for the first Plan Year following such election with respect to the Elected Amount payable for such Plan Year. Any Awards granted under the Plan prior to each election shall remain in the Plan and shall be exercisable in accordance with the terms of the Plan.
 - (ii) A Participant who has filed a subsequent Election Notice to terminate the Participant's participation in the Plan in respect of Elected Amounts may elect to reinstate his or her receipt of Deferred Units in respect of all or any portion of the Eligible Fees by filing a further Election Notice with the Corporate Secretary, and in any and each such case the provisions of Sections 4(b) and 4(c) shall apply.
- (f) **Timing of Grants** - Participants shall be credited with Awards on each Award Issue Date. Such credited amounts shall be recorded by the Corporation in the Participant's Deferred Unit Account (as defined in Section 4(h)) as soon as reasonably practicable thereafter and in any event not later than the last Trading Day of the month in which the underlying retainers or fees are payable.
- (g) **Calculation of Number of Deferred Units** - The number of Deferred Units underlying an Award will be calculated on the date of grant by dividing the portion of Annual Deferred Unit Retainer and the Elected Amount that is payable to the Participant for the current Quarter, by the Fair Market Value on the date the Award is granted pursuant to Section 4(f).
- (h) **Deferred Unit Account** - An account, to be known as a "**Deferred Unit Account**", shall be maintained by the Corporation for each Participant and will be credited with the Participant's grants of Deferred Units from time to time as well as the date and price at which Deferred Units were granted. Participants shall receive quarterly individualized statement containing this information.
- (i) **Discretionary Grants in Special Circumstances** - The Board may determine from time to time, upon the advice of the Human Resources and Compensation Committee, that special circumstances exist that would reasonably justify the grant to a Participant of Deferred Units as compensation in addition to any regular retainer or fee to which the

Participant is entitled. Upon making such a determination, the Board may grant Deferred Units to such Participant and, upon the effective date of the grant, the provisions of this Plan shall apply to such Participant and such Deferred Units *mutatis mutandis*, as if the Participant had elected hereunder and had received Deferred Units in respect of an Elected Amount.

5. Reservation of Units

Subject to Sections 6(c) and 6(f), the number of Units reserved for issuance from time to time pursuant to Awards granted and outstanding hereunder at any time shall not exceed a number of Units equal to 2% of the aggregate number of: (i) issued and outstanding Units; plus (ii) the number of Units issuable upon exchange of outstanding Exchangeable Securities, if any. If any Award granted under this Plan shall expire, terminate or be cancelled for any reason without the Units issuable thereunder having been issued in full or if any Units are issued pursuant to any Award granted under this Plan, any such Units shall be available for the purposes of the granting of further Awards under this Plan.

6. Terms and Conditions of Awards

(a) **Exercise** - The Awards credited to a Participant's Deferred Unit Account shall be exercisable by the Participant (or, where the Participant has died, his or her estate) at any time and from time to time at the Participant's option (or after the Participant's death at the option of his or her legal representative) by filing a written notice of exercise ("**Exercise Notice**") hereto with the Corporate Secretary of the Corporation, specifying the Unit Issue Date and the percentage of Deferred Units held by the Participant to be issued on such Unit Issue Date. Each such Unit Issue Date shall occur during the period commencing at least five (5) business days following the date on which the Exercise Notice is filed with the Corporate Secretary and ending not later than December 31 of the first calendar year commencing after the date of the Election Notice. If no Election Notice has been filed by December 31 of the first calendar year after the Cessation Date, December 31 of the first calendar year after the Cessation Date will be deemed to be the Unit Issue Date for all of the Participant's Deferred Units.

