

# ***2005 ANNUAL INFORMATION FORM***



## **UNI-SELECT INC.**

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***March 20, 2006***

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## **ITEM 1: CORPORATE STRUCTURE**

### **1.1 Name, Address and Incorporation**

Uni-Select Inc. (“Uni-Select” or the “Company”) was incorporated by letters patent issued under Part I of the *Companies Act* (Quebec) on November 22, 1968. On November 3, 1981, Uni-Select was continued under Part IA of the *Companies Act* (Quebec). Certificates of Amendment were issued on March 1, 1985 and October 10, 1985 amending its share structure.

The head office and principal place of business of Uni-Select is located at 170 Industriel Boulevard, Boucherville, Quebec, Canada J4B 2X3.

### **1.2 Inter-Corporate Relationships**

The organizational chart set out in Schedule A describes the inter-corporate relationships between Uni-Select and its subsidiaries.

All references herein to Uni-Select refer to Uni-Select Inc. and/or its subsidiaries.

## **ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS**

### **2.1 Three Year History**

#### **2003**

In January 2003, Uni-Select USA Northwest, Inc. (“Northwest”) acquired the assets of Piston Service Wholesalers, Inc. and Mar-Lac Distributing Co., two specialists in the distribution of motor vehicle parts located in the Seattle, Washington region. The acquired assets included the rights to the lease for a modern distribution centre located in Auburn, Washington, neighbouring Seattle, and formed the platform for the Uni-Select Northwest division.

#### **2004**

On January 30, 2004, Palmar Inc. (“Palmar”) acquired certain assets of Les Batteries Électriques Gagnon Inc. consisting of inventory, equipment and accounts receivables.

On February 2, 2004, USI-AGI Prairies Inc. (“USI-AGI”) purchased the assets of Allied Distributors (Calgary) (1992) Ltd. (“Allied”). Allied operated a distribution warehouse for automotive parts in Calgary, Alberta which serviced five (5) stores operated by Allied shareholders and a clientele of independent merchants. Following the transaction, the operations of Allied were integrated into the distribution centre operated by USI-AGI in Calgary.

On March 1, 2004, Uni-Select Eastern Inc. (“Eastern”) sold its automotive parts jobber businesses located in Wingham and Clinton, Ontario.

On March 31, 2004, Eastern purchased certain operating assets of Albion Auto Parts Ltd., which were then sold to another Uni-Select jobber on June 1, 2004.

On November 1, 2004, Uni-Select USA, Inc. (“Uni-Select USA”) purchased all of the issued and outstanding shares of Middle Atlantic Warehouse Distributor, Inc. (“MAWDI”). At the time of the acquisition, MAWDI was a warehouse distributor that operated 31 distribution centres and 145 corporate stores in 18 States serving over 1,200 independent automotive jobbers, in addition to its corporate stores on the East Coast and in the Midwest and Southwest regions of the United States. For a more detailed description of the MAWDI acquisition refer to the disclosure contained in Form 51-102F4 filed on March 4, 2005 which is herein incorporated by reference. A copy of Form 51-102F4 is available on [www.sedar.com](http://www.sedar.com) or upon request to the Secretary of the Company.

#### **2005**

On February 3, 2005, Uni-Select acted upon its security and purchased the assets of Action Automotive Distributing, Inc., a large jobber located in the State of Washington, in partial payment of the debt owed to Uni-Select.

On March 31, 2005, MAWDI purchased the assets of Motor Parts Warehouse, Inc. (“MPW”). MPW operated two (2) distribution centres for automotive replacement parts in St. Louis, Missouri which primarily serviced a clientele of independent merchants. Following the transaction, the operations of MPW were integrated into the expanded distribution centre already operated by MAWDI in the city of St. Louis.

On May 2, 2005, Eastern purchased all the issued and outstanding shares in the share capital of Triline Auto Parts Inc. that operated an automotive parts jobber business in Brantford, Ontario. Triline Auto Parts is being operated by Eastern as a corporate store.

On May 2, 2005, Star Automotive Warehouse, Inc. (“Star”) purchased three (3) wholesale automotive parts distribution business units and related assets owned by Johnson Industries, Inc. located in Texas. Star, in turn, then sold 70% of the assets acquired from two (2) business units to Continental Parts Company, a Star customer. In addition, Star purchased 15% of the inventory, equipment and accounts receivables located in Oklahoma City from Continental Parts Company that were originally purchased from Johnson Industries, Inc.

On November 30, 2005, Uni-Select USA Central, Inc. (“Central”) acquired the operating assets of The Kunz Oil Company, a company that operated four (4) distribution centres located in Minnesota.

On December 1, 2005, Northwest acquired certain operating assets from National Auto Parts of South Tacoma, Inc. consisting of inventory, equipment and accounts receivables.

MAWDI has proceeded to acquire certain operating assets of smaller jobbers across the U.S.A. consisting mainly of inventory, accounts receivables and equipment and sold to a customer its store located in Lawrence, Massachusetts.

## **2006**

Uni-Select exercised its call option under the terms of a shareholders’ agreement entered into between Uni-Select and Acklands-Grainger Inc. on February 1, 2002, when the parties pooled their automotive sales and distribution assets in USI-AGI. Uni-Select will purchase all of the shares held by Acklands-Grainger Inc. in USI-AGI pursuant to the terms and conditions set out in the shareholders’ agreement.

### **ITEM 3: DESCRIPTION OF THE BUSINESS**

#### **3.1 General Summary**

The activities of Uni-Select are divided into three (3) defined segments: (1) Automotive Group Canada, (2) Automotive Group USA and (3) Heavy Duty Group.

The Automotive Groups – Canada and USA focus on the wholesale distribution and marketing of automotive replacement parts and accessories, tools and equipment and paint and body shop products and the Heavy Duty Group sells replacement parts for heavy-duty trucks, trailers and buses, specialty tools and wheels.

The clientele of the two (2) Automotive Groups consists mainly of merchant members who operate wholesale and retail automotive replacement parts stores.

##### **3.1.1 Automotive Group Canada**

The Automotive Group Canada regroups the activities of Uni-Select Pacific Inc., USI-AGI, Uni-Select Quebec Inc. and Eastern. This Group distributes automotive replacement parts, equipment, accessories, tools, paint and body products to a network of merchant members who operate under various banner programs across Canada, as described in item 3.5 hereof. Prior to the acquisition of MAWDI, it was the dominant segment of Uni-Select’s activities. Since the acquisition of MAWDI, both Automotive Groups have similar sales. The fourteen (14) distribution centres of the Automotive Group Canada are located near their respective markets:

- in the cities of Boucherville, Montreal and Quebec City for the Province of Quebec;
- in the cities of Brampton and London for the Province of Ontario;
- in the city of Moncton, New Brunswick for the Atlantic Provinces;
- in the cities of Calgary, Edmonton, Winnipeg, Regina and Saskatoon for the Prairies;
- in the cities of Kelowna, Victoria and Burnaby for the Province of British Columbia.

At the end of the 2005 fiscal year, the distribution network of Uni-Select's Automotive Group Canada supplied approximately 1,145 stores operating under different banners as well as independent wholesalers and national chains of installers.

Sales for the Automotive Group Canada attained \$503.4 million in 2005 and \$503.9 million in 2004.

### **3.1.2 Automotive Group USA**

The activities of Northwest, Central, Uni-Select USA South Central, Inc. ("South Central"), MAWDI, Star and Warehouse Distributors, Inc. ("WDI"), regrouped under Automotive Group USA, are controlled by Uni-Select USA and are similar to those of Automotive Group Canada. Its activities are concentrated on the Eastern Seaboard, the central and northwestern States, Texas and States east of the Mississippi River as follows:

- Central operates a warehouse in Mason City, Iowa;
- South Central operates a distribution centre in Memphis, Tennessee and corporate stores operating under the name of AllParts Undercar;
- Northwest operates a distribution centre and corporate stores in the Seattle, Washington area; and
- MAWDI operates 30 distribution centres and 159 corporate stores in 11 States mainly in States located east of the Mississippi River and Texas.

The Automotive Group USA does not operate under a single trademark but under a variety of business names including Parts Plus, Main Auto Parts, RMP Auto Parts, Snow Road Distribution, Fred Roberts Auto Parts and Capriotto Auto Parts.

Sales for the Automotive Group USA were \$575.8 million in 2005 and \$209.1 million in 2004.

### **3.1.3 Heavy Duty Group**

The operations of the Heavy Duty Group are carried on by Palmar, which specializes in the sale and distribution of replacement parts for heavy-duty trucks, trailers and buses, specialty tools and replacement wheels for all types of vehicles. Palmar's distribution centres are located in the cities of Lachine and Edmonton and its 22 branches are located in the Provinces of Quebec, Ontario, Alberta and the Maritimes.

The Heavy Duty Group's operations generated sales of \$74 million in 2005 compared to \$75.3 million in 2004.

The above-mentioned activities from the Automotive and Heavy Duty Groups represent 100% of Uni-Select's sales.

## **3.2 Other Areas of Business**

Automotive Group Canada is also involved in the following areas of business:

### **(a) Training**

A training centre located in Boucherville offers mechanical, technical and body shop training programs as well as workshop management courses.

### **(b) Marketing**

Automotive Group Canada provides a variety of support and management services. These services are directed at marketing, product promotion, advertising materials, exhibitions and store layouts. The services offered to the merchant members also include administration services, preferred freight rates, financing arrangements with financial institutions, recognized credit card services, financial management consultant services as well as life, health, salary and general insurance programs for their employees and their businesses.

## **3.3 Products**

### **3.3.1 Automotive Group Canada**

The main products distributed by Automotive Group Canada are exhaust, suspension systems and brake parts, paint and body shop products, lubricants and chemical products, equipment and tools as well as replacement parts

for engines and ignition systems. Several of these products are available under Uni-Select's private brand, "Auto Extra".

### **3.3.2 Automotive Group USA**

Automotive Group USA sells the same products as does Automotive Group Canada, save for the fact that it has a limited offering of equipment.

### **3.3.3 Heavy Duty Group**

The main products distributed by Palmar are replacement parts for heavy-duty vehicles, trailers and buses, specialty tools as well as wheels and rims for all vehicles.

## **3.4 Uni-Select's Policies Towards its Merchant Members (Jobbers)**

### **3.4.1 Automotive Group Canada**

#### ***(a) Becoming a Member***

Automotive Group Canada merchant members operate businesses involved in the wholesale and retail sale of automotive parts and accessories, equipment and tools. Several of these businesses also operate machine shops.

The approval of a candidate as a merchant member under one of Automotive Group Canada's banners is based on satisfying certain criteria, among others, the availability of the territory, the candidate's financial condition, its reputation in the market and the size of its operations. Generally, each merchant member must enter into a supply agreement with Uni-Select, agree to maintain a minimum volume of annual purchases, undertake to provide, on a regular basis, financial information related to its business, grant a right of first refusal in the event the member wishes to sell its business and undertake not to be a member of a competing buying group.

The price structure for products sold by Uni-Select and the trade discounts granted to merchant members vary under each banner program.

Uni-Select maintains contact with its merchant members through regularly held exhibitions and conventions and through the participation of merchant members in purchase and marketing advisory committees at regional and national levels.

