



Notice of Annual General Meeting

and

Information Circular

in respect of an

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on May 13, 2010

Dated April 6, 2010

WESTERN FINANCIAL GROUP INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual General Meeting (the "**Meeting**") of shareholders of Western Financial Group Inc. (the "**Corporation**") will be held at the Heritage Inn, 1104 – 11th Avenue S.E., High River, Alberta, at 3:30 p.m. (Calgary time) on Thursday, May 13, 2010 for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2009, together with the auditors' report thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors for the ensuing year;
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters to be dealt with at the Meeting are set forth in the Information Circular.

Shareholders who are unable to attend the meeting or any adjournment thereof in person and who wish to ensure that their shares will be voted are required to complete, sign, date and mail the enclosed form of proxy in accordance with the instructions set out in the Form of Proxy and in the Information Circular accompanying this Notice. In order for a proxy to be valid at the Meeting, it must be received not later than 3:30 p.m. (Calgary time) on May 11, 2010.

DATED this 6th day of April, 2010.

By Order of the Board of Directors

(*signed*) Catherine Rogers
Executive Vice President, Finance and
Administration, Chief Financial Officer and
Corporate Secretary

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

WESTERN FINANCIAL GROUP INC.

INFORMATION CIRCULAR

APRIL 6, 2010

GENERAL PROXY INFORMATION

Solicitation of Proxies

This information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by the management of Western Financial Group Inc. (the "Corporation" or "Western") for use at the Annual General Meeting (the "Meeting") of shareholders of the Corporation to be held on May 13, 2010, at the time and the place and for the purposes set out in the accompanying Notice of Meeting. As a shareholder you are cordially invited to be present at the Meeting and at any adjournment thereof. To ensure that you will be represented at the Meeting in the event that you are unable to attend personally, you are requested to date, complete and sign the accompanying form of proxy and return the same to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue 9th Floor, Toronto, Ontario, M5J 2Y1 by 3:30 p.m. (Calgary time) on May 11, 2010.

It is expected that the solicitation of proxies will be primarily by mail but may also be made by telephone, facsimile transmission or other electronic means of communication or in person by the directors, officers and employees of the Corporation. The cost of such solicitation will be borne by the Corporation.

Information contained herein is given as of April 6, 2010 unless otherwise specifically stated.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers of the Corporation. A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy with Computershare Trust Company of Canada by 3:30 p.m. (Calgary time) on May 11, 2010.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is signed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be deposited with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue 9th Floor, Toronto, Ontario, M5J 2Y1 by 3:30 p.m. (Calgary time) on May 11, 2010.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it at any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, executed by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. If a shareholder who has completed and returned a proxy attends the Meeting in

person and votes, any such votes cast by the shareholder will be counted and the proxy will be disregarded.

Voting of Proxies

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted "FOR" each item identified in the Notice of Meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting.

Notice to Beneficial Holders of Common Shares

The information set forth in this section is of importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to herein as "**beneficial shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder's name on the records of the Corporation. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, the broker/nominees are prohibited from voting common shares for their clients. The Corporation does not know for whose benefit the common shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial shareholders in order to ensure that their common shares are voted at the Meeting. Often, the form of proxy supplied to a beneficial shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder.

The Corporation has retained Computershare Trust Company of Canada ("**Computershare**") and Broadridge Financial Solutions Inc. ("**Broadridge**") to forward the meeting materials to beneficial shareholders who have not waived the right to receive meeting materials. Computershare or Broadridge will provide such beneficial shareholders with a voting instruction form, which must be completed and signed by the beneficial shareholder in accordance with the directions on the voting instruction form (which the Corporation understands will permit the completion of the voting instruction form by telephone, facsimile, Internet vote, email or regular mail). Beneficial shareholders are permitted to attend the Meeting. **Should a beneficial shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the beneficial shareholder), the beneficial**

shareholder should advise Computershare or Broadridge, as applicable, in accordance with the instructions set out on the voting instruction form.

Beneficial shareholders should carefully follow the instructions of their intermediaries or Computershare or Broadridge, including any instructions as to the time within which beneficial shareholders will be required to return voting instruction forms to the intermediaries or Computershare or Broadridge, as applicable.

Record Date

The record date for determining shareholders entitled to receive notice of and to vote at the Meeting has been fixed by the Board of Directors of the Corporation (the "**Board of Directors**" or the "**Board**") as March 26, 2010. Accordingly, a person named in the list of shareholders prepared as of that date will be entitled to vote at the Meeting, except to the extent that the person has transferred the ownership of any common shares of the Corporation after March 26, 2010 and the transferee thereof produces properly endorsed share certificates, or otherwise establishes that such transferee owns the common shares, and demands not later than 10 days before the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote such common shares at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, executive officer or anyone who held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 49,367,050 common shares of the Corporation issued and outstanding at the date of this Information Circular. Each common share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Information Circular, no person, firm or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying 10 percent or more of the voting rights attached to the voting securities of the Corporation.

BUSINESS OF THE MEETING

Financial Statements and Auditor's Report

Audited financial statements for the fiscal year ended December 31, 2009 and the report of the auditors thereon accompany this Information Circular. The presentation of such audited financial statements to the shareholders at the Meeting will not constitute a request for approval or disapproval.

Election of Directors

The articles of the Corporation provide for the Board of Directors of the Corporation to consist of a minimum of three and a maximum of twelve directors to be elected annually. At the Meeting, a Board of

eight directors is to be elected, each director to hold office until the next annual meeting of shareholders or until his successor is elected or appointed.

Except where authority to vote on the election of directors is withheld, the persons designated by the Corporation in the enclosed form of proxy intend to vote for the election of the eight nominees whose names are set forth below. If due to circumstances not at present foreseen, any of the persons named below should not be available for election, it is intended that the persons named in the accompanying form of proxy will vote FOR such other person or persons as the Board of Directors may recommend.

The following table states the names of all persons proposed to be nominated for election as directors, the position or office now held by them, if applicable, their principal occupation or employment during the preceding five years, the date on which they became directors of the Corporation and the number of shares in the capital of the Corporation beneficially owned, directly or indirectly, or over which they exercise control or direction as of April 6, 2010.

Name and Province/State and Country of Residence	Office Held	Principal Occupation	Director Since	Number of Shares Held
Scott A. Tannas Alberta, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation.	January 19, 1996	510,510
Robert G. Jennings Alberta, Canada	Director	Chairman and Chief Executive Officer of Jennings Capital Inc., an investment dealer.	August 30, 1996	114,575
J. Gregg Speirs ⁽¹⁾ Alberta, Canada	Director	Presently retired. Formerly, Director of Administration at the law firm of Bennett Jones Verchere and Senior Vice President of Aon Reed Stenhouse, an insurance broker.	October 21, 1996	32,250
Gabor Jellinek ⁽²⁾ Quebec, Canada	Director	President of G.J. Holdings Inc., a private investment company.	February 1, 2000	229,167
Phillip L. Webster ⁽¹⁾ Quebec, Canada	Director	President of Imperial Windsor Group and President of Emster Holdings Inc., private investment holding companies.	February 1, 2000	184,500
Jim Dinning ⁽¹⁾⁽²⁾ Alberta, Canada	Chairman and Director	Chairman of the Corporation.	November 20, 2002	109,963
Diane Brickner ⁽¹⁾ Alberta, Canada	Director	President and Chief Executive Officer of Peace Hills Insurance since 1990.	May 11, 2006	Nil ⁽⁴⁾

Name and Province/State and Country of Residence	Office Held	Principal Occupation	Director Since	Number of Shares Held
Bill Yuill ⁽²⁾ Alberta, Canada	Vice Chairman and Director	President of The Monarch Corporation (a private holding company).	September 22, 2004	1,720,000

Notes:

- (1) Member of the Audit Committee of the Corporation.
- (2) Member of the Corporate Governance, Conduct Review and Management Resources Committee of the Corporation.
- (3) The Corporation does not have an Executive Committee.
- (4) Ms. Brickner is the President of Peace Hills Insurance which owns 973,809 common shares.

Auditors

The Corporation recommends the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation, to hold office until the next annual meeting of the Corporation at a remuneration to be fixed by the Board of Directors. PricewaterhouseCoopers LLP have been the auditors of the Corporation since December 10, 2002.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis is intended to provide information about the Corporation's philosophy, objectives and processes regarding compensation for the executive officers of the Corporation. It explains how decisions regarding executive compensation are made and the reasoning behind these decisions.

The Corporation's executive compensation program is administered by the Corporate Governance, Conduct Review and Management Resources Committee (the "**Governance Committee**").

With respect to compensation matters, the Governance Committee has been mandated, among other things: (a) to recommend to the Board compensation policies and general human resources policies and guidelines concerning employee compensation and benefits; (b) to ensure that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management; (c) to review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, and evaluate the Chief Executive Officer's performance in light of such corporate goals and objectives; (d) to make recommendations to the Board with respect to the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer having consideration to the Governance Committee's evaluation of the Chief Executive Officer's performance and to approve compensation for all other designated officers in the Corporation after considering the recommendations of the Chief Executive Officer; (e) to implement and administer compensation policies and general human resources policies and guidelines concerning employee compensation and benefits; (f) from time to time, to review with the Chief Executive Officer the Corporation's broad policies on compensation for all employees and overall labour relations strategy for employees; and (g) to review executive compensation disclosure before the Corporation publicly discloses such information in its annual management information circular to shareholders or elsewhere.

The following individuals serve on the Governance Committee: Gabor Jellinek (Chairman), Jim Dinning and Bill Yuill. These three individuals are independent directors of the Corporation within the meaning of applicable securities legislation. All of the members of the Governance Committee are eligible to participate in the Corporation's Incentive Share Option Plan (2009).

Compensation Philosophy and Objectives of Compensation Programs

It is the policy of the Corporation that its employees receive compensation based on the following criteria; market value of the type of job they perform, internal pay equity and their level of individual performance. The Corporation's focus on performance, which has been adopted by the Board and the Governance Committee, is specifically emphasized in the executive compensation program in an effort to maintain the position of the Corporation in a highly competitive business environment. The overall compensation program of the Corporation is intended to attract and retain competent, committed individuals, who will ensure the long-term success of the Corporation, by providing appropriate awards and incentives. The compensation for all remaining executives (except as contractually provided for) is also determined by the Board upon recommendation of the Governance Committee after consideration of recommendations of the Chief Executive Officer.

Compensation Mix

The Corporation compensates its executive officers through base salary, bonuses, the award of stock options, contributions to the Employee Share Ownership Plan and benefits at levels which the Governance Committee believes are reasonable in light of the performance of the Corporation under the leadership of the executive officers. The compensation mix has varied from year to year.

The Corporation's compensation program is designed to reward the performance that contributes to the achievement of the Corporation's business strategy on both a short-term and long-term basis. In addition, the Corporation strives to reward qualities that it believes help achieve its strategy such as teamwork; individual performance in light of general economic and industry specific conditions; performance that supports the Corporation's core values; integrity and resourcefulness; the ability to manage the Corporation's existing assets; the ability to identify and pursue new business opportunities; responsibility and accountability; and tenure with the Corporation.

The following table provides a broad overview of the key elements of the Corporation's compensation program.

Compensation Element	Award Type	Objective	Key Features
Base Salary	Salary	Provides a fixed level of regularly paid cash compensation for performing day-to-day executive level responsibilities.	Recognizes each officer's unique value and historical contribution to the success of the Corporation in light of salary norms in the industry and the general marketplace.
Annual Cash Bonuses	Annual non-equity incentive plan	Motivates executive officers to achieve key corporate objectives by rewarding the achievement of these objectives.	Discretionary cash payments recommended to the Board by the Governance Committee based upon the achievement of corporate objectives and individual performance.

Compensation Element	Award Type	Objective	Key Features
Incentive Share Option Plan (2009)	Option-based award	Long-term equity-based incentive compensation that rewards long-term performance by allowing executive officers to participate in the long-term market appreciation of the Corporation's common shares. The Governance Committee believes that the granting of stock options is required in order for the Corporation to be competitive with its peers from a total remuneration standpoint and to encourage executive officer retention.	Annual and special awards, as determined appropriate by the Governance Committee, granted at market price.
Employee Share Ownership Plan	Share-based award	Long-term equity-based incentive compensation that rewards long-term performance by allowing executive officers to participate in the long-term market appreciation of the Corporation's common shares.	

Assessment of Compensation

Salary: Base salaries are competitive in the industry and are determined on the basis of outside market data as well as individual performance and experience level. The Chief Executive Officer's base salary is determined based on a general understanding of salaries paid to chief executive officers of publicly traded companies of similar size and complexity and on the relative experience and expertise of the Corporation's Chief Executive Officer and is determined by the Board upon recommendation of the Governance Committee.

Annual Cash Bonuses: The Corporation includes an annual bonus as part of its compensation program because it believes this element of compensation helps to motivate management to achieve key corporate objectives by rewarding the achievement of these objectives. The Corporation has established an annual bonus program to be competitive from a total remuneration standpoint and to recognize outstanding annual performance. Annual bonuses, if earned based upon the achievement of performance objectives, are paid in cash in the following year.

The annual bonuses paid to the Chief Executive Officer and the Chief Financial Officer are based on the overall financial performance of the Corporation. The decision to award bonuses and the quantum of such bonuses are determined by the Governance Committee having reference to three specific elements, being: the financial performance of the Corporation, the achievement of the Corporation's annual strategic plan and a subjective element.

The financial performance of the Corporation can account for up to 60% of the annual bonus program and is calculated based on the Corporation's financial performance in relation to its budgeted earnings before interest, taxes, depreciation, and amortization ("**EBITDA**"). In order for the executives to receive a financial performance related bonus, the Corporation must achieve at least 90% of its budgeted EBITDA. If the Corporation achieves 100% of its budgeted EBITDA, then the executives will receive 100% of the bonus amount related to the Corporation's financial performance (being 60% of the total annual bonus). If the Corporation exceeds 100% of its budgeted EBITDA (as it did in fiscal 2009), the bonus amount associated with the Corporation's financial performance may exceed 60% of the total annual bonus.

Achievements relating to the performance in relation to the Corporation's annual strategic plan can account for up to 20% of the annual bonus. An executive must have achieved greater than 60% of their objectives under the annual strategic plan in order to receive any bonus payment in relation to this element of the annual bonus program.

The subjective element, which is based on the input of the executive's supervisor and is awarded at the discretion of the Governance Committee, can account for up to 20% of the annual bonus.

Bonuses for the subsidiary executives are determined by using the same factors that the Corporation uses, with the exception that the factors are only in relation to each business unit and not the overall financial performance of the Corporation.

During fiscal 2009, the annual bonus earned was 100.6% of target for the President and Chief Executive Officer, the Chief Financial Officer and the President of Western Financial Group (Network) Inc. The 2009 bonuses for the President of Bank West was 50% of target based on the subjective element as the Bank did not meet its financial expectations but did meet key organizational and operating objectives. The President of Western Life Assurance Co. received a bonus that was 130% of target as the financial performance exceeded expectations. The maximum target is based on a percentage of salary which can vary year over year and by position. The 2009 bonus levels reflect an increase over the bonuses paid in fiscal 2008, during which the annual bonus earned by the Chief Financial Officer and the next three highest compensated executive officers was 80% of target and the annual bonus earned by the President and Chief Executive Officer was 40% of target. The increase in 2009 bonus awards was the product of an increase in core operating results in 2009 compared to 2008 and the performance of the individual executive in meeting their strategic plan objectives.

Long-Term Incentives: Long-term equity-based incentive compensation is an element of the Corporation's compensation policy. The Corporation believes long-term incentives align the officers' interests with the interests of the Corporation's shareholders. This element rewards long-term performance by allowing officers to participate in the long-term market appreciation of the Corporation's common shares. The Corporation feels this is required in order for the Corporation to be competitive from a total remuneration standpoint and to encourage executive officer retention. In 2009, the Corporation did not make any option awards to the Named Executive Officers, save for a grant of 50,000 options to Ms. Wood in connection with the terms of her employment.

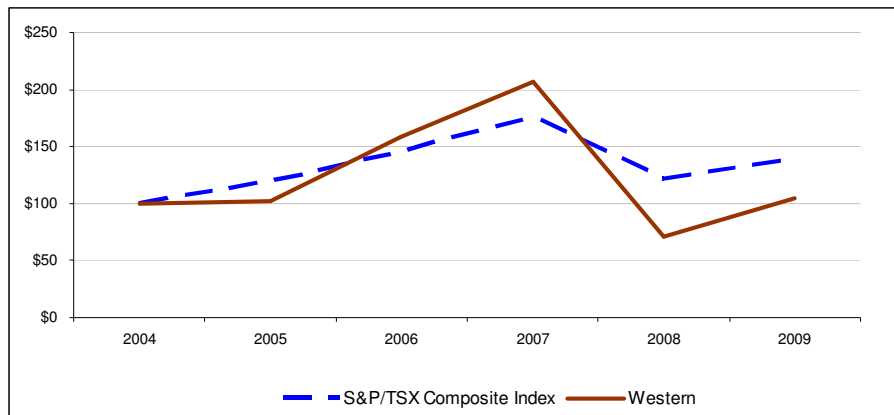
The Chief Financial Officer and the three highest compensated executive officers also participate in the Employee Share Ownership Plan. Employees and executives officers of the Corporation are entitled to contribute annually an amount up to 5% of earnings of the Corporation to the Employee Share Ownership Plan. For each dollar contributed by the Chief Financial Officer and the three named executives, up to a maximum of 5% of earnings, the Corporation will contribute three dollars.

During 2008, Mercer Human Resources Consulting ("**Mercer**") was engaged by the Governance Committee to review the competitiveness of the compensation levels of the top executives of the Corporation. Mercer's report was reviewed by the Governance Committee. Mercer was not engaged to review compensation levels in 2009.

Benefits: The Corporation supports a traditional employee benefit plan consisting of health and dental care, various forms of life and disability insurances, and an employee assistance program. The Named Executive Officers are eligible to participate in the same benefits as are offered to all full-time employees. The Corporation does not view these benefits as a significant element of its compensation structure but does believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Performance Graph

The following performance graph compares the cumulative total shareholder return on the common shares of the Corporation (assuming a \$100 investment was made on December 31, 2004 at the closing price of \$2.55) with the cumulative total return of the S&P/TSX Composite Index during the period commencing on December 31, 2004 and ending on December 31, 2009. There is no specific relationship between the compensation paid to executive officers (other than options) and the cumulative total shareholder return over this time period.



	Western	S&P/TSX Composite Index
December 31, 2004	\$100	\$100
December 31, 2005	\$103	\$119
December 31, 2006	\$159	\$145
December 31, 2007	\$207	\$176
December 31, 2008	\$71	\$121
December 31, 2009	\$104	\$140

Compensation of Executive Officers

The following table sets forth information with respect to the compensation awarded to the Corporation's Chief Executive Officer, Chief Financial Officer and the next three highest compensated executive officers (the "Named Executive Officers") during the years ended December 31, 2008 and December 31, 2009 and bonuses earned by such Named Executive Officers in respect of achievements attained over the same period.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long-Term Incentive Plans (\$)		
Scott Tannas President and Chief Executive Officer	2009	312,000	—	—	157,800	—	—	469,800
	2008	309,000	250,000	—	62,400	—	—	621,400
Catherine Rogers Executive Vice-President, Finance and Administration, Chief Financial Officer and Corporate Secretary ⁽⁴⁾	2009	262,300 ⁽³⁾	30,420	—	112,200 ⁽³⁾	—	—	404,920 ⁽³⁾
	2008	200,850	27,690	21,225	56,784	—	—	306,549
Bruce David Ratzlaff President, Bank West	2009	268,054	40,208	—	40,000	—	—	348,262
	2008	253,586	34,960	21,225	81,147	—	—	390,918
Lana J. Wood President, Western Financial Group (Network) Inc.	2009	250,000	37,500	36,679	88,025	—	—	412,204
	2008	250,000	34,375	21,225	70,000	—	—	375,600
Dominique Grégoire President, Western Life Assurance Co. ⁽⁵⁾	2009	200,000	30,000	—	80,000	—	—	310,000
	2008	97,820	—	21,400	28,000	—	—	147,220

Notes:

- (1) This amount represents funds contributed by the Corporation pursuant to the Employee Share Ownership Plan. See "Employee Share Ownership Plan".
- (2) The value of option-based awards have been calculated using the Black-Scholes-Merton Model.
- (3) The reported amounts represent bonuses which are based on prior year performance, but paid in the current year.
- (4) Ms. Rogers' compensation for the year ended December 31, 2009 is inclusive of a salary of \$59,500 and a bonus of \$40,000 in connection with her office as Chief Financial Officer of Bank West, one of the Corporation's subsidiaries.
- (5) Ms. Grégoire appointed as the President of Western Life Assurance Co. in November 2008. Her compensation includes approximately \$65,200 in connection with her employment with the Corporation in 2008 prior to her appointment to Western Life Assurance Co.

Outstanding Option-Based and Share-Based Awards

The following table sets forth information with respect to the outstanding awards granted to the Corporation's Named Executive Officers as of December 31, 2009.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ⁽²⁾ (\$)
Scott Tannas	–	–	–	–	269,214	699,956
Catherine Rogers	25,000	4.06	May 12, 2013	–	32,341	84,087
Bruce David Ratzlaff	25,000	4.06	May 12, 2013	–	35,674	92,752
Lana J. Wood	25,000 50,000	4.06 2.47	May 12, 2013 November 30, 2014	– 6,500	33,740 –	87,724 –
Dominique Grégoire	25,000	3.52	July 1, 2011	–	20,161	52,419

Notes:

- (1) All of the options that vested in 2009 were granted at \$4.06 per common share, with the exception of 50,000 options which were granted at \$2.47 per common share and 8,333 options that were granted at \$3.52 per common share. The closing market price of the common shares on the TSX on December 31, 2009 was \$2.60.
- (2) Based on the closing market price of the common shares on the TSX on December 31, 2009 of \$2.60 per common share.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth information with respect to the value of awards granted to Named Executive Officers that have vested during the year ended December 31, 2009 and bonuses paid to Named Executive Officers in respect of achievements attained over the same period.

Name	Option-Based Awards - Value Vested During Year (\$)	Share-Based Awards - Value Vested During Year ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation- Value Earned During Year (\$) ⁽²⁾
Scott Tannas	–	–	157,800
Catherine Rogers	–	9,566	112,200
Bruce David Ratzlaff	–	11,675	40,000
Lana J. Wood	–	10,215	88,025
Dominique Grégoire	–	–	80,000

Notes:

- (1) Based on the information provided by Solium Capital Inc.
- (2) Bonuses are based on prior year performance, but paid in the current year.

Employment Contracts and Termination Agreements

As at December 31, 2009, except as disclosed below, there were no employment contracts or arrangements between the Corporation and any Named Executive Officer or any compensatory plan, contract or arrangement in place where a Named Executive Officer was entitled to payment in the event of resignation, retirement or termination other than an employment agreement between the Corporation and Ms. Lana J. Wood dated November 1, 2004.

This employment agreement entitles Ms. Wood to a base salary of \$150,000 per year which can increase annually based on the satisfaction of certain performance criteria subject to a maximum base salary of \$250,000. In addition, Ms. Wood is entitled to receive an annual performance bonus of up to 25% of her base salary. Any bonus earned by Ms. Wood is based on the satisfaction of certain performance criteria and the approval of the Governance Committee. The employment agreement also provides that the Corporation will contribute to Employee Share Ownership Plan, on behalf of Ms. Wood, an amount equal to two times Ms. Wood's annual contribution to the Employee Share Ownership Plan.

Ms. Wood agreed that for a period of 24 months immediately following the date of termination of her employment, she will not solicit for herself or any other person, organization or business combination, in any manner whatsoever, any customer or former customer of the Corporation with whom she dealt during her employment for the business of selling or arranging for insurance policies and services similar in purpose and function to the insurance policies and services sold or arranged by the Corporation during her employment. The employment agreement also contains non-solicitation and confidentiality covenants in favour of the Corporation. The Corporation has the right to terminate Ms. Wood upon notice or payment in lieu of notice, provided the payment is based on no less than one year's annual base salary. As a result, if the Corporation determined to terminate Ms. Wood without notice, she would be entitled to receive an amount not less than \$250,000 based on her annual salary as of December 31, 2009.

Although there is currently no employment contract in place for Scott Tannas, the President and Chief Executive Officer of the Corporation, Catherine Rogers, the Executive Vice-President, Finance and Administration, Chief Financial Officer and Corporate Secretary of the Corporation, nor Dominique Grégoire, the President of Western Life Assurance Co., the Board of Directors has approved change of control agreements that have been entered into with each of these individuals. Lana Wood, President of Western Financial Group (Network) Inc., has also entered into a similar agreement with the Corporation. According to the these agreements, a Change of Control is defined as occurring when (i) there is an acquisition of 50% or more of the outstanding voting shares of the Corporation (with the exclusion of issuances or sales of voting shares of the Corporation to investment dealers or underwriters pursuant to a prospectus offering or pursuant to an offering by way of private placement); (ii) there is a sale, lease or exchange of all or substantially all of the Corporation's property; (iii) less than 50% of the members of the directors proposed by the Corporation to the Corporation's shareholders are elected to the Board of the Directors; or (iv) a transaction is completed which would have the same or similar effects to (i), (ii) or (iii) above. If these individuals are asked to accept a reduction in duties/title during or within one year following a Change of Control, these individuals would be paid a bonus in an amount equal to one times their annual salary (calculated as the greater of their annual salary for the year prior to the Change of Control and their annual salary after the Change of Control ("**Annual Salary**")) plus bonus (being, 50% of the individual's Annual Salary ("**Bonus**")). Further, these individuals would be permitted to resign anytime within six months after the reduction in duties/title and would be entitled to receive a further severance payment of six months of their Annual Salary and Bonus. If any of these individuals are terminated (except for cause) within one year after a Change of Control, a severance of 18 months Annual Salary and Bonus would be paid. Additionally, upon a change of control, all the long-term incentives attributable to these individuals would vest.

If a Change of Control were to occur, based on their current salary and bonus (based on 50% of their current salary) and the vesting of all long-term incentives attributable to these individuals, as of December 31, 2009, Mr. Tannas, Ms. Rogers, Ms. Wood and Ms. Grégoire would be entitled, in the case of a severance, to eighteen months Annual Salary and Bonus, which amounts would equate to \$1.4 million, \$675,000, \$650,000 and \$500,000, respectively.

Employee Share Ownership Plan

On March 23, 1999, the Board of Directors of the Corporation approved an employee share ownership plan (the "**Employee Share Ownership Plan**"). Certain employees, including executive officers of the Corporation, are entitled to contribute annually an amount up to 5% of earnings to the Employee Share Ownership Plan. For each dollar contributed by the employee to the plan, the Corporation will generally contribute one dollar. However, the Corporation retains the discretion to vary the amount it contributes to the plan and to make individual grants to address the compensation goals of the Corporation as determined by the Governance Committee. Funds contributed to the plan will be used to purchase common shares of the Corporation on the open market and the funds contributed and common shares acquired will be subject to certain vesting conditions. Generally, the common shares purchased vest in thirds over a three year period.

SECURITIES ISSUABLE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of common shares to be issued upon exercise of outstanding options issued pursuant to equity compensation plans, the weighted average exercise price of such outstanding options and the number of common shares remaining available for future issuance under equity compensation plans of the Corporation, as at December 31, 2009.

<u>Plan Category ⁽¹⁾</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</u>
Equity compensation plans approved by securityholders	645,000	\$3.50	1,328,325
Equity compensation plans not approved by securityholders	—	—	—
Total	645,000	\$3.50	1,328,325

Note:

(1) All of these securities are common shares reserved for issuance pursuant to stocks granted under the Corporation's Incentive Share Option Plan (2009).

Incentive Share Option Plan (2009)

There are currently 1,328,325 common shares reserved and available for issuance pursuant to the Corporation's Incentive Share Option Plan (2009) (the "**Plan**") representing approximately 4.0% of the Corporation's issued and outstanding common shares. 645,000 common shares are currently outstanding pursuant to option grants representing approximately 1.3% of the Corporation's issued and outstanding common shares. To date, no options have been exercised to acquire common shares pursuant to the Plan.

Pursuant to the Plan, common shares maybe granted to employees, officers or directors of the Corporation or its subsidiaries or any person or company engaged to provide ongoing management or consulting services to the Corporation ("**Eligible Participants**").

Principal features of the Plan include the following:

- The number of authorized but unissued common shares that may be issued upon the exercise of options granted under the Plan at any time (plus the number of common shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation) shall not exceed 4% of the issued and outstanding common shares on a non-diluted basis at any time, and such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes. In addition, the options granted under the Plan, together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in the following: (a) the aggregate number of securities issuable to insiders, at any time, under all security based compensation arrangements, exceeding 10% of the issued and outstanding securities of the Corporation; (b) the number of securities issued to insiders under all security based compensation arrangements, within a one-year period, exceeding 10% of the issued and outstanding securities of the Corporation; (c) The issuance to any one insider (and associates), within a one-year period, exceeding 10% of the issued and outstanding securities of the Corporation; and (d) the number of common shares subject to options under the Plan held by any one person (and the associates of such person) exceeding 10% of the issued and outstanding securities of the Corporation.
- The exercise price of each option is determined by the Board of Directors at the time of granting the options and shall not be less than the closing price of the common shares on the TSX on the last trading day preceding the date of the grant. Pursuant to the terms of the Plan, the Board of Directors has the discretion to determine the term and vesting provisions of the options at the time of the grant.
- options are exercisable during an optionee's term of employment as an employee or officer or period of service as a director of the Corporation. The Board of Directors, in its discretion at the time of the grant, shall determine whether any or all of the options shall be exercisable for a period following the date of termination of employment or service.
- options may be granted for such term as the Board of Directors, in its discretion at the time of the grant, shall determine, which term shall not be less than one year or more than ten years from the date of grant. In the event that such term is scheduled to expire within a period of time imposed by the Corporation, pursuant to the Corporation's policies, as a period in which certain designated persons may not trade in securities of the Corporation (a "**Black-Out Period**"), or within ten (10) business days immediately after a Black-Out Period ends, the new expiry date of the options shall be ten (10) business days from the date any Black-Out Period ends.
- The Board of Directors retains the right to amend from time to time or to suspend, terminate or discontinue terms and conditions of the Plan by resolution of the Board of Directors. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the TSX. Any amendments to the Plan shall take effect only with respect to options granted after the effective date of such amendment, provided that it may apply to any outstanding options with the mutual consent of the Corporation and the optionees to whom such options have been granted. The Board of Directors shall have the power and authority to approve amendments relating to the Plan or a specific option without further approval of the shareholders or any optionee whose option is amended or terminated, including, without limitation, to the extent that such amendment: (a) is for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan; (b) is necessary to comply with applicable law or the requirements of any stock exchange on which the common shares are listed; (c) is an amendment to the Plan respecting

administration and eligibility for participation under the Plan; (d) changes the terms and conditions on which options have been or may be granted pursuant to the Plan including the provisions relating to exercise price, vesting provisions and option term; (e) alters, extends or accelerates the terms of vesting applicable to any option; (f) changes the termination provisions of an option or the Plan which does not entail an extension beyond the original expiry date; or (g) is an amendment to the Plan of a "housekeeping nature", provided that in the case of any alteration, amendment or variance referred to in (a) or (b) above, the alteration, amendment or variance does not: amend the number of common shares issuable under the Plan; add any form of financial assistance by the Corporation for the exercise of any option; result in a material or unreasonable dilution in the number of outstanding common shares or any material benefit to an optionee; or change the class of eligible participants to the Plan which would have the potential of broadening or increasing participation by insiders of the Corporation.

- The Board of Directors may amend the exercise price, the option term and the termination provisions of options granted pursuant to the Plan, without shareholder approval, provided that if the Board of Directors proposes to reduce the exercise price or extend the terms of options granted to insiders of the Corporation pursuant to the Plan (unless such extension is pursuant to any Black-Out Period that may be in effect), such amendments will require shareholder approval.
- options may be surrendered, unexercised in consideration of the receipt by the optionee of an amount equal to the excess, if any, of the aggregate fair market value of the common shares (based on the market price of the common shares on the TSX on the trading day immediately preceding the date of surrender) able to be purchased pursuant to the vested and exercisable portion of such options on the date of surrender, over the aggregate exercise price for those common shares pursuant to those options.
- options to be granted under the Plan shall not be assignable or transferable by Eligible Participants.

The terms of the Plan were approved by shareholders of the Corporation at the annual and special meeting held on May 14, 2009.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the aggregate indebtedness of all executive officers, directors, employees and their associates and former executive officers, directors and employees of the Corporation or any of its subsidiaries as of April 6, 2010:

Purpose	Aggregate Indebtedness To the Corporation or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	\$1,889,622	Nil

The table below outlines certain indebtedness of the directors and executive officers of the Corporation, each proposed nominee for director of the Corporation and the associates of such persons pursuant to securities purchase and other programs, since the beginning of the most recently completed financial year of the Corporation.

<u>Name and Position</u>	<u>Involvement of the Corporation</u>	<u>Largest Amount Outstanding During 2009 (\$)</u>	<u>Amount Outstanding at March 31, 2010 (\$)</u>	<u>Financially Assisted Securities Purchases During 2009</u>	<u>Security for Indebtedness</u>	<u>Amount Forgiven During 2009</u>
Jennings Capital Inc. ⁽¹⁾	lender	3,939,622	1,889,622	Nil	Nil	Nil
Scott A. Tannas, President and Chief Executive Officer ⁽²⁾	lender	165,000	165,000	Nil	100,000 common shares of the Corporation ⁽³⁾	Nil

Notes:

- (1) The Corporation has invested in Jennings Capital Inc. through the issuance of an unsecured, non-interest bearing demand note. Management of the Corporation does not intend to request payment of the note during the 2010 fiscal year. Robert G. Jennings, a director of the Corporation, is the Chairman of Jennings Capital Inc.
- (2) Pursuant to a loan agreement dated November 21, 2008, the Corporation provided a personal loan in the amount of \$300,000 to Mr. Tannas. The loan bears interest at a rate of prime plus 2% and matures on November 20, 2013.
- (3) Tannas Tourism Strategies Ltd., the guarantor, has pledged 100,000 common shares of the Corporation as collateral security for the loan to Mr. Tannas pursuant to a share pledge agreement dated November 21, 2008.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

No informed person or proposed nominee for election as a director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect in any transaction since the beginning of the Corporation's last completed financial year or in any proposed transaction which, in either such case, has materially affected or would materially affect the Corporation or any of its subsidiaries except as otherwise disclosed in this Information Circular.

CORPORATE GOVERNANCE

General

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of the shareholders but that it also promotes effective decision making at the Board level. The Board is of the view that its approach to corporate governance is appropriate and complies with the objectives and guidelines relating to corporate governance set forth in National Instrument 58-201 - *Corporate Governance Guidelines*.

The Board of Directors

Responsibilities and Duties

The Board is charged with the responsibility to oversee the conduct of the Corporation's business, to provide direction to management and ensure all major issues affecting the business affairs of the Corporation are given proper consideration. With the assistance of senior management, who report on the risks of the business, the Board considers, assesses and oversees the management of business risks affecting the Corporation.

The Board is responsible for appointing the Chief Executive Officer and is consulted on the appointment of other senior officers. The Board, with the assistance of the Governance Committee, formally reviews

the Chief Executive Officer's remuneration, sets performance criteria applicable to the Chief Executive Officer and monitors his success in meeting performance targets. The mandate of the Board also requires the Board to consider and plan for Chief Executive Officer and senior officer succession.

Independence

The Board consists of eight directors who provide the Corporation with a wide diversity of business experience. Seven of the Board members (representing 87.5% of the Board), being Messrs. Dinning, Jellinek, Jennings, Speirs, Webster, Yuill and Ms. Brickner are independent directors as such term is defined by National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Each of the independent directors has no direct or indirect material relationship with the Corporation, including any business or other relationship, which could reasonably be expected to interfere with the director's ability to act with a view to the best interests of the Corporation or which could reasonably be expected to interfere with the exercise of the director's independent judgement.

Mr. Scott Tannas is not considered by the Board to be an independent director within the meaning of NI 58-101 as he is an executive officer of the Corporation.

The members of the Board have diverse backgrounds and expertise, and were selected in the belief that the Corporation benefits materially from such a broad range of experience and talent. Additional information for each of the directors can be found under the heading "Business of the Meeting - Election of Directors".

The Board has adopted governance guidelines consistent with NI 58-101 which provide, among other things, that the Board shall consist of a majority of independent directors.

Other Directorships

The following directors currently serve on the board of directors or trustees of the issuers listed below, each of which are reporting issuers:

<u>Name</u>	<u>Name of other Reporting Issuer</u>
Jim Dinning	Liquor Stores Income Fund Oncolytics Biotech Inc. Parkland Income Fund Russel Metals Inc. Bronco Energy Ltd.
Gabor Jellinek	Velan Inc. Cancor Mines Inc.
Robert G. Jennings	World Point Terminals Inc.
Scott A. Tannas	Stem Cell Therapeutics Corp.
Phillip L. Webster	Erdene Resource Development Corp. Advanced Primary Minerals Corp.
Bill Yuill	Shaw Communications Inc.

Board Meetings

The Board intends to hold four regularly scheduled meetings each year, as well as additional meetings as required. At each regularly scheduled meeting of the Board, independent directors meet *in camera* so that they will have an opportunity to discuss matters of the Corporation in the absence and independent of management of the Corporation.

Board Meetings without Management

The independent members of the Board are authorized to retain independent financial, legal and other experts as required whenever, in their opinion, matters come before the Board which require an independent analysis by the independent members of the Board.

Chairman of the Board

The Board has appointed Jim Dinning, an independent director, to act as the Chairman of the Board to ensure the Board acts independently of management and properly discharges its responsibilities. See "Mandate of the Board". Mr. Dinning has served as Chairman of the Board since September 2004.

Attendance Record

The attendance record for each director for all Board meetings held during the year ending on December 31, 2009, is set out below. The Corporation held five regularly scheduled Board meetings and seven other meetings in 2009. The Board has not established any required attendance levels for Board and Committee meetings. In setting the regular meeting schedule, care is taken to ensure that meeting dates are set to accommodate directors' schedules, so as to encourage full attendance.

<u>Name of Director</u>	<u>Attended/Board Regularly Scheduled</u>	<u>Attended/Board Other</u>	<u>Audit Committee</u>	<u>Corporate Governance, Conduct Review and Management Resources Committee</u>
Diane Brickner	3/5	6/7	4/4	-
Jim Dinning	5/5	7/7	4/4	4/4
Gabor Jellinek	5/5	4/7	-	4/4
Robert G. Jennings	5/5	7/7	-	-
J. Gregg Speirs	5/5	7/7	4/4	-
Scott A. Tannas	5/5	7/7	-	-
Phillip L. Webster	5/5	4/7	4/4	-
Bill Yuill	5/5	6/7	-	4/4

Compensation of Directors

The outside directors of the Corporation are entitled to an annual retainer of \$10,000 plus a maximum fee of \$500 for each Board of Directors meeting attended in person and \$375 for each meeting attended by teleconference. In addition, the Chairman of the Audit Committee is entitled to an additional annual retainer of \$15,000 and the members of the Audit Committee receive a fee of \$500 for each Audit Committee meeting attended in person or by teleconference. The Chairman of the Governance Committee is entitled to an annual retainer of \$2,500 and the members of the Governance Committee receive a fee of \$375 for each meeting attended in person or by teleconference. The Chairman of the Board receives an annual retainer of \$25,000 in Employee Share Ownership Plan contributions. Two directors receive a travel allowance of \$500 per meeting scheduled meeting attended. All of the directors of the Corporation are also reimbursed for miscellaneous out-of-pocket expenses incurred in carrying out their duties as directors.

Directors of the Corporation participate with officers, employees and consultants or advisors in stock options granted pursuant to the Incentive Share Option Plan (2009) and received a total of 73,000 stock options during the 2009 fiscal year.

The following table sets forth the total amount of compensation paid to the directors of the Corporation in respect of services provided during the year ended December 31, 2009.

Name	Fees Earned ⁽¹⁾ (\$)	Share-Based Awards (\$)	Option- Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Diane Brickner	15,750	—	4,438	—	—	20,188
Jim Dinning	43,625 ⁽³⁾	—	4,438	—	—	48,063
Gabor Jellinek	20,500	—	5,104	—	—	25,604
Robert G. Jennings	15,125	—	4,438	—	—	19,563
J. Gregg Speirs	32,125	—	5,104	—	—	37,229
Scott A. Tannas ⁽⁴⁾	—	—	—	—	—	—
Phillip L. Webster	18,000	—	4,438	—	—	22,438
Bill Yuill	16,250	—	4,438	—	—	20,688

Notes:

- (1) Includes both annual retainers and meeting attendance fees.
- (2) The value of option-based awards have been calculated using the Black-Scholes-Merton Model.
- (3) Of this amount, \$25,000 represents contributions by the Corporation to the Employee Share Ownership Plan as payment of the annual retainer for acting as Chairman of the Board of the Corporation.
- (4) Mr. Tannas is the President and Chief Executive Officer of the Corporation and does not receive any compensation for serving as a director of the Corporation. Information relating to the compensation received by Mr. Tannas for acting as an officer of the Corporation for the 2009 and 2008 fiscal years is included in the "Compensation of Executive Officers" table found on page 9 of this Information Circular.

Each director of the Board is compensated for all reasonable out-of-pocket expenses incurred incidental to attending Board/committee meetings. For the 2009 fiscal year, an aggregate of \$29,393 was reimbursed to the directors for such out-of-pocket expenses.

Director Outstanding Option-Based and Share-Based Awards

The following table sets forth information with respect to the outstanding awards granted to the Corporation's directors as of December 31, 2009.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)
Diane Brickner	10,000	4.90	May 15, 2012	-	-	-
	10,000	4.06	May 12, 2013	-		
	10,000	1.70	May 20, 2014	9,000		
Jim Dinning	10,000	2.14	May 2, 2010	4,600	-	-
	10,000	3.02	May 31, 2011	-		
	10,000	4.90	May 15, 2012	-		
	10,000	4.06	May 12, 2013	-		
	10,000	1.70	May 20, 2014	9,000		
Gabor Jellinek	11,500	2.14	May 2, 2010	5,290	-	-
	11,500	3.02	May 31, 2011	-		
	11,500	4.90	May 15, 2012	-		
	11,500	4.06	May 12, 2013	-		
	11,500	1.70	May 20, 2014	10,350		
Robert G. Jennings	10,000	2.14	May 2, 2010	4,600	-	-
	10,000	3.02	May 31, 2011	-		
	10,000	4.90	May 15, 2012	-		
	10,000	4.06	May 12, 2013	-		
	10,000	1.70	May 20, 2014	9,000		
J. Gregg Speirs	11,500	2.14	May 2, 2010	5,590	-	-
	11,500	3.02	May 31, 2011	-		
	11,500	4.90	May 15, 2012	-		
	11,500	4.06	May 12, 2013	-		
	11,500	1.70	May 20, 2014	10,350		
Scott A. Tannas ⁽¹⁾	-	-	-	-	-	-
Phillip L. Webster	10,000	2.14	May 2, 2010	4,600	-	-
	10,000	3.02	May 31, 2011	-		
	10,000	4.90	May 15, 2012	-		
	10,000	4.06	May 12, 2013	-		
	10,000	1.70	May 20, 2014	9,000		
Bill Yuill	10,000	4.90	May 15, 2012	-	-	-
	10,000	4.06	May 12, 2013	-		
	10,000	1.70	May 20, 2014	9,000		

Notes:

- (1) Mr. Tannas is the President and Chief Executive Officer of the Corporation and does not receive any compensation for serving as a director of the Corporation. Information relating to outstanding awards granted to Mr. Tannas is included in the "Outstanding Share-Based and Option-Based Awards Table" found on page 10 of this Information Circular.

Director Incentive Plan Awards - Value Vested or Earned During the Year

All of the options that vested in 2009 were granted at \$4.06 per common share. As the closing market price of the common shares on the TSX on December 31, 2009 was \$2.60, no value would have been realized by the Corporation's directors.

Mandate of the Board

The Board has the responsibility for the stewardship of the Corporation and has adopted a formal mandate setting out the Board's stewardship responsibilities including the Board's responsibilities with respect to oversight of the operation of the Corporation's business. The written mandate of the Board, which describes in detail its obligations and responsibilities, is disclosed as Schedule "A" to this Information Circular and is also available on the Corporation's website at www.westernfinancialgroup.ca. In carrying

out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances and as well is responsible for the Corporation's dividend policy and debt and borrowing policies. The Board strives to ensure that actions taken by the Corporation correspond closely with the objectives of the shareholders. The Board will meet at least once annually to review in depth the Corporation's strategic plan and it reviews the Corporation's resources which are required to carry out the Corporation's growth strategy and to achieve its objectives.

The mandate of the Board will be reviewed by the Board annually.

Position Descriptions

Chairman of the Board

The Board has adopted terms of reference with respect to the Chairman of the Board's role. The Chairman of the Board is charged with ensuring that the Board carries out its responsibilities and that these responsibilities are clearly understood by all of its members. The Chairman of the Board also ensures that the Board can function independently of management, that the necessary resources and procedures are available or in place to support its responsibilities and that the appropriate functions are delegated to the relevant committees. The Chairman of the Board is responsible for overseeing and setting agendas for meetings of the Board, for the quality of information sent to directors and for the *in camera* sessions held among the independent directors at each Board meeting. The Chairman's position description is available on the Corporation's website at www.westernfinancialgroup.ca.

Chief Executive Officer

Day-to-day leadership and management of the Corporation are the responsibility of the President and Chief Executive Officer and other management, subject to the Board's stewardship. The Chief Executive Officer is responsible to lead and manage the Corporation within parameters established by the Board and its relevant committees. The Chief Executive Officer is also responsible for developing and recommending strategic plans to the Board and for involving the Board in the early stages of strategy development. Additionally, the Chief Executive Officer is expected to successfully implement capital and operating plans; report regularly to the Board on the progress and results compared with the operating and financial objectives and initiate courses of action for improvement; develop and maintain a sound, effective organization structure; and ensure progressive employee training and development programs. The Chief Executive Officer's position description is available on the Corporation's website at www.westernfinancialgroup.ca.

In addition to the above, the Board has also developed a written position for the Chairman of the Audit Committee and the Chairman of the Governance Committee.

Nomination of Directors

The mandate of the Governance Committee includes consideration of issues related to the selection, nomination, education and remuneration of directors. The Governance Committee is comprised entirely of independent directors.

The Governance Committee is mandated to, among other things: (a) consider the appropriate size of the Board with a view to facilitating effective decision making; (b) in consultation with the Board, to

establish criteria for Board membership, considering the competencies and skills of the Board, as a whole, should possess and assessing the competencies and skills of each existing director and any new nominees; and (c) to propose to the Board annually the members proposed for re-election and identify and, where appropriate, recommend new nominees.

Orientation and Continuing Education

The Corporation has not adopted a formalized process of orientation for new Board members. However, the Governance Committee is mandated as may be required from time to time to oversee an orientation and education program for new directors and ongoing educational opportunities for all directors. No such programs have been implemented to date.

All directors have been provided with a base line of knowledge about the Corporation which serves as a basis for informed decision making. This includes a combination of written material, one on one meetings with senior management of the Corporation, site visits and other briefings and training, as appropriate.

Directors are kept informed as to matters impacting, or which may impact, the Corporation's operations through regular communications from management and reports and presentations at the quarterly Board meetings.

Assessments

The Governance Committee is mandated to establish and administer a process for assessing the effectiveness of the Board as a whole and the committees of the Board. An assessment of the Board as a whole involves asking directors to assess the effectiveness of the organization of the Board, the effectiveness of its meeting process, the adequacy and quality of materials and other presentations provided to the Board and the ability of individual directors to contribute to the Board. The directors have also been asked to complete self-assessments, designed to assist in determining an individual director's contribution to the Board.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct Policy for the Corporation and a Code of Ethics for the President and Chief Executive Officer, Chief Financial Officer and Senior Financial Supervisors of the Corporation (collectively, the "**Code**"). The Code has been filed on and is accessible through SEDAR at www.sedar.com. A copy of the Code may also be obtained upon request from the Corporate Secretary at 1010 - 24th Street S.E., High River, Alberta, T1V 2A7, Telephone: (403) 652-2663 and is available on the Corporation's website at www.westernfinancialgroup.ca.

The Board expects the employees of the Corporation to act ethically at all times and to acknowledge their adherence to the policies comprised in the Code. Any material issues regarding compliance with the Code are brought forward by management at either the Board or appropriate committee meetings, or are referred to the senior executive officers of the Corporation, as may be appropriate in the circumstances. The Board and/or appropriate committee or senior executive officers determine what remedial steps, if any, are required. Any waivers from the Code that are granted for the benefit of a director or an employee may be granted only by the Board. The Board has not granted any such waivers since the inception of the Corporation.

Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself from any

discussion or decision on any matter on which the director is precluded from voting as a result of a conflict of interest.

The Board has reviewed and approved a corporate disclosure policy and an insider trading policy for the Corporation, in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market in accordance with applicable securities legislation. The Board has also implemented a whistle-blower policy, to promote, among other things, the disclosure and reporting of any serious weaknesses which may affect the financial stability and assets of the Corporation and its operating entities.

Other Board Committees and their Mandates

The Board has two committees. The committees are: the Audit Committee and the Governance Committee. Each committee has been constituted with independent directors.

Audit Committee

The Audit Committee consists of J. Gregg Speirs (Chairman), Jim Dinning, Diane Brickner and Phillip L. Webster. All members of the Audit Committee are independent and financially literate (as determined by Multilateral Instrument 52-110, *Audit Committees* ("**MI 52-110**")). The Audit Committee reviews the Corporation's interim unaudited consolidated financial statements and annual audited consolidated financial statements and certain corporate disclosure documents including the annual information form, management's discussion and analysis and annual and interim earnings press releases before they are approved by the Board. The Audit Committee reviews and makes a recommendation to the Board in respect of the appointment and compensation of the external auditor and it monitors accounting, financial reporting, control and audit functions. The Audit Committee meets to discuss and review the audit plans of external auditors and is directly responsible for overseeing the work of the external auditor with respect to preparing or issuing the auditor's report or the performance of other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee questions the external auditor independently of management and reviews a written statement of its independence based on the criteria found in the recommendations of the Canadian Institute of Chartered Accountants. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and it periodically assesses the adequacy of those procedures. The Audit Committee must approve or pre-approve, as applicable, any non-audit services to be provided to the Corporation by the external auditor. In addition, it reviews and reports to the Board on the Corporation's risk management policies and procedures and reviews the internal control procedures to determine their effectiveness and to ensure compliance with the Corporation's policies and avoidance of conflicts of interest. The Audit Committee has established procedures for dealing with complaints or confidential submissions which come to its attention with respect to accounting, internal accounting controls or auditing matters.

The Audit Committee charter and further disclosure with respect to the members and actions of the Audit Committee pursuant to MI 52-110 are included in Appendix "A" to the Corporation's Annual Information Form dated March 31, 2009.

Corporate Governance, Conduct Review and Management Resources Committee

The Governance Committee consists of Gabor Jellinek (Chairman), Jim Dinning and Bill Yuill. The Governance Committee is responsible for recommending to the Board suitable candidates for director positions. The selection assessment includes a wide array of factors deemed appropriate, all in the context

of an assessment of the perceived needs of the Board and the Corporation at the time. In addition, the Governance Committee assists the Board on corporate governance issues including assessing the effectiveness of the Board, its members and its committees.

The Governance Committee's mandate also includes reviewing the Corporation's human resources policies and procedures and compensation and incentive programs. The Governance Committee is responsible for assessing senior management's performance and recommending senior management compensation to the Board. The Governance Committee reviews the adequacy and form of directors' compensation and makes recommendations designed to ensure that directors' compensation adequately reflects the responsibilities of the Board. The Governance Committee also administers the Plan and makes recommendations to the Board respecting grants of options thereunder.

OTHER BUSINESS

Management is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters that properly may come before the Meeting.

ADDITIONAL INFORMATION

Copies of the Corporation's most recent annual information form and any information incorporated therein by reference, the Corporation's audited financial statements as at and for the year ended December 31, 2009 and other information relating to the Corporation may be obtained on the SEDAR website at www.sedar.com or from the Executive Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary of the Corporation at 1010 - 24th Street S.E., High River, Alberta, T1V 2A7. Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the year ended December 31, 2009, which are contained in the annual report of the Corporation for the year ended December 31, 2009.

SCHEDULE "A"

WESTERN FINANCIAL GROUP INC.

Board of Directors Terms of Reference

The Board of Directors (the "Board") of Western Financial Group Inc. (the "Corporation") shall have the oversight responsibility, authority and specific duties as described below.

Composition of the Board

Directors and Chairman

The Board is elected annually by the shareholders and consists of a minimum of 3 directors and a maximum of 12 directors as determined from time to time by the directors. The Board shall appoint a chairman (the "Chairman") from amongst the directors which comprise the Board. The majority of the directors must be independent, as defined under applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

The Chairman of the Board acts as Chair of all meetings of the Board and shareholders of the Corporation. The Chairman is responsible for ensuring that the Board's agenda enables the Board to successfully carry out its duties.

Committees

In addition to any other committees (including special committees) which the Board may in its discretion constitute from time to time, the Board shall have the following standing committees:

- Audit Committee; and
- Governance Committee.

Certain of the responsibilities of the Board may be delegated to these or other committees of the Board. The composition and responsibilities of these and other committees of the Board will be as set forth in their terms of reference, as amended from time to time.

Committee members shall be appointed by the Board. The chair of each committee may be designated by the Board or, failing that, by the members of the particular committee. At each meeting of the Board, the chair of each committee (or such committee member as the chair may designate) shall report the results of meetings and reviews undertaken and any associated recommendations.

Board Membership Nomination and Evaluation

The Board has delegated the responsibility of recommending new nominees to the Governance Committee. The Governance Committee shall, among other things, be responsible for recommending director candidates to the full Board. The Governance Committee will recommend new candidates according to its policies and principles in its terms of reference. As well, the Governance Committee will provide an orientation program for new directors.

The Board shall ensure that there is a process in place for annually evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors based on their applicable terms of reference or position description.

Communication

To ensure that the Corporation has in place policies and programs that enable the Corporation to communicate effectively and in a timely manner with its shareholders, other stakeholders, analysts and the public generally the Board has adopted a corporate disclosure policy. The Board will review the Corporate Disclosure Policy annually to ensure its objectives are being achieved.

Meetings and Record Keeping

The Board shall meet regularly and at least quarterly at such times and at such locations as the Chairman shall determine:

1. Notice of meetings shall be given to each Director not less than 48 hours before the time of the meeting. Meetings of the Board may be held without formal notice if all of the Directors are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. The notice of the meeting may be delivered personally, given by mail, facsimile or other electronic means of communication.
2. Each member of the Board is expected to attend Board meetings and meetings of committees on which he or she is a member and to be familiar with deliberations and decisions as soon as possible after any missed meetings. Members of the Board are expected to prepare for meetings by reviewing the meeting materials distributed to members of the Board, to the extent feasible, prior to such meetings.
3. The independent directors of the Board shall regularly hold *in camera* sessions of the Board, without non-independent directors present, and at such times as the independent directors determine advisable.
4. A quorum for meetings shall be a majority of the members of the Board, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.
5. If the Chairman is not present at any meeting of the Board, one of the other directors who is present at the meeting shall be chosen by the Board to preside at the meeting.
6. The Chairman shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Board with sufficient time for study prior to the meeting.
7. Every question at a Board meeting shall be decided by a majority of the votes cast. In the event of an equality of votes, the Chairman shall not be entitled to a second or casting vote.
8. Management shall receive notice of meetings and may attend meetings of the Board at the invitation of the Chairman.
9. The Corporate Secretary of the Corporation, or any other person selected by the Board, shall act as secretary for the purpose of recording the minutes of each meeting.

The minutes of the meeting of the Board shall be placed in the Corporation's minute book.

Duties and Responsibilities

In accordance with applicable laws, the Board is required to always act honestly and in good faith with a view to the best interests of the Corporation.

The Board is responsible for the stewardship of the Corporation and overseeing the operation of the business. The primary responsibilities of the Board include:

10. To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.
11. Adopting a strategic planning process and approving, at least on an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business.
12. Identifying the principal risks of the Corporation's business, and ensuring appropriate systems are implemented to manage these risks.
13. Providing continuing education opportunities for all directors so they may maintain or enhance their skills and abilities as directors, as well as ensure their knowledge and understanding of the Corporation's business remains current.
14. Adopting a succession plan which includes the appointing, training and monitoring of senior management.
15. Adopting and reviewing on an annual basis the Corporation's Disclosure Policy to ensure that disclosure made by the Corporation is accurate, informative, timely and broadly disseminated all in accordance with applicable laws and stock exchange rules.
16. Ensuring that the Corporation has appropriate processes in place to effectively communicate with employees, government authorities, other stakeholders and the public.
17. Ensuring the necessary internal controls and management systems are in place that effectively monitor the Corporation's operations and ensure compliance with applicable laws, regulations and policies, including reviewing on an annual basis the controls and procedures established for the certification of financial and other disclosure made by the Corporation.
18. Developing clear position descriptions for the Chairman, and, in consultation with the CEO, the CEO.
19. Developing or approving the corporate goals and objectives that the CEO is responsible for meeting.
20. Monitoring compliance with the Corporation's Code of Business Conduct.
21. The establishment of an appropriate system of corporate governance principles and guidelines applicable to the Corporation, including:
 - (a) reviewing, periodically, the size of the Board to ensure its continued effectiveness (including, without limitation, facilitating effective decision-making);

- (b) regularly assessing the effectiveness and contribution of the Board, its committees and each member of the Board considering, among other things, the applicable terms of reference for the Board and each committee and in the case of each member of the Board, the competencies and skills each member is expected to bring to the Board; and
 - (c) reviewing, periodically, the general responsibilities and function of the Board and its committees and the Chair of each committee, and the roles of the Chairman of the Board and the Chief Executive Officer.
22. Reviewing the annual corporate governance disclosure of the Corporation in its information circular.

Stakeholder Communication

Any stakeholder may contact the Board by e-mail or in writing c/o the Corporate Secretary. Matters relating to the Corporation's accounting, internal accounting control or audit matters will be referred to the Audit Committee. Other matters will be referred to the Chairman. Stakeholders may also directly contact the Chairman.

Review of Terms of Reference

The Board shall review and assess these Terms of Reference and any governance principles and guidelines established by the Board at least annually.