(b) **Proration** - Where a Participant is entitled to receive Deferred Units in respect of an Annual Deferred Unit Retainer, Annual Cash Retainer or Chair Retainer, the number of Deferred Units to which he or she is entitled in respect of these amounts for the Plan Year in which the Cessation Date occurs shall be prorated and shall be equal to:

Number of Deferred Units credited or to be credited to such Participant's Deferred Unit Account in respect of the current Plan Year (assuming the Cessation Date did not occur in such Plan Year), multiplied by the fraction in which (i) the number of days from and including the preceding January 1 to but excluding the Participant's Cessation Date is the numerator, and (ii) 365 is the denominator.

(c) **Adjustment for Distributions** – The number of Units to be issued on each Unit Issue Date shall be adjusted by multiplying such number by the Adjustment Ratio applicable in respect of such Award. A Participant's entitlement to such additional Units in respect of Distributions shall be calculated (and re-calculated if necessary) based on the prorated number of Deferred Units to which such Participant is entitled under Section 6(b) in respect of the then current Plan Year (plus any previously accrued Deferred Units).

- (d) **Surrender of Awards** – At any time when the Units are listed and posted for trading on the TSX, a Participant may elect at the time of exercise of any Award, subject to the consent of the Fund, that the Fund pay an amount in cash equal to the aggregate current market value of the Units (as adjusted in accordance with the relevant provisions set forth in Section 6(b) and based on the closing price of the Units on the TSX on the trading day immediately preceding the Unit Issue Date) (the "**Settlement Amount**") in consideration for the surrender by the Participant to the Fund of the right to receive Units under such Award. Following such election and the acceptance thereof by the Fund, the Fund shall cause a cheque to be issued payable to the Participant (or as the Participant may direct) in the Settlement Amount (subject to Section 7 hereof) and sent by pre paid mail or delivered to the Participant. The Fund and the Participant may also agree that all or a portion of the Settlement Amount may be satisfied in whole or in part in Units in which case the number of Units that are issuable to the Participant on the Unit Issue Date shall be acquired by the Corporation on the TSX or from the Fund, as an issuance of treasury Units, or a combination thereof; provided, however, that the aggregate number of Units that may be so acquired on the TSX within any 12 month period shall not exceed 5% of the outstanding Units as at the beginning of such period. The Corporation shall be entitled to withhold from the Settlement Amount all amounts as may be required by law and in the manner contemplated by Section 7 hereof.
- (e) **Rights as a Unitholder** – Until the Units granted pursuant to any Award have been issued in accordance with the terms of the Plan, the Participant to whom such Award has been made shall not possess any incidents of ownership of such Units including, for greater certainty and without limitation, the right to receive Distributions on such Units and the right to exercise voting rights in respect of such Units. Such Participant shall only be considered a unitholder in respect of such Units when such issuance has been entered upon the records of the duly authorized transfer agent of the Fund.
- (f) **Effect of Certain Changes** – In the event:
- (i) of any change in the Units through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;
 - (ii) that any rights are granted to unitholders to purchase Units at prices substantially below Fair Market Value; or
 - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Units are converted into or exchangeable for any other securities,

then, in any such case, the Board may make such adjustments to the Plan, to any Awards and to any Award Agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants hereunder. For greater certainty, no additional Deferred Units will be granted to a Participant to compensate for a downward fluctuation in the price of the Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

7. Withholding Taxes

When a Participant or other person becomes entitled to receive Deferred Units under, or any Settlement Amount in respect of any Award, the Fund or the Corporation, as applicable, shall have the right to require the Participant or such other person to remit to the Fund or the

Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of cash payment to the Fund or the Corporation in an amount less than or equal to the total withholding tax obligation; or
- (b) the withholding by the Corporation or the Fund, as the case may be, from the Units otherwise due to the Participant such number of Units having a Fair Market Value, determined as of the date the withholding tax obligation arises, less than or equal to the amount of the total withholding tax obligation; or
- (c) the withholding by the Corporation or the Fund, as the case may be, from any cash payment otherwise due to the Participant such amount of cash as is less than or equal to the amount of the total withholding tax obligation,

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Units so withheld is sufficient to satisfy the total withholding tax obligation.

8. Non-Transferability

Subject to Section 6(a), the right to receive Deferred Units pursuant to an Award granted to a Participant may only be exercised by such Participant personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Award shall terminate and be of no further force or effect.

9. Merger and Sale, etc.

If the Fund enters into any transaction or series of transactions whereby the Fund or all or substantially all of the Fund's undertaking, property or assets would become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Fund and the Successor will execute such instruments and do such things as the Fund considers necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Fund under this Plan and in the respect of the Awards outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Participants thereunder in any material respect (including the right to receive trust units, shares, securities or other property of the Successor in lieu of Deferred Units). Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Fund under this Plan and in the respect of such Awards with the same effect as though the Successor had been named as the Fund herein and therein and thereafter, the Fund shall be relieved of all obligations and covenants under this Plan and such Awards and the obligation of the Fund to the Participants in respect of the Awards shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Deferred Units of the Fund upon vesting of the Awards.

10. Amendment and Termination of Plan

The Fund retains the right to amend from time to time or to terminate the terms and conditions of the Plan by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the TSX. Any amendment to the Plan shall take effect only with respect to Awards granted after the effective date of such amendment, provided that it may apply to any outstanding Awards with the mutual consent of the Corporation and the Participants to whom such Awards have been made.

11. Miscellaneous

- (a) **Effect of Headings** – The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) **Compliance with Legal Requirements** – The Fund shall not be obliged to make any Awards or issue any Deferred Units if such issuance would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the issuance or delivery of Deferred Units under any Award as the Board may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Deferred Units in compliance with applicable laws, rules and regulations. The Fund shall not be required to qualify for resale pursuant to a prospectus or similar document any Deferred Units awarded under the Plan, provided that, if required, the Fund shall notify the TSX and any other appropriate regulatory bodies in Canada of the existence of the Plan and the granting of Awards hereunder in accordance with any such requirements.
- (c) **No Right to Continued Service** – Nothing in the Plan or in any Award granted into pursuant hereto shall confer upon any Participant the right to continue in the service of the Fund, the Corporation or any Fund Affiliates as a Trustee, Director or otherwise, to be entitled to any remuneration or benefits not set forth in the Plan or to interfere with or limit in any way the right of the Fund, the Corporation or any Fund Affiliate to terminate Participant's service arrangements with the Fund, the Corporation or any Fund Affiliate.
- (d) **Expenses** – All expenses in connection with the Plan shall be borne by the Fund.
- (e) **Gender** - Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- (f) **Governing Law** - The Plan shall be governed by and construed in accordance with the laws in force in the Province of Manitoba.

12. Effective Date

Subject to receipt of all necessary approvals, this Plan shall be effective from January 1, 2006.

APPENDIX “B”
CORPORATE GOVERNANCE
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company is committed to the highest standards of corporate governance. The Board, the Trustees and each of their committees have continued to refine the Company's governance policies and practices in light of regulatory initiatives in Canada that have been adopted to improve corporate governance.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”) were adopted in Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. In addition, the Company is subject to Multilateral Instrument 52-110 *Audit Committees* (“52-110”), which has been adopted in various Canadian Provinces and territories and which prescribes certain requirements in relation to audit committees.

Reference to the “Board” includes the Board of Directors of the Company and the Board of Trustees of the Fund. All Trustees of the Fund are also Directors. All references to duties, responsibilities and accountabilities of Board members also accrue to their role as Trustees.

As the Company is the only significant asset of the Fund, we are disclosing the governance practices of the Company.

The corporate governance practices adopted by the Company are set out below.

Ethical Business Conduct:

The Board has adopted a Code of Conduct that governs the behavior of its Directors, Trustees, senior management and employees. It is designed to ensure that Directors, Trustees, Management and employees use independent judgment in considering transactions and agreements in respect of which an individual may have a material interest, and describes other steps taken to encourage and promote a culture of ethical business conduct. A copy of the code can be obtained by contacting the Secretary of the Company.

Board Mandate:

The general mandate of the Board is to supervise the management of the Company's business and affairs and to act in the Company's best interests and to exercise the care, skill and diligence that a reasonably prudent person would exercise in comparable circumstances. In doing so, the Board acts in accordance with:

- the Fund's Declaration of Trust
- the Company's articles of incorporation and by-laws
- written mandates of the Board, Trustees and Board committees
- the Company's Code of Ethics and other internal policies

As part of its overall stewardship responsibilities, the Board is responsible for the following matters:

(a) Adoption of a Strategic Planning Process

The Board discusses and reviews all materials relating to the strategic plan with management.

The Board is responsible for reviewing and approving the strategic plan and operating and capital budgets.

The majority of time spent in one Board meeting annually is devoted to the discussions and consideration of the strategic plan. The Board receives quarterly updates on the strategic plan and major initiatives.

Management requires the Board's approval for any transaction that would have a significant impact on the strategic plan.

(b) Risk Management:

The Board is responsible for identifying the principle risks of the Company and ensures that risk management systems are implemented.

The Board reviews risks associated with the environment, the Company's industry, consumer income and community relations.

The Board, through the Audit Committee:

- reviews risks related to financial and accounting risks.
- reviews and recommends for approval, the external auditor.
- reviews and ensures the integrity of the Company's internal control and management information systems.
- meets to review reports and discuss significant risk areas with the internal and external auditors.

(c) Human Resources and Compensation (including the President and CEO)

The Board is responsible to:

- Appoint the President and Chief Executive Officer ("CEO")
- Review and approve the compensation programs for senior management including the Unit Purchase Loan Plan and Executive Annual Incentive Plan.
- Evaluate performance of (i) the CEO; and (ii) each officer who reports to the CEO taking into account evaluations provided by the Human Resource and Compensation Committee.

- 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 and Nominating Committee.
- Succession planning, which includes appointing, training and monitoring senior management.

(d) Communications and Disclosure

- The Board approves all of the Company's major communications, including: i) quarterly and annual financial statements and accompanying management's discussion and analysis; ii) annual report; iii) annual information form; iv) annual and quarterly press releases; v) annual notice of meeting; and vi) management information circular and proxy form considering recommendations of the Audit Committee
- The Company communicates with its unitholders through a number of channels including its web site.
- The Board approved the Policy on Public Communication and Continuous Secondary Market Disclosure that covers the accurate and timely communication of all important information. Unitholders can provide feedback to the Fund in a number of ways, including e-mail or calling toll-free 1-800-563-0002.

(e) Corporate Governance

- The Board, through its Audit Committee, examines the effectiveness of the Company's internal control system, including information technology security and control. The Audit Committee understands the scope of internal and external auditor's review of internal control over financial reporting and obtains reports on significant findings and recommendations together with management's responses.
- The Board meets at least once each fiscal quarter, with additional meetings as required. Each Director has a responsibility to attend and participate in the Board meetings.
- The Corporate 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.
- 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.

- 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.

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 have access to management and the Company's advisors in order to assist in their understanding of proposed Board actions and the implications of voting for or against such actions.

In fulfilling the Mandate the Board has access to the Company's management as well as advisors to the Company, which assists them in the understanding of proposed Board actions and implications of voting for or against such actions.

The relatively small size of the Board has enabled it to be extremely flexible with regard to scheduling meetings, including unplanned meetings which are called to review new opportunities. The Board is thus able to act quickly and remain well informed at all times. The Company's management has been able to liaise regularly with the Board in seeking approval for any activities outside the normal course of business.

Orientation and Continuing Education:

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 are delivered 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 concerning any questions or comments which may arise between meetings.

Composition of the Board of Directors / Board of Trustees

The Company's Board currently consists of ten Trustees and ten Directors; with each individual both a Trustee and a Director. The members of both the Board of Trustees and the Board of Directors, being the same individuals, have agreed to combine their responsibilities under one Board and have determined that the combined number of Trustees and Directors to be elected at the Annual General and Special Meeting will be ten. 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.

- (a) Of the ten Board members, the following are independent Directors/Trustees. Ian Sutherland, David G. Broadhurst, Frank J. Coleman, R.J. (Bob) Kennedy, Gary J. Lukassen, Keith G. Martell, James G. Osborne, H. Sanford (Sandy) Riley, Wendy F. Evans
- (b) Edward S. Kennedy, the President and CEO of the Fund and the Company, is not independent.
- (c) Of the ten Board members nine are independent.
- (d) The following Directors/Trustees are also Directors/Trustees of other reporting issuers as follows,

David G. Broadhurst	- MCAP Inc.
Frank J. Coleman	- Fishery Products International Ltd.
Wendy F. Evans	- Sun Life Financial Trust
Gary J. Lukassen	- Abitibi Consolidated Inc.
	- Spinrite Income Fund
H. Sanford (Sandy) Riley	- Molson Coors Brewing Company
James G. Osborne	- Jazz Golf Equipment Inc.
R.J. (Bob) Kennedy	- Jazz Golf Equipment Inc.
Ian Sutherland	- MCAP Inc.
	- Renasant Capital Corporation (formerly Clearlink)
	- Strongco Income Fund
- (e) At regularly scheduled Board and committee meetings, the independent Directors meet separately from management.
- (f) 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 who is independent and the CEO is Mr. Edward Kennedy.
- (g) All Directors have attended all Board meetings held within the time that they were directors. Attendance statistics are contained in the Management Information Circular.
- (h) 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.
- (i) 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.

Position Descriptions:

- (a) It is the responsibility of the Chair of the Board to ensure effective operation of the Board and to ensure that the Board discharges its responsibilities.
- (b) It is the responsibility of each Chair of each committee to ensure effective operation of the committee and to ensure that each committee discharges its responsibilities.
- (c) 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.

Committees of the Board:

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.

Audit Committee:

- The Audit Committee had four members until December 2005 when membership was increased to five. All members are independent. The committee met four times in 2005 and all members attended according to their time on the committee. Under the terms of the Audit Committee mandate, the committee is responsible for, among other things, reviewing the Company's financial reporting procedures, internal controls, recommending the appointment of the external auditors as well as reviewing the performance of the Company's external auditors.
- The Audit Committee also establishes the external auditor's 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 management's report on compliance with the Company's Code of Conduct policy.
- The Company has an internal Auditor who reports regularly to the Audit Committee.
- The Audit Committee is composed only of unrelated and independent Directors.
- All of the members of the Audit Committee are financially literate.
- The Audit Committee has direct communications channels with the internal and external auditors to discuss and review specific issues as appropriate.
- The Audit Committee mandate is reviewed by the Board at least annually.
- The Audit Committee meets with the Company's external and internal auditors absent management at least once per year.

- The Audit Committee mandate is presented in the Annual Information Form of the Fund as filed on SEDAR at www.sedar.com.

Human Resources and Compensation Committee:

- The Human Resources and Compensation Committee had four members until December 2005 when the membership was increased to five. All members are outside and unrelated members. The committee met four 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.
- 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.

Pension Committee:

- The Pension Committee has three members and met three times in 2005. 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.

Corporate Governance and Nominating Committee:

- The Corporate Governance and Nominating Committee has three members who are outside and unrelated. The committee met three times in 2005 and all members attended.
- The committee recommends to the Board the size and composition of the Board and its committees, identifies and recommends suitable director candidates, sets Director's compensation and surveys and evaluates Board performance.
- The Corporate Governance and Nominating Committee is responsible for developing and recommending to the Board a set of corporate governance principles applicable to the Company. This committee also monitors compliance with any rules, regulations, procedures or guidelines promulgated by regulatory authorities having jurisdiction over 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.