#### ***(b) Purchases by Merchant Members***

Uni-Select distinguishes itself in the automotive replacement parts industry by allowing its merchant members to purchase products for direct shipment from suppliers or, at the option of the merchant member, from Uni-Select's distribution centres. Direct shipments from suppliers enable merchant members to reduce their acquisition costs for parts. Merchant members usually purchase through a Uni-Select distribution centre when they need to place low volume orders or when they require the part immediately.

Management approves the choice of suppliers and product lines after recommendations made by and consultations with merchant members at regular meetings or by committees comprised of merchant members.

The products offered by Uni-Select under its private brand "Auto Extra" enable merchant members to obtain quality supplies at competitive pricing.

#### ***(c) Guarantees Required from Merchant Members***

To secure the payment of sums owed to Uni-Select, a merchant member must, generally, under the terms of its supply agreement, offer security that may include some or all of the following:

- monthly contribution to a guarantee fund on the basis of a fixed percentage of purchases;
- a personal guarantee;
- security over its inventory; and
- pledge of a given number of common shares of Uni-Select.

**(d) Succession Planning**

In the context of the industry consolidation, which is also occurring at the jobber level, Uni-Select has developed a program designed to facilitate its merchants' expansion-by-acquisition. Furthermore, considering that some owners of replacement parts stores are aging, Uni-Select has also implemented succession programs to assist merchants, who wish to retire, to sell their business to another member of Uni-Select's network. Absent a purchaser, Uni-Select considers the purchase of jobber stores in Canada, to be held on a temporary basis, to protect market share. Uni-Select intends to sell all such stores.

**3.4.2 Automotive Group USA**

Purchases by customers of Automotive Group USA are conducted much in the same manner as Automotive Group Canada (see Purchases by Merchant Members) and payment of accounts is preferably assured through various forms of personal or asset based security. MAWDI has, over the years, developed a network of corporate stores in areas where no independent jobber was in business or where the independent jobber wanted to exit the business but no other person was available to act as purchaser. Though Automotive Group USA prefers to sell to independent jobbers, it recognizes that its customer base is changing and to retain market share, it will own and operate corporate stores in all areas where independent jobbers are not present.

**3.4.3 Heavy Duty Group**

Heavy Duty Group sells its products through a network of wholly-owned corporate stores. Customers include both small business operators and fleets. Aside from traditional heavy-duty replacement parts, Heavy Duty Group is also involved in the sale of specialty tools and in the sale of wheels for all types of vehicles. Tools are a natural complement to the needs of the customers of Palmar and, though many tools sold have specialized applications, others are for general use.

Heavy Duty Group is involved in the sale of steel wheels for all vehicles but mostly for automobiles. Many drivers favour the use of steel wheels for winter driving conditions and have taken the habit of installing winter tires on these wheels to, on the one hand, avoid disassembling the wheel and tire assembly for and at the end of the winter season and to protect the alloy wheels often sold as original equipment. Steel wheels are sold to large merchandisers and installers.

**3.5 Programs for Merchant Members**

**3.5.1 Automotive Group Canada**

**(a) Auto Parts Plus**

The Auto Parts Plus banner regroups merchant members who are shareholders of Uni-Select and operate jobber or retail businesses for the sale of automotive replacement parts. The purchases by Auto Parts Plus members from Uni-Select during the 2005 fiscal year represented most of Automotive Group Canada's sales.

**(b) Auto Plus**

Much like the Auto Parts Plus banner, but generally for lower volume stores, the Auto Plus banner brings together merchant members who operate jobber and retail businesses for the sale of automotive replacement parts. Their operations are carried out across Canada.

**(c) Bumper to Bumper**

Bumper to Bumper is a trademark licensed exclusively to Uni-Select for use in Canada as a result of the USI-AGI joint venture. Activities are primarily located in the Prairies.

**(d) ProColor**

This banner program is offered to wholesalers specializing in collision repair products in the Provinces of Quebec and Ontario.

**(e) Other Distribution Programs**

Uni-Select also supplies associate or independent merchants that are not identified by a Uni-Select trademark or business name.

**3.5.2 Automotive Group USA**

Automotive Group USA is the largest member of Automotive Distribution Network (“ADN”). Through its association with ADN, it benefits from group purchasing of products and an array of marketing programs. ADN is the result of the merger of the buying groups known as IAPA and Parts Plus in each of which MAWDI and Uni-Select were the largest members, respectively. The membership in this group provides Uni-Select benefits of a strong buying group with increased purchasing power and well recognized marketing programs.

**(a) Parts Plus**

The Parts Plus banner, present in 50 States, is a well-respected banner of the automotive aftermarket in the United States. Prior to the acquisition of MAWDI, most merchant members of Automotive Group USA were identified under the Parts Plus banner.

**(b) Other Distribution Programs**

MAWDI has, over the years, grown by acquisition often keeping the trade names of the businesses acquired. As a result, Automotive Group USA uses many different business names including Main Auto Parts, RMP Auto Parts, Snow Road Distribution, Fred Roberts Auto Parts and Capriotto Auto Parts, to name a few.

**3.5.3 Heavy Duty Group**

Palmar is a member of HD America, a US-based organisation that favours group purchases of heavy-duty parts and equipment. Palmar is one of the largest members of HD America and its only member in Canada.

**3.6 Programs for Merchant Members’ Customers (Installers)**

**3.6.1 Automotive Group Canada**

Uni-Select, through merchant members operating under various banners, supplies, among others, a large clientele of service stations, repair shops, owners of truck fleets, collision repair shops, automobile and heavy machinery dealers, gas stations, private and public sector businesses and consumers. Some of these clients are licensed to use a Uni-Select trademark or banner program.

**(a) Uni Pro**

Uni Pro installers located in Quebec operate repair shops specialized in the sale and installation of exhaust, suspension systems and brakes. Their suppliers are Auto Parts Plus and Auto Plus merchant members.

**(b) The Specialist**

Licenseses of this banner operate shops specialized in the sale and installation of exhaust, brake and suspension systems.

**(c) SelectAutoXpert**

In 2005, Uni-Select introduced its SelectAutoXpert program which replaced its Performance Plus program. Uni-Select offers the SelectAutoXpert program to repair shops. This program offers quality-assurance protection which includes a 90-day warranty for parts and labour and a 365-day warranty on parts only, a Loyalty-Recognition Club, reduced credit card fees, discounts on purchases and promotional materials and commercial and group insurance.



### 3.7 Support Programs

#### 3.7.1 Automotive Group Canada

Automotive Group Canada offers, at its Boucherville, Quebec facility, collision repair training for the staff of all merchant members and independent members and mechanic training and garage management for technicians and retail sales personnel.

#### 3.8 National Chains of Installers

Uni-Select also supplies parts to a number of national chains including SMK Speedy International, Minute Muffler, Kal-Tire, TireCraft, Petro-Canada, Irving and Midas.

#### 3.9 Trademarks and Business Names

In the course of its activities, the Automotive and Heavy Duty Groups of Uni-Select use many trademarks and business names, some of which include a logo, including:



Uni-Select considers that all of its trademarks are useful but not essential to marketing its goods and services.

#### (a) Canada

In Canada, banner programs and trademarks are developed by Uni-Select. ColorXtra and Auto Extra are used for the branding of products exclusively packaged for Uni-Select. These products serve niche markets.

The Specialist and Uni Pro trademarks are the main installer marketing programs of Uni-Select, whereas ProColor Prestige, ProColor Auto and Color Plus serve the same purpose for specialized body shop/collision repair specialists. Uni-Select does not sell products directly to these businesses, but the marks identify the relationship between Uni-Select, its merchant members and their customers.

ProColor, ProEquip and ProImport identify members specialized respectively in paint and body shop equipment, garage equipment and imported car parts.

Auto Plus and Auto Parts Plus are the main trademarks licensed for use by Uni-Select merchant members to identify their stores as part of the Uni-Select network. Bumper to Bumper is a trademark used by USI-AGI members.

Cooling Depot is a trademark related to temperature control systems and is licensed for use by merchant members that offer specialized services in this area. The trademark also identifies products distributed exclusively by Uni-Select.

AutoTemp is a trademark that identifies installers of Cooling Depot products that are customers of Uni-Select merchant members.

Attitude is the trademark that identifies Palmar's specialty rims.

**(b) U.S.A.**

In the USA, Uni-Select USA is a licensed user of the Parts Plus trademark owned by Parts Plus. While Uni-Select and its customers favoured the use of the Parts Plus trademarks, MAWDI retained the business name of acquired entities including Main Auto Parts, RMP Auto Parts, Snow Road Distribution, Fred Roberts Auto Parts, Capriotto Auto Parts, AI Automotive Corp., Campus Auto Supply, Reliable Motor Parts, Baker Auto Parts, BDW Auto Parts, D & S Auto and Plumb Auto Supply.

### **3.10 Fixed Assets**

Uni-Select favours leasing the facilities out of which its operations are conducted. It owns a limited amount of real estate.

**(a) Canada**

Uni-Select owns the building where its head office is located in Boucherville, Quebec. The land extends over an area of 350,480 square feet and the building covers approximately 195,500 square feet of which 32,300 are reserved for administration.

Some subsidiaries and joint ventures of Uni-Select own real estate out of which they operate their activities. Eastern is the owner of the 59,000 square foot warehouse it occupies in London, Ontario.

**(b) U.S.A.**

The largest properties are owned by Central and South Central, who respectively own a 154,400 square foot warehouse located in Mason City, Iowa and an 88,300 square foot warehouse in Memphis, Tennessee.

### **3.11 Competition**

At the wholesale level, automotive parts are available through a variety of sources, the main sources of which are warehouse distributors, car dealers and national chains. Based on volume of sales, Uni-Select believes that it ranks second in Canada among warehouse distributors. Automotive Group USA is believed to be the 8<sup>th</sup> largest seller of aftermarket replacement parts. Notwithstanding the fact that Uni-Select's two major competitors in Canada have been taken over by American interests, it is possible that another major American competitor could establish a base in Canada, thereby increasing competition. Conversely, in the United States, a number of large competitors are active but the wholesale business remains unconsolidated if due only to the scope of the market.

### **3.12 Human Resources**

Uni-Select believes that the quality of its staff is a key factor of its success. Uni-Select considers its labour relations with its employees to be satisfactory. It employs over 3,297 persons in Canada and the United States.

#### **(a) Canada**

Warehouse employees of the distribution centres located in Quebec City, Montreal and Boucherville, Quebec and Burnaby, British Columbia, as well as the warehouse employees of Palmar in Montreal are unionized. In November of 2004, the collective agreement for the employees of the Montreal and Boucherville distribution centres was renegotiated.

#### **(b) U.S.A.**

Warehouse employees of the Tonawanda, N.Y. facility are unionized.

### **3.13 Miscellaneous**

Uni-Select is principally a distributor of parts and is not involved in manufacturing activities. It does not have any research and development operations in respect of new products. Other than an unforeseen incident, such as a fire in a distribution centre, the company's environmental risk is limited to the accidental spill of limited quantities of hazardous materials during transport or handling.

### **3.14 Risk Factors**

The Company incorporates by reference the disclosure contained in the section entitled "Risk Management" describing the risk factors to which the Company's business is exposed, which is contained in its Management Report for the year ended December 31, 2005 in the 2005 Annual Report which is available on [www.sedar.com](http://www.sedar.com) as well as on Uni-Select's website at [www.uni-select.com](http://www.uni-select.com).

## **ITEM 4: DIVIDEND POLICY**

Uni-Select has a dividend payment policy in place since 1998. The Company declares yearly dividends, subject to profitability, liquidity requirements to finance growth, general financial health of the Company and other factors determined by the Board of Directors. Uni-Select's policy has been to declare a dividend at a rate of approximately 20% of the previous year's net earnings.

For the first quarter of 2006, Uni-Select declared a dividend of \$0.10 per share, an increase of \$0.02 per share for the quarter. In 2005, Uni-Select declared a dividend of \$0.08 per share per quarter, an increase of \$0.0065 per share in the dividend that had been set at \$0.0735 per share in 2004. In 2003, Uni-Select had declared a dividend of \$0.067 per share per quarter and a special dividend of \$0.049 as a result of a partial distribution of the proceeds of a judgment awarding Uni-Select substantial damages.

## **ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE**

### **5.1 General Description of Capital Structure**

Uni-Select's capital structure is composed of an unlimited number of common shares, without par value, and an unlimited number of preferred shares, without par value, issuable in series with the following characteristics:

#### **(a) Common Shares**

Each common share entitles the holder thereof to one vote and to receive dividends in such amounts and payable at such time as the Board of Directors shall determine after the payment of dividends to the preferred shares. In the event of a liquidation, dissolution or winding-up, the holders shall be entitled to participate in the distribution of the assets after payment to the holders of the preferred shares.

#### **(b) Preferred Shares**

The preferred shares are non-voting shares issuable in series. The Board of Directors shall have the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions

attaching to the preferred shares of each series. The holders of any series of preferred shares shall be entitled to receive dividends and to participate in the distribution of the assets upon liquidation, dissolution and winding-up in priority to the common shares. There are no issued and outstanding preferred shares.

## ITEM 6: MARKET FOR THE NEGOTIATION OF SECURITIES

The common shares of Uni-Select are listed for trading on the TSX under the UNS ticker symbol. On December 1, 1993 and again on June 1, 1999, Uni-Select shares were split on a two for one basis.

The table below provides the price ranges and volume traded on the TSX for each month of the most recently completed financial year.

Month	Price (Low) (\$)	Price (High) (\$)	Volume
January	28.10	29.89	162,701
February	27.65	29.45	305,914
March	28.55	29.95	1,063,910
April	27.25	29.35	173,089
May	27.25	28.18	195,694
June	27.80	28.75	167,706
July	27.25	28.45	89,681
August	27.60	29.10	400,907
September	28.75	30.00	422,238
October	27.75	30.50	299,008
November	28.11	30.25	276,218
December	28.52	30.00	140,986

## ITEM 7: EXECUTIVE OFFICERS AND DIRECTORS

### 7.1 Executive Officers

As at March 20, 2006, the name, Province or State, and Country of residence of the executive officers of Uni-Select and their present titles are as follows:

Name and Province or State of Residence	Present Positions
David G. Alderson Quebec, Canada	Vice President, M.I.S.
Guy Archambault Quebec, Canada	Vice President, Corporate Development
James Buzzard New York, U.S.A.	Executive Vice President Automotive Group USA
Pierre Chesnay Quebec, Canada	Vice President, Legal Affairs & Secretary

<b>Name and Province or State of Residence</b>	<b>Present Positions</b>
Robert de Montigny Quebec, Canada	Executive Vice President Heavy Duty Group
Florent Jacques Quebec, Canada	Vice President, Distribution & Integration
Martin Labrecque, CMA Quebec, Canada	Corporate Controller
Jacques Landreville Quebec, Canada	President and Chief Executive Officer
Luc L'Espérance Quebec, Canada	Vice President, Human Resources
Michel Maheux Quebec, Canada	Senior Vice President, North American Market Development
Gary O'Connor Quebec, Canada	Executive Vice President Automotive Group Canada
Richard G. Roy, CA Quebec, Canada	Vice President, Administration and Chief Financial Officer
Russell D. Sturgeