



PRISZM INCOME FUND

**NOTICE OF ANNUAL MEETING OF UNITHOLDERS
TO BE HELD ON JUNE 4, 2009**

AND

MANAGEMENT INFORMATION CIRCULAR

April 14, 2009

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PRISZM INCOME FUND

NOTICE OF ANNUAL MEETING OF UNITHOLDERS TO BE HELD ON JUNE 4, 2009

NOTICE IS HEREBY GIVEN THAT the annual meeting (the “**Meeting**”) of the holders of trust units and special voting units (together, the “**Unitholders**”) of the Prizm Income Fund (the “**Fund**”) will be held at the TSX Broadcast Centre, 130 King Street West, Toronto, Ontario M5X 1J2 on Thursday June 4, 2009 at 11:00 a.m. (Toronto Time), for the following purposes:

1. to receive the annual report to Unitholders (the “**Annual Report**”), including the consolidated financial statements of the Fund for the fiscal year ended December 28, 2008, together with the auditors’ report thereon;
2. to elect the trustees of the Fund;
3. to re-appoint the auditors of the Fund and authorize the trustees to fix its remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

Accompanying this Notice of Meeting are a copy of the management information circular and a form of proxy. Copies of the Fund’s audited financial statements for the fiscal year ended December 28, 2008, and the management’s information discussion and analysis for the fiscal year ended December 28, 2008 are available on SEDAR at www.sedar.com. If you wish to receive a hard copy of these materials, please contact us at 101 Exchange Avenue, Vaughan, Ontario, L4K 5R6.

To be valid, the enclosed form of proxy must be signed and received by the proxy department of the Fund’s transfer agent, CIBC Mellon Trust Company, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile at (416) 368-2502, not later than 5:00 p.m. (Toronto time) on June 2, 2009, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day before any adjournment or postponement of the Meeting.

DATED at Toronto, Ontario this 14 day of April, 2009.

BY ORDER OF PRISZM INCOME FUND, by its Administrator, Prizm Inc.



John I. Bitove
Chairman of the Board
Prizm Inc.

PRISZM INCOME FUND

MANAGEMENT INFORMATION CIRCULAR RELATING TO THE ANNUAL MEETING OF UNITHOLDERS TO BE HELD ON JUNE 4, 2009

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by, or on behalf of, the trustees (the “**Trustees**”) of Prizm Income Fund (the “**Fund**”) to be used at the Fund’s annual meeting (the “**Meeting**”) of holders of trust units (the “**Units**”) and special voting units (the “**Special Voting Units**”) of the Fund to be held at the TSX Broadcast Centre, 130 King Street West, Toronto, Ontario M5X 1J2, on Thursday June 4, 2009 at 11:00 a.m. (Toronto Time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the notice of annual meeting of Unitholders (the “**Notice of Meeting**”) accompanying this Circular. References herein to “**Unitholders**” shall mean the holders of Units or Special Voting Units that are entitled to vote at the Meeting. All information in this Circular is given as of April 14, 2009 unless otherwise indicated.

The solicitation of proxies will be made primarily by mail but may be supplemented by telephone or other personal contact to be made without special compensation by Trustees or by directors or employees of the Fund’s administrator, Prizm Inc. (the “**Administrator**”), formerly KIT Inc. The Fund will not reimburse Unitholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals. The costs of the solicitation will be borne by Prizm LP, formerly KIT Limited Partnership, a limited partnership indirectly controlled by the Fund.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are Trustees of the Fund. **Each registered Unitholder has the right to appoint some other person (who need not be a Unitholder) to represent him/her at the Meeting or any adjournments(s) or postponement(s) thereof.** Such right may be exercised by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy.

To be valid, proxies must be returned to CIBC Mellon Trust Company so as to arrive not later than 5:00 p.m. (Toronto Time) on June 2, 2009 or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day before any adjournment or postponement of the Meeting. Proxies may be returned by facsimile to (416) 368-2502, or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1.

EXERCISE OF DISCRETION BY PROXIES

The Units represented by any proxy received by the Trustees will be voted for or against or withheld from voting, as the case may be, by the persons named in the enclosed form of proxy in accordance with the direction of the Unitholder appointing them. **In the absence of any direction to the contrary, it is intended that the Units represented by proxies received by the Trustees will be voted on any ballot “for”: (i) the election of the Trustees referred to in this Circular; and (ii) the re-appointment of the auditor of the Fund with remuneration to be fixed by the Trustees.**

The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and Notice of Meeting and with respect to any other matters, which may be properly brought before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment on such matter or business. At the time of printing this Circular, the Trustees knew of no such amendment, variation, or other matter.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to holders of Units, as they do not hold Units in their own names. Such holders, referred to in this Circular as “Beneficial Unitholders”, should note that since all Units are held in the book-based system operated by the Canadian Depository for Securities Limited (“CDS”), only proxies deposited by CDS, as the sole registered holder of Units, can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a holder by a broker, then those Units will not be registered in the holder’s name on the records of the Fund. All of such Units will be registered under the name of CDS & Co., the registration name for CDS. Units should only be voted (for, withhold or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers/nominees are prohibited from voting Units on behalf of their clients.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Fund has distributed copies of the Notice of Meeting, this Circular and the form of proxy (printed on blue paper) to be used by CDS as the sole registered holder of Units (collectively, the “meeting materials”) to CDS and intermediaries for onward distribution to Beneficial Unitholders.

Intermediaries are required to forward meeting materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Typically, intermediaries will use service companies to forward the meeting materials to Beneficial Unitholders. Beneficial Unitholders who have not waived the right to receive meeting materials will either:

- (i) be given a voting instruction form which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet; or
- (ii) less frequently, be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Beneficial Unitholder but which is otherwise not completed. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy received from the intermediary and deposit it with the CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1.

The purpose of these procedures is to permit Beneficial Unitholders to direct the voting of the Units they beneficially own. Should a Beneficial Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another

person attend and vote on behalf of the Beneficial Unitholder, the Beneficial Unitholder should insert the Beneficial Unitholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Unitholders should carefully follow the instructions of their intermediaries and their service companies.

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

REVOCATION OF PROXIES

A registered Unitholder who has given a proxy may revoke the proxy:

- (i) by completing a proxy signed by the Unitholder or by the Unitholder's attorney authorized in writing bearing a later date and depositing it with the transfer agent as described above; or
- (ii) by depositing an instrument of revocation in writing executed by the Unitholder or by the Unitholder's attorney authorized in writing:
 - (A) at the registered office of the Administrator at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting, at which the proxy is to be used, or
 - (B) with the chairman of the Meeting prior to the exercise of the proxy; or
 - (C) in any other manner permitted by law.

A Beneficial Unitholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary may not act on a revocation of a voting instruction form or of a waiver of the right to receive meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The number of Units and Special Voting Units that are authorized and that may be issued under the Fund's declaration of trust dated September 24, 2003, as amended or restated from time to time (the "**Declaration of Trust**"), is unlimited.

On November 10, 2003, concurrent with the Fund's initial public offering of the Units, Prizm LP, a limited partnership indirectly controlled by the Fund, issued an aggregate of 10,270,000 exchangeable limited partnership units (the "**Exchangeable Units**") and subordinated limited partnership units (the "**Subordinated Units**"). The Exchangeable Units are indirectly exchangeable for Units at the option of the holder thereof. The Subordinated Units will be exchangeable only on satisfaction of certain specified terms and conditions or on the occurrence of certain events. Both the Exchangeable Units and Subordinated Units are also

accompanied by a Special Voting Unit of the Fund that entitles the holder thereof to one vote for each such Special Voting Unit at all meetings of Unitholders.

As at April 14, 2009, there were 15,150,869 Units and 10,270,000 Special Voting Units outstanding, each of which carries the right to one vote.

All holders of Units and Special Voting Units of record on May 5, 2009, will be entitled to one vote at the Meeting, or any adjournment or postponement thereof, either in person or by proxy.

The following table shows the name of each person or company who, as at April 14, 2009, owned of record, or who, to our knowledge, owned beneficially, directly or indirectly, or exercised control or direction over securities carrying more than 10% of the voting rights attached to the issued and outstanding Units or Special Voting Units:

<u>Principal Unitholder</u>	<u>Type of Ownership</u>	<u>Number of Units</u>	<u>Number of Special Voting Units</u>	<u>Percentage of Units outstanding</u>	<u>Percentage of Units outstanding on a fully diluted basis⁽¹⁾</u>
Obelysk Inc. ⁽²⁾	Direct	190,285	10,270,000	1.26%	41.15%

Notes:

- (1) This percentage assumes the conversion of all Exchangeable Units and Subordinated Units for Units.
- (2) Obelysk Inc., formerly known as Scott's Restaurants Inc., is controlled by John I. Bitove, the Executive Chairman of Prizm Inc. Mr. Bitove holds 124,285 Units directly and Obelysk holds 66,000 Units in the Obelysk incentive plan trust.

QUORUM

A quorum of Unitholders is present at a meeting of Unitholders where two or more persons are present in person, who either hold personally or representing as proxies in the aggregate at least 10% of the votes attached to all outstanding Units and Special Voting Units.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Financial Statements

The audited consolidated annual financial statements of the Fund for its financial year ending December 28, 2008 are included in the Fund's 2008 Annual Report, which was mailed to Unitholders on April 7, 2009, and will be presented to Unitholders at the Meeting.

2. Appointment of Trustees

The Fund's Declaration of Trust provides that the number of trustees must consist of not less than three and no more than six trustees, with the number of trustees from time to time within such range being fixed by resolution of the Trustees. In order to be eligible, each trustee must be a Resident Canadian within the meaning of the *Income Tax Act* (Canada) and must be "unrelated" to the Fund within the meaning of the corporate governance guidelines of the TSX for so long as such guidelines are in effect and as such guidelines may be amended.

The number of trustees is currently fixed at three. The three nominees proposed for election are listed below. All of these nominees are currently Trustees and have established their eligibility to serve as Trustees. The current term of office of the Trustees of the Fund will expire immediately prior to the election of the Trustees at the Meeting. It is proposed that each of the nominees listed below be elected as a Trustee to hold office until the next annual meeting of Unitholders, or until their successors are elected or appointed.

Unless otherwise instructed, the persons designated in the form of proxy intend to vote for the election of the nominees listed below. If, for any reason at the time of the Meeting, any of the nominees are unable to serve as Trustees and unless otherwise directed, the persons named in the form of proxy intend to vote in their discretion for a substitute nominee or nominees. As of the date hereof, each nominee has expressed his or her willingness to stand for election and to serve as a Trustee.

The following table sets forth the names of the nominees, the date they became a Trustee and the number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.

<u>Nominee as Trustees</u>	<u>Trustee Since</u>	<u>Voting Securities Beneficially Owned or Controlled</u> ⁽¹⁾
Borden D. Rosiak <i>Toronto, Ontario, Canada</i>	April 21, 2004	10,350 Units
Jay A.J. Peters <i>Burlington, Ontario, Canada</i>	October 3, 2008	10,000 Units
Stanley A. Thomas <i>Maple, Ontario, Canada</i>	September 24, 2003	137,750 Units ⁽²⁾

Notes:

- (1) Individual nominees as Trustees have furnished information as to number of Units or Special Voting Units beneficially owned by them, directly or indirectly, or over which they exercise control or direction.
- (2) Mr. Thomas is also a holder of principal amount \$10,000 of the Fund's Series 2007 6.50% Convertible Unsecured Subordinated Debentures, which are convertible into Units at a conversion price of \$12.28 per Unit at the holder's option at any time prior to the close of business on the earlier of June 30, 2012 and the business day immediately preceding the date fixed for redemption, if any.

Borden Rosiak was the Chief Financial Officer of Crystallex International Corporation until he retired in January 2006. From 2000-2002, Mr. Rosiak served as Chief Executive Officer of Cameron Capital Corporation. Mr. Rosiak also serves as a director of a hospital foundation.

Jay A.J. Peters is the President of J. Peters & Company, a marketing and management consulting practice that focuses on clients in the retail, marketing services and consumer services industries. Prior to founding his own firm, Mr. Peters was Executive Vice President & Chief Marketing Officer of TLC Laser Eye Centers, President of Horizon International (a division of The Oshawa Group Ltd) and, for several years, he played a key leadership role in the growth of Wendy's Restaurants of Canada. Currently, Mr. Peters is also a director of Forzani Group Ltd. and a number of private and not-for-profit organizations.

Stanley A. Thomas was the President and Chief Operating Officer of Shoppers Drug Mart Inc. until he retired in 2001. Mr. Thomas is currently an investor, shareholder and director of several private companies and continues to serve the community on volunteer boards.

Each of the nominees proposed for election as Trustees has held the principal occupation set forth above, or other executive offices within the same firm or its affiliates, for the past five years, other than as indicated above.

3. Appointment of Auditors

The Trustees propose to nominate PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Fund to hold office until the close of the next annual meeting of Unitholders and to authorize the Trustees to fix the remuneration of the auditor.

PricewaterhouseCoopers LLP have served as auditors to the Fund since its inception and has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

THE FUND AND THE ADMINISTRATOR

General

The Fund is a trust created under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Fund is administered by the Trustees and by the Administrator pursuant to an administration agreement among, *inter alia*, the Fund and Prizm Inc. dated November 10, 2003 (the “**Administration Agreement**”). The Fund was created to hold, directly or indirectly, the securities of Prizm LP.

Prizm LP is one of the largest franchisees of KFC™ in the world by number of restaurants and its sales account for approximately 62% of all KFC™ product sales in Canada. Prizm LP owns and operates more than 400 restaurants in seven Canadian provinces (the “**Prizm Restaurants**”). More than 100 of the Prizm Restaurants are multi-brand locations that combine a KFC™ host restaurant with a Pizza Hut™ restaurant, a Taco Bell™ restaurant, or a combination thereof.

Under applicable securities legislation, the Fund is required to provide certain information with respect to the Fund, its Trustees and officers. The Fund, however, does not carry on business, does not have officers and is dependent for its results on the performance of Prizm LP. The directors and officers of the Administrator are responsible for administering the Fund and its business in accordance with the Administration Agreement. Consequently, in addition to the information relating to the Fund and its Trustees, this Circular includes information relating to the Administrator and its directors and officers.

Administration Agreement

Under the Administration Agreement, the Administrator agreed to provide or arrange for the provision of services required in the administration of the Fund, including those necessary to: (a) ensure compliance by the Fund with its continuous disclosure obligations under applicable securities legislation; (b) provide investor relations services; (c) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Declaration of Trust; (d) convene meetings of Unitholders and distribute required meeting materials; (e)

provide for the calculation of distributions to Unitholders; (f) attend to all administrative and other matters arising in connection with any redemptions of Units; (g) ensure compliance with the Fund's limitations on non-resident ownership; and (h) provide general accounting, bookkeeping and administrative services to the Fund.

The administration of the Fund by the Administrator under the Administration Agreement may be terminated at any time by the Fund upon notice in writing to the Administrator and upon payment to the Administrator of all costs and expenses incurred by the Administrator in terminating contracts entered into by the Administrator with the approval of the Fund for the performance by the Administrator of its duties under the Administration Agreement. The Fund will pay all expenses incurred by the Administrator and attributable to the exercise of its duties in the administration of the Fund and no fee is payable to the Administrator for the services provided by it to the Fund under the Administration Agreement.

The Administrator

The following table sets forth the names of current directors of the Administrator, the date they became a director and the number of voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at the date hereof.

<u>Directors of the Administrator</u>	<u>Director Since</u>	<u>Voting Securities Beneficially Owned or Controlled</u> ⁽¹⁾
John I. Bitove ⁽²⁾ <i>Toronto, Ontario, Canada</i>	September 24, 2003	124, 285 Units and 10,270,000 Special Voting Units
Lilly Di Massimo <i>Vaughan, Ontario, Canada</i>	September 24, 2003	9,943 Units
Borden D. Rosiak ⁽³⁾⁽⁴⁾ <i>Toronto, Ontario, Canada</i>	April 21, 2004	10,350 Units
Jay A.J. Peters ⁽³⁾⁽⁵⁾ <i>Burlington, Ontario, Canada</i>	October 3, 2008	10,000 Units
Stanley A. Thomas ⁽³⁾⁽⁶⁾ <i>Maple, Ontario, Canada</i>	September 24, 2003	137,750 Units

Notes:

- (1) Individual Directors have furnished information as to number of Units and Special Voting Units beneficially owned by them, directly or indirectly, or over which they exercise control or direction.
- (2) Mr. Bitove is the majority owner of Obelysk Inc., which holds 66,000 Units and 10,270,000 Special Voting Units.
- (3) Trustee of the Fund.
- (4) Chair of the Audit Committee and member of the Compensation Committee and the Governance Committee.
- (5) Chair of the Compensation Committee and member of the Audit Committee and the Governance Committee.
- (6) Chair of the Governance Committee and member of the Audit Committee and the Compensation Committee.

John I. Bitove was appointed as the Chairman and Chief Executive Officer of the Administrator on November 10, 2003 and Executive Chairman on April 24, 2008. Mr. Bitove is also the Executive Chairman of Canadian Satellite Radio Holdings Inc., which operates XM Canada, a subscription-based satellite radio service, and the Chairman and Chief Executive Officer of the asset and property manager of Scott's Real Estate Investment Trust ("**Scott's REIT**"), the owner of approximately 207 retail properties across Canada.

Lilly Di Massimo was appointed as the Chief Financial Officer of Obelysk Inc. on October 30, 2003. Ms. Di Massimo is also a director of Scott's REIT.

Each of Mr. Bitove and Ms. Di Massimo have held the principal occupation set forth above, or other executive offices within the same firm or its affiliates, for the past five years.

The information as to principal occupation for each of Messrs. Peters, Rosiak and Thomas is set out under the heading "Matters to be Considered at the Meeting – Appointment of Trustees".

Collectively, the Trustees of the Fund and the directors and officers of the Administrator, beneficially own, directly or indirectly, or exercise control or direction over a total of 10,562,328 Units and Special Voting Units, representing approximately 42% of the outstanding Units, assuming the conversion of all Subordinated LP Units and Exchangeable LP Units into Units.

REMUNERATION OF TRUSTEES OF THE FUND AND DIRECTORS OF THE ADMINISTRATOR

Each non-executive director of the Administrator (each a "**Director**") receives a basic annual retainer of \$35,000, paid monthly, in the form of cash or the cash equivalent in restricted Units, or a combination thereof. Directors who sit on a committee of the Board receive an additional annual retainer of \$1,000, paid in quarterly instalments, for each Board committee on which they sit, and an additional annual retainer of \$2,000, paid in quarterly instalments, for each Board committee that they chair, with the exception of the Audit Committee chair, who receives an additional annual retainer of \$4,500, paid in quarterly instalments. Directors receive \$1,000 for each regularly scheduled or extraordinary meeting of the Board of Directors attended in person, \$1,000 for each committee meeting of the Board attended in person, \$750 to chair a conference call, and \$500 per conference call. Directors are reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. Messrs Rosiak and Thomas and Ms. DiMassimo received a one time restricted Unit grant with an equity value of \$35,000 in 2006. The restricted Units were purchased on the open market, and such units cannot be disposed of while the Director is an active member of the Board.

Trustees of the Fund who are also Directors of the Administrator, do not receive any compensation as Trustees that is in addition to the compensation they receive as Directors of the Administrator.

COMPENSATION OF EXECUTIVE OFFICERS

The following tables provides a summary of the compensation earned by the Chief Executive Officer and the Chief Financial Officer of the Administrator and the three most highly compensated individuals who served as executive officers of the Fund or the Administrator and whose total bonus and salary exceeded \$150,000 (collectively the “**Named Executive Officers**”) for the fiscal years ended December 28, 2008, December 30, 2007 and December 31, 2006, respectively.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-term Compensation			
		Salary	Bonus	Other Annual Compensation	Securities under Options / SARs Granted	Shares or Units subject to Resale Restrictions	LTIP Payouts	All other Compensation
John I. Bitove, Executive Chairman, Administrator	2008	\$326,769	\$0	\$26,000	Nil	Nil	Nil	Nil
	2007	\$320,000	\$22,176	\$38,500	Nil	Nil	\$415,728	Nil
	2006	Nil	\$360,000	\$21,500	Nil	Nil	Nil	Nil
Steve Boyack, Chief Financial Officer, Administrator	2008	\$187,981	\$15,000	\$31,716	Nil	Nil ⁽¹⁾	Nil	Nil
	2007	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2006	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jeff O'Neill, Chief Executive Officer, Administrator ⁽²⁾	2008	\$283,722 ⁽³⁾	\$210,000	\$53,785	75,000 ⁽⁴⁾	Nil	\$93,041	\$166,250 ⁽⁷⁾
	2007	\$355,562	\$39,675	\$47,943	275,000 ⁽⁵⁾	Nil	Nil	\$210,000
	2006	\$286,760	\$136,360	\$43,487	75,000 ⁽⁶⁾	Nil	Nil	\$210,000
Peter Walkey, Chief Financial Officer, Administrator ⁽⁸⁾	2008	\$91,863	\$0	\$8,212	Nil	Nil	Nil	\$220,000 ⁽⁹⁾
	2007	\$271,563	\$58,000	\$40,452	Nil	Nil	\$83,146	Nil
	2006	\$251,683	\$110,725	\$36,338	Nil	Nil	Nil	Nil
Steve Langford, President , KFC/TB, Administrator	2008	\$260,880	\$15,554	\$35,319	Nil	Nil	Nil	Nil
	2007	\$262,120	\$56,057	\$35,929	Nil	Nil	\$83,146	Nil
	2006	\$226,514	\$89,864	\$35,829	Nil	Nil	Nil	Nil
Corey Goodman, Chief Purchasing Officer, Administrator	2008	\$169,962	\$22,893	\$33,598	Nil	Nil ⁽¹⁰⁾	Nil	\$24,999
	2007	\$143,654	\$12,870	\$27,280	Nil	Nil	\$19,178	Nil
	2006	\$132,962	\$9,450	\$11,960	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Boyack was granted 30,000 units as per his Employment Agreement, with 15,000 units vesting 12 months from his employment start date (March 17, 2008) and with 15,000 units vesting 18 months from his employment start date.
- (2) Mr. O'Neill served as President and Chief Operating Officer of the Administrator since May 2005. On April 24, 2008, Mr. O'Neill assumed the role of Chief Executive Officer of the Administrator and effective October 31, 2008, Mr. O'Neill resigned from his position as Chief Executive Officer of the Administrator.
- (3) Pursuant to the terms of Mr. O'Neill's Employment Agreement he received compensation in the amount of \$58,230 in connection with his resignation.
- (4) Mr. O'Neill received an option to purchase 75,000 Units on January 31, 2008 at an exercise price of \$6.30 per Unit (the then prevailing market price of the Units).
- (5) Mr. O'Neill received an option to purchase 75,000 Units on January 31, 2007 at an exercise price of \$11.50 per Unit (the then prevailing market price of the Units).
- (6) Mr. O'Neill received an option to purchase 75,000 Units on January 31, 2006 at an exercise price of \$9.28 per Unit (the then prevailing market price of the Units).
- (7) Mr. O'Neill received compensation in the amount of \$166,250, which represents his pro-rated bonus entitlement in respect of Unrestricted Unit Grants, as stipulated in his employment agreement, prorated for 2008.
- (8) Mr. Walkey resigned from his position as Chief Financial Officer of the Administrator effective April 30, 2008.

- (9) Pursuant to the terms of Mr. Walkey's Employment Agreement he received compensation in the amount of \$220,000 in connection with his resignation.
- (10) Mr. Goodman was granted 20,000 units as part of his compensation in respect of 2008; 10,000 units vest on May 11, 2009 and the balance vest on August 5, 2009.

Executive Long-Term Incentive Plan ("ELTIP")

The ELTIP plan is intended to provide eligible participants with compensation opportunities that will encourage ownership of Units, enhance the ability to attract, retain and motivate key personnel, and reward key senior management for significant performance and associated per Unit cash flow growth of the Fund. The amount of the award will be dependant upon achieving certain targets for same store sales growth and return on capital employed. The Plan pays an award to each eligible participant based on the Fund's performance at the end of the three year term. The award consists of Fund units to be issued from treasury equal to the dollar value of the award granted by the Compensation Committee. The Board or the Compensation Committee determines, among other things, (i) those individuals who will participate in the ELTIP plans, (ii) the level of participation of each participant, (iii) the time or times when ownership of the Units will vest for each participant, and (iv) whether to award a lesser dollar value of units in lieu of calculated amounts. The following table summarizes the participation of the Named Executive Officers in the ELTIP.

<u>Name</u>	<u>Securities, or Units or Other Rights</u>	<u>Performance or Other Period Until Maturation or Payout</u>	<u>Estimated Future Payouts Under Non-Securities-Price-Based Plans</u>		
			<u>Threshold⁽¹⁾</u>	<u>Target</u>	<u>Maximum⁽⁸⁾</u>
John I. Bitove, Executive Chairman, Administrator	Nil	3 years	\$450,225 ⁽²⁾	\$900,450	\$2,201,100
Steve Boyack, Chief Financial Officer, Administrator ⁽³⁾	Nil	3 years	\$112,500	\$187,500	\$750,000
Jeff O'Neill, Chief Executive Officer, Administrator ⁽⁴⁾	Nil	3 years	\$450,225	\$900,450	\$2,201,100
Peter Walkey, Chief Financial Officer, Administrator ⁽⁵⁾	Nil	3 years	\$115,875	\$193,000	\$772,500
Steve Langford, President, KFC/TB, Administrator	Nil	3 years	\$117,617 ⁽⁶⁾	\$235,233	\$980,138
Corey Goodman, Chief Purchasing Officer, Administrator	Nil	3 years	\$87,750 ⁽⁷⁾	\$146,250	\$526,500

Notes:

- (1) The criteria for payment of the ELTIP are subject to adjustment by the Compensation Committee, from time to time, as targets are met.
- (2) Mr. Bitove was granted \$139,561, payable in units on May 11, 2009, in respect of the 2006 LTIP program.
- (3) Mr. Boyack's future payout will be prorated as per his employment start date of March 17, 2008.
- (4) Mr. O'Neill resigned from his position as Chief Executive Officer of the Administrator effective October 31, 2008.
- (5) Mr. Walkey resigned from his position as Chief Financial Officer of the Administrator effective April 30, 2008.
- (6) Mr. Langford was granted \$46,520, payable in units on May 11, 2009, in respect of the 2006 LTIP program.
- (7) Mr. Goodman was granted \$26,590, payable in units on May 11, 2009 in respect of the 2006 LTIP program.
- (8) The total grant eligible under the corporate LTIP plans cannot exceed 10% of the of the number of Units in the capital of the Fund that are outstanding from time to time.

Options Grants During the Most Recently Completed Financial Year

NEO Name	Securities, Units or Other Rights	Percentage of Total Options Granted to Employees in Financial Year	Exercise Price	Market Value of Units Underlying Options on the Date of Grant	Expiration Date
John I. Bitove, Executive Chairman, Administrator	Nil	Nil	Nil	Nil	Nil
Steve Boyack, Chief Financial Officer, Administrator	Nil	Nil	Nil	Nil	Nil
Jeff O'Neill, Chief Executive Officer, Administrator ⁽¹⁾	75,000	100.0%	\$6.30	\$472,500	October 31, 2008
Peter Walkey, Chief Financial Officer, Administrator ⁽²⁾	Nil	Nil	Nil	Nil	Nil
Steve Langford, President, KFC/TB Administrator	Nil	Nil	Nil	Nil	Nil
Corey Goodman, Chief Purchasing Officer, Administrator	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Pursuant to Mr. O'Neill's employment agreement, he was entitled and was granted 75,000 options to purchase Units on January 31, 2008. Mr. O'Neill resigned from his position as Chief Executive Officer of the Administrator effective October 31, 2008.
- (2) Mr. Walkey resigned from his position as Chief Financial Officer of the Administrator effective April 30, 2008.

Employment Agreements

Each of the Executive Chairman, Chief Financial Officer, President KFC/TB and the Chief Purchasing Officer are each a party to an employment agreement with the Administrator. Pursuant to the terms of the employment agreements, each officer receives a base salary (see “Compensation of Executive Officers – Summary Compensation Table”) and is entitled to such cash performance bonuses ranging from up to 30% to up to 60% of the officer’s base salary. In addition, each officer receives incentives (including participating Units in the ELTIP) as are determined from time to time by the Compensation Committee.

Pursuant to these employment agreements, the Executive Chairman will be entitled to the payment of two years base salary and the Chief Financial Officer will be entitled to one year’s base salary in the event of the termination of their employment without cause or in the event of the termination of their employment following a change of control of the Fund. These employment agreements also provide for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Administrator. These covenants apply during the term of employment and for 24 months in respect of the Executive Chairman (and 12 months in respect of the Chief Financial Officer) following resignation or the termination of employment by the Administrator for cause.

These employment agreements are subject to review and change as determined by the Compensation Committee and approved by the Board from time to time.

The Board has the discretion to supplement the Named Executive Officers’ employment agreements with bonuses in the form of discretionary equity compensation incentives. The terms of these incentives, including the amount, vesting periods and exercise prices, are solely within the discretion of the Board. Cash may be granted to purchase Units in the market, or, subject to Unitholder, stock exchange and other applicable approvals, Units may be issued from the Fund’s treasury.

Termination Arrangements During the Most Recently Completed Financial Year

As of October 31, 2008, the date of Mr. O’Neill’s resignation, the Fund agreed that for the period of Mr. O’Neill’s employment with the Fund during 2008, the Fund would pay Mr. O’Neill, the following: (i) his pro-rated bonus entitlement in respect of his unrestricted unit grant in the amount of \$166,250; and (ii) his 2006 long-term incentive award in the amount of \$93,041 (see “Compensation of Executive Officers – Summary Compensation Table”). Further, as summarized in the table below, all of the options granted to Mr. O’Neill during the course of his employment expired on the date of his resignation, provided however, that 100,000 of the 200,000 options granted to Mr. O’Neill, on his appointment as Chief Executive Officer vested on October 31, 2008 and expired on January 30, 2009.

<u>Name</u>	<u>Date of Grant</u>	<u>Units under Option</u>	<u>Exercise Price</u>	<u>Expiration Date</u>
Jeff O'Neill,	May 31, 2005	75,000	\$13.50	October 31, 2008
Former Chief	January 31, 2006	75,000	\$9.28	October 31, 2008
Executive Officer	January 31, 2007	75,000	\$11.50	October 31, 2008
	December 19, 2007 ⁽¹⁾	200,000	\$5.65	January 30, 2009
	January 31, 2008	75,000	\$6.30	October 31, 2008

Notes:

(1) On October 31, 2008, the date of Mr. O'Neill's resignation, 100,000 of the 200,000 options granted to Mr. O'Neill on his appointment as Chief Executive Officer vested and expired on January 30, 2009. The other 100,000 unvested options expired on October 31, 2008.

As of April 30, 2008, the date of Mr. Walkey's resignation, the Fund agreed that pursuant to the terms of Mr. Walkey's employment agreement, the Fund would pay Mr. Walkey, a lump sum of \$220,000 together with any accrued salary and vacation pay owed to him as of that date.

The 2006 Long-Term Incentive Plan

The 2006 Long-Term Incentive Plan was approved by the Unitholders on May 9, 2007 is intended to: (i) promote a greater alignment of interests between senior management employees and Unitholders; (ii) assist the Fund to attract, retain and reward individuals with experience and ability to act as senior management of the Fund; (iii) enable senior management employees of the Fund to participate in the sustained success of the Fund; (iv) provide a greater alignment between compensation and the strategic and financial objectives in the Fund's business plan; and (v) provide market competitive total compensation.

The Compensation Committee is responsible for administering the Plan, including, among other things, selecting eligible employees ("**Eligible Employees**"), granting the right to receive cash and/or Units ("**Awards**") under the Plan, setting the performance targets necessary to achieve the vesting of Awards and approving payments of the Awards. In order to qualify as an Eligible Employee, an employee must be employed by the Fund, or its subsidiary entities such as the Administrator, at the senior management level and must be recommended by the President to the Compensation Committee and designated by the Compensation Committee as eligible to participate in the Plan.

Unless otherwise determined by the Compensation Committee, the grant of an Award to an Eligible Employee under the Plan is contingent on the achievement of one or more pre-established performance targets during a three calendar year period (the "**Performance Period**"). The terms and quantum of any grants (whether cash and/or Units) are determined by the Compensation Committee and are set out in a grant agreement between the Fund and the Eligible Employee. The grants of Awards do not entitle an Eligible Employee to any Unitholder rights, including, without limitation, voting rights, distribution entitlements or rights on liquidation.

Should an Eligible Employee achieve the pre-established performance targets during the Performance Period, or should the Compensation Committee, in its discretion, deem the pre-established performance targets to have been achieved, the Awards granted to such employee will vest on the date the audited financial statements for the last calendar year of the Performance Period have been approved by the Board of Trustees of the Fund and, provided the Eligible Employee is actively employed with the Fund cash and/or Units will be paid in respect of such Awards. The maximum number of Units reserved for issuance under all of the Fund's securities based compensation arrangements, including this Plan, and the number of

Units issuable to insiders at any time under all of the Fund's security based compensation arrangements, is 10% of the number of Units in the capital of the Fund that are outstanding from time to time assuming the conversion of the Subordinated Units and Exchangeable Units issued by Prizm LP. The Compensation Committee may, in its discretion, subsequent to the date of grant of an Award, waive any term or condition attaching to the grant of such Award or conclusively determine that such term or condition has been satisfied.

Unless otherwise determined by the Compensation Committee, an Eligible Employee whose employment is terminated with cause, will forfeit all Awards, whether vested or unvested. However, unless otherwise determined by the Compensation Committee, an Eligible Employee whose employment is terminated without cause, or by the Eligible Employee (otherwise than by reason of disability, retirement or death), will only forfeit unvested Awards. Unless otherwise determined by the Compensation Committee, if the employment of an Eligible Employee is terminated by reason of retirement or death, he/she will be entitled to be paid in full in respect of all vested Awards and a prorated amount in respect of all unvested Awards. The assignment or transfer of the Awards, or any other benefits under the Plan, is not permitted other than by operation of law or the other terms of the Plan.

The Plan also includes certain protections for an Eligible Employee in the event of a reorganization of the Fund. In such a case, an Eligible Employee will be entitled to either a distribution in respect of his/her Awards (without regard to the vesting provisions attached thereto) or to a substitution of the entitlement of cash/or Units under the Plan with an entitlement to cash and/or the securities into which the Units are changed or are converted or exchangeable pursuant to the reorganization.

The Board of Trustees of the Fund may, in its sole discretion, amend, suspend or terminate the Plan or any portion thereof at any time, including, without limitation, extending the Performance Period without obtaining the approval of Unitholders, save and except for amendments related to: (i) the maximum number of Units reserved for issuance under the Plan or under any other of the Fund's security based compensation arrangements; and (ii) in the event that below-market value Units are issued from treasury to insiders where the original award contemplated a cash payment.

No Awards were granted to any employees for the recently completed financial year.

Securities Authorized for Issuance Under Equity Compensation Plans

<u>Plan Category</u>	<u>Number of Securities to be issued upon exercise of outstanding options</u>	<u>Weighted-average exercise price of outstanding options</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(1)</u>
Equity compensation plans approved by securityholders	Nil	Nil	1,515,087
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	Nil	Nil	1,515,087

Note:

- (1) The equity compensation plans permit the Fund to grant options to purchase Units in an amount of up to 10% of the number of Units in the capital of the Fund that are outstanding from time to time.

EXECUTIVE COMPENSATION REPORT

Composition of the Compensation Committee

The Compensation Committee is responsible for assisting the Board in determining compensation of senior management. The Compensation Committee reviews the goals and objectives of the Chief Executive Officer and Executive Chairman for the upcoming year and, each year, performs an appraisal of the performance of the Chief Executive Officer and Executive Chairman. The Compensation Committee must also administer and make recommendations regarding the operation of the long term compensation arrangements. The Compensation Committee comprises Jay A.J. Peters, Borden D. Rosiak and Stanley A. Thomas, each of whom is an independent Director, and is currently chaired by Jay A.J. Peters. No member of the Compensation Committee is an officer, employee, former officer or former employee of the Administrator or any of its subsidiaries.

Report on Executive Compensation

The philosophy of the Compensation Committee regarding executive compensation is guided by its objective to attract and retain executives critical to the success of the business and the enhancement of Unitholder value. It is the responsibility of the Compensation Committee to determine the level of compensation for the executives with the objective of providing a competitive compensation package based upon performance.

In establishing compensation for executive officers, the Compensation Committee considers, among other things, individual performance and responsibilities, together with other factors in the competitive market place for executives of other organizations of similar size and complexity. The Administrator's compensation program for senior management is composed of base salary, bonus, and long-term incentive compensation. Certain bonuses were made in the 2008 fiscal year and were based on a combination of financial targets, departmental goals and personal objectives. Each of the Named Executive Officers who met their targets were paid a bonus payment in the amount disclosed above. See "Compensation of Executive Officers – Summary Compensation Table".

Report respectfully submitted by the Compensation Committee:

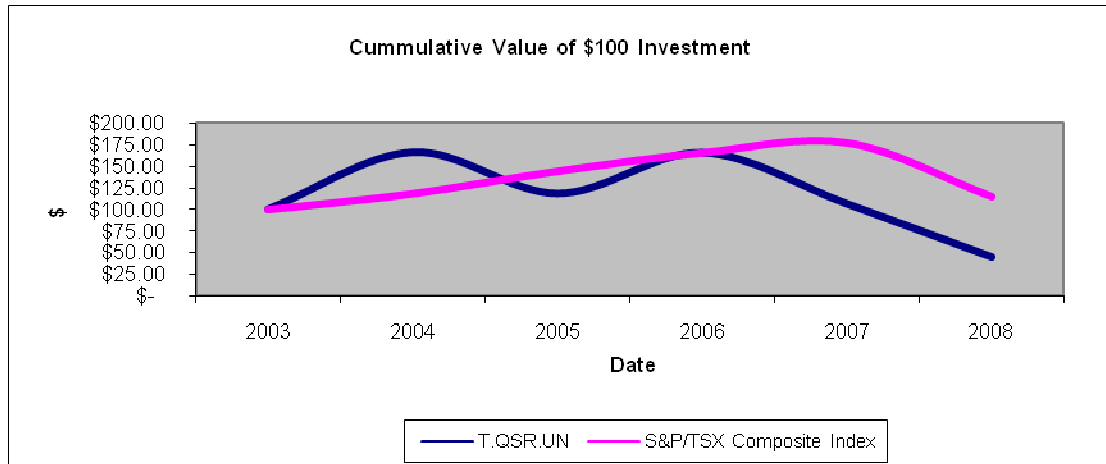
Jay A.J. Peters (Chair)
Borden D. Rosiak
Stanley A. Thomas

PERFORMANCE GRAPH

The Units are listed on the Toronto Stock Exchange under the trading symbol QSR.UN.

The following graph compares the total cumulative return to Unitholders for \$100 invested in Units with the total cumulative return of the S&P/TSX Composite Index and the total cumulative Unitholder return of the S&P/TSX Capped Income Trust Index for the last fiscal

periods, assuming a Cdn.\$100 investment on November 10, 2003, the date the Units were first listed on the Toronto Stock Exchange, and reinvestment of distributions during those periods.



	November 10, 2003	December 31, 2004	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008
QSR.UN	\$100	\$166.62	\$118.43	\$166.05	\$106.46	\$44.19
S&P/TSX Composite Index	\$100	\$118.31	\$144.23	\$165.36	\$177.00	\$115.00

INDEBTEDNESS OF TRUSTEES OF THE FUND AND DIRECTORS AND OFFICERS OF THE ADMINISTRATOR

No amounts are owed to the Fund or its affiliates by any of the Trustees of the Fund or directors, executive officers or other senior management of the Administrator, other than for any routine indebtedness, which is defined as being for amounts of less than \$50,000.

INDEMNIFICATION OF THE ADMINISTRATOR

The Administrator has the benefit of insurance policies for itself and its directors and officers against liability incurred by them in the performance of their duties as directors and officers of the Administrator (the "**Policies**"). The approximate amount of the premiums charged in respect of the Policies for the Administrator and its affiliates was approximately \$127,000 for the 12-month period ended October 31, 2009 (the "**Policy Period**"). The aggregate amount of coverage under the Policies for the Policy Period is \$17,000,000.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular or below, the Trustees are not aware of any material interest of any Trustee of the Fund, or director or officer of the Administrator, or any Unitholder who beneficially owns more than 10% of the Units, or any known associate or affiliate of these persons, in any transaction since the beginning of the 2008 fiscal year or in any proposed transaction that has materially affected or would materially affect the Fund.

The Fund does business with several related parties. The related parties are:

Obelysk Inc. ("Obelysk"): John I. Bitove, Executive Chairman of the Administrator, is a controlling shareholder and current Chairman of Obelysk, which holds approximately 40% interest in the Fund. At December 28, 2008 the Fund leased six properties and an office space from Obelysk.

Scott's Real Estate Investment Trust ("Scott's REIT"): John I. Bitove, Executive Chairman of the Administrator, is Chairman and Chief Executive Officer of Scott's REIT. The Fund leases a total of 190 locations from Scott's REIT. Obelysk holds approximately a 36.4% ownership interest in Scott's REIT.

Canadian Satellite Radio Holdings Inc. ("CSRI"): John I. Bitove, Executive Chairman of the Administrator, is the Executive Chairman and a controlling shareholder of CSRI. The Fund has entered into advertising arrangements with CSRI and purchases CSRI satellite radio service for use in 63 of its restaurant dining rooms.

The Fund provides certain accounting, payroll and administrative services to Obelysk, Scott's REIT and CSRI and receives and makes reimbursement of costs incurred by each party on the others' behalf.

The Fund has no other significant or regular activities with related parties in respect of sales or procurement matters.

The Fund has provided a limited recourse guarantee and a pledge agreement in respect of KIT Finance Inc.'s obligations under (i) 7.8% senior secured notes due January 13, 2011 and 8.09% senior secured notes due November 11, 2011; and (ii) a credit agreement providing for

the borrowing of \$5 million, with both such obligations secured by a pledge of the unsecured notes and units issued by Prizm Canadian Operating Trust to the Fund. Prizm Finance is an affiliate of the Fund within the meaning of applicable securities laws.

STATEMENT OF CORPORATE GOVERNANCE

General

The Trustees of the Fund believe that effective corporate governance is essential to the direction and operation of the Fund in a manner that ultimately enhances Unitholder value.

Effective June 30, 2005, the Canadian Securities Administrators (“**CSA**”) adopted National Instrument 58-101 - Disclosure of Corporate Governance Practices (the “**Policy**”) and National Policy 58-201 - Corporate Governance Guidelines (the “**Instrument**”, and together with the Policy, the “**CSA Governance Rules**”). The CSA Governance Rules require that we set out the mandated disclosure required under the Instrument, with reference to the “best practices” set out in the Policy.

To comply with these various standards and achieve best practices, the Fund has developed and implemented, and continues to develop, implement and refine, formal policies and procedures which reflect its ongoing commitment to effective corporate governance. The Fund is a trust created to hold, directly or indirectly, the securities of Prizm LP and does not conduct any active business. The active business of Prizm LP is overseen by the Board of Directors of the Administrator and its committees. As such, the Fund’s structure requires that its approach to the CSA Governance Rules be best addressed jointly by the Trustees of the Fund and the Board of the Administrator, and by placing the focus of the corporate governance structure at the operating level and decision-making and supervision closest to the relevant areas. The committees report and recommend actions to the Board and, as needed, to the Trustees. The Trustees are also members of the Board of the Administrator, facilitating reporting and information exchange.

The Fund believes that its corporate governance structure described above and its corporate governance practices and procedures summarized below, are in compliance with the Corporate Governance Rules and are appropriate for an issuer such as the Fund.

Board of Trustees of the Fund

The Board of Trustees of the Fund is comprised of three trustees, Jay A.J. Peters, Borden D. Rosiak and Stanley A. Thomas, each of which is independent. Pursuant to Multilateral Instrument 52-110, an independent trustee/director is one who has no direct or indirect material relationship with the Fund, which could, in the view of the board of trustees/directors, reasonably interfere with a trustee’s/director’s independent judgment. Mr. Peters is also a director of Forzani Group Ltd.

Board of Directors of the Administrator

The Board of Directors of the Administrator is comprised of five directors, of which a majority of the directors, Jay A.J. Peters, Borden D. Rosiak and Stanley A. Thomas, are independent within the meaning of applicable securities laws.

John I. Bitove, the Chairman of the Board of Directors, does not qualify as an independent director due to his majority ownership in Scott's REIT, which leases a total of 190 restaurant locations to Prizm LP, and in Obelysk, which holds 10,270,000 Special Voting Units of the Fund. Mr. Bitove is also Chairman of the Board of Directors of CSRI and Scott's REIT.

Lilly Di Massimo does not qualify as an independent director due to her position as Chief Financial Officer of Obelysk, which holds 10,270,000 Special Voting Units of the Fund, and as a director of Scott's REIT, which leases a total of 190 restaurant locations to Prizm LP.

Meetings of Independent Trustees/Directors

The Trustees of the Fund, who are the independent directors of the Administrator, are provided the opportunity to hold regularly scheduled meetings at which non-independent directors or members of management are not in attendance.

In addition, independent director meetings are held through the medium of the three Board committees (Audit Committee, Compensation Committee and Governance Committee), of which all members of each committee are independent directors. These three committees conduct a considerable portion of the Board's overall business.

Board Mandate

The mandate of the Board is incorporated in this Circular by reference to the Fund's Management Information Circular dated March 24, 2006, which can be accessed through www.sedar.com.

The expectations and responsibilities of the Board members are further delineated through the charter of the Governance Committee.

During the fiscal year ended December 28, 2008 the Board held 12 meetings. For the attendance records of individual directors, see Schedule "A" – "Trustees/Directors Meetings, Compensation and Expense Summary for fiscal year ended December 28, 2008".

Position Descriptions

The Board of the Administrator as a whole is responsible for the development of position descriptions for the Board. The Board has developed clear, written position descriptions for the chair of the Board and the chair of each of the Board's committees.

The Board has determined that material matters outside the ordinary course of business should be subject to its review. This would include material acquisitions or divestitures, among other things. In addition, the Governance Committee is responsible for considering and making a recommendation to the Board on any transaction involving a related party. The role of the Chief Executive Officer of the Administrator, together with the limits of responsibility and the Board's expectations are addressed by the Compensation Committee as part of its annual ongoing assessment of the performance of the Chief Executive Officer. Also, the Board is to review and approve the annual business plan for the business, setting forth the corporate objectives for the year. In addition, the Trustees of the Fund are responsible for determining the level of distributions.

Each committee is aware of the roles and responsibilities of each such committee and the positions therein, including:

- chairing meetings;
- planning and organizing Board/committee activities;
- providing leadership to enhance effectiveness;
- ensuring responsibilities are well understood by Board/committee members and management, and that the boundaries between Board and management responsibilities are clearly understood and respected;
- ensuring that adequate resources are available, including timely and relevant information, to allow the Board/committee to meet its responsibilities; and
- reporting to the full Board on decisions or recommendations made by a committee.

The Board is responsible for developing a position description for the Chief Executive Officer and for developing and approving the goals and objectives that the Chief Executive Officer is responsible for satisfying. The Board has developed a clear, written position description, and goals and objectives for the Chief Executive Officer.

The position description in respect of the Chief Executive Officer complements a written agreement provided in connection with the appointment of the Chief Executive Officer. The compensation of the Chief Executive Officer is directly tied to the successful completion of objectives determined and evaluated by the Board, as assisted by the Compensation Committee.

Orientation and Continuing Education

Pursuant to the Governance Committee's charter, the Board ensures that all new directors receive a comprehensive orientation that encompasses the following items: (i) the role of the Board and its committees; (ii) the contribution (in terms of time and resources) each individual director is expected to make; and (iii) the nature and operation of the business.

Pursuant to the respective charters of the Governance Committee and the Compensation Committee, the Board ensures that continuing education opportunities are provided to allow all directors to maintain and enhance their skills and abilities as directors as well as ensuring that their knowledge and understanding of the business remains current.

Ethical Business Conduct

The Fund has adopted a written code of conduct entitled, "Principles of Business Conduct and Ethics", which was adopted in December 2003 (the "**Code of Conduct**").

The Board is responsible for monitoring ongoing compliance with the Code of Conduct and has directed the President and the Chief Executive Officer to promptly report to the Board any violations of the Code of Conduct. The President and the Chief Executive Officer each report to the Board on an annual basis in respect of adherence to the Code of Conduct. In

addition, compliance is monitored and enforced through the Board's adoption of a "Whistleblower Policy", effective from March 28, 2006 (the "**Whistleblower Policy**"). The Board's adoption of the Whistleblower Policy further reinforces a culture of ethical business conduct.

As of the date hereof, there have been no material departures from the Code of Conduct by any director or executive officer of the Administrator.

Copies of the Fund's Code of Conduct and Whistleblower Policy are available upon request made to the attention of the Chief Financial Officer of the Administrator at 101 Exchange Avenue, Vaughan, Ontario, L4K 5R6.

Nomination of Directors

Nominating functions are the responsibility of the Board's Governance Committee. The Governance Committee consists entirely of independent directors and acts as a nominating committee in consultation with the Board as a whole. The Governance Committee is responsible for proposing new nominees to the Board, and the Governance Committee and the Board as a whole support a nomination process based on individuals, rather than a slate of nominees. The Governance Committee also performs this function in respect of Trustees, subject to the oversight and approval of the Board of Trustees.

In addition, the Board has adopted a "Policy Regarding Director Nominees", effective as of March 28, 2006.

Compensation

The Compensation Committee is responsible for assisting the Board in determining the compensation for officers. The Compensation Committee reviews the adequacy and form of compensation at least annually. The Compensation Committee reports its findings to the Trustees who fulfil this responsibility directly in respect of the Fund.

In establishing compensation for executive officers, the Compensation Committee considers, among other things, individual performance and responsibilities, together with other factors in the competitive marketplace for executives of other organizations of similar size and complexity. The Governance Committee determines annual director stipends and other director fees by reference to such stipends and fees paid to directors by other organizations of similar size and complexity.

In addition, the Compensation Committee evaluates executive officers' performance and sets the executive officers' compensation, including salary, bonus, incentive and equity compensation based on its evaluation.

Committees of Directors

Audit Committee

The charter of the Audit Committee is incorporated in this Circular by reference to the Fund's Annual Information Form dated March 24, 2006, which can be accessed through www.sedar.com.

No member of the Audit Committee receives, directly or indirectly, any compensation from the Fund other than for service as a member of the Board and its committees. All members are financially literate as defined under Multilateral Instrument 51-102 – Audit Committees. In considering the criteria for determining financial literacy, the Board looks at the ability of a director to read and understand a balance sheet, an income statement and cash flow statement.

The Audit Committee is currently composed of Borden D. Rosiak (Chair), Jay A.J. Peters and Stanley A. Thomas, each of whom are independent within the meaning of applicable securities laws. During the fiscal year ended December 28, 2008, the Audit Committee met four times.

Compensation Committee

The responsibilities, powers and operation of the Compensation Committee are set out in the Compensation Committee charter. The committee reviews and approves: (i) annual salary and bonuses of senior executives; (ii) long term incentive compensation plans; (iii) employee pension and benefits plans; (iv) performance management systems; and (v) organizational structure and succession plans of management.

The Compensation Committee is currently composed of Borden D. Rosiak, Jay A.J. Peters (Chair) and Stanley A. Thomas, each of whom are independent within the meaning of applicable securities laws. During the fiscal year ended December 28, 2008, the Compensation Committee met three times.

Governance Committee

The Governance Committee is responsible for considering and making a recommendation to the Board in respect of any transaction involving a related party. The proposed transaction must be approved by the independent members of the Board before it proceeds. In addition, the Governance Committee develops, monitors and assesses governance practices and responds to changes to governance guidelines.

The Governance Committee is currently composed of Borden D. Rosiak, Jay A.J. Peters and Stanley A. Thomas (Chair), each of whom are independent within the meaning of applicable securities laws. During the fiscal year ended December 28, 2008, the Governance Committee met two times.

Disclosure Committee

In December 2003, the Board formulated a general “Disclosure Policy”. This policy is designed to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market. The policy applies to all employees and consultants of the Fund and the Administrator, its respective trustees or directors, and those authorized to speak on behalf of the Fund or the Administrator.

On March 28, 2006, a Disclosure Committee, comprised of members of senior management, was established. The committee is charged with making recommendations to the Board that are consistent with the Disclosure Policy.

Assessments

The Governance Committee assesses the competency, skills, effectiveness and contribution of the Trustees and the members of the Board of Directors.

The Governance Committee conducts an annual review (or more frequently as required) to determine the effectiveness of the Board of Directors as a whole, the committees thereof, as well as the contribution of individual Directors, through meetings and completion and review of evaluation checklists.

The Trustees will fulfil assessment responsibility directly at the Fund level after participating in discussions as members of the Board of Directors.

OTHER BUSINESS

The Trustees are not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

Copies of the Fund’s financial statements for the year ended December 28, 2008, together with the respective reports of the auditors thereon, management’s discussion and analysis of the Fund’s financial condition and results of operations, the current annual information form (together with any document incorporated therein by reference) of the Fund and this Circular are available on SEDAR at www.sedar.com or upon request made to the attention of the Chief Financial Officer of the Administrator at 101 Exchange Avenue, Vaughan, Ontario, L4K 5R6.

APPROVAL OF DIRECTORS OF THE ADMINISTRATOR

The contents and the sending of this Circular have been approved by the directors of the Administrator.

DATED at Toronto this 14 day of April, 2009.

**BY ORDER OF PRISZM INCOME FUND, by its
administrator, Prizm Inc.**

A handwritten signature in black ink, reading "John I. Bitove". The signature is written in a cursive style with a large, stylized initial "J".

John I. Bitove
Chairman of the Board
Prizm Inc.

SCHEDULE "A"

**Trustees/Directors Meetings, Compensation and Expense Summary
for fiscal year ended December, 28, 2008**

Name of Trustee	Chairs	Trustees Meetings	Directors Meetings	Committee Meetings			Meeting Fees (\$)	Annual Fees (\$)	Total Compensation (\$)	Travel Expenses Reimbursed (\$)	Total Paid (\$)
				Audit	Compensation	Governance					
John I. Bitove	Board Chair	N/A	12	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil
Lilly Di Massimo		N/A	12	N/A	N/A	N/A	12,500.00	35,000.00	47,500.00	-	47,500.00
Borden D. Rosiak	Audit Chair	12	12	4	3	2	20,500.00	42,500.00	63,000.00	-	63,000.00
Glen M. Swire	Compensation Chair	9	9	3	2	1	14,250.00	30,000.00	44,250.00	669.00	44,919.00
Jay A.J. Peters	Compensation Chair	2	2	0	0	0	2,500.00	10,000.00	12,500.00	-	12,500.00
Stanley A. Thomas	Governance Chair	12	12	4	3	2	18,750.00	40,000.00	58,750.00	-	58,750.00
TOTAL		N/A	N/A	N/A	N/A	N/A	68,500.00	157,500.00	226,000.00	669.00	226,669.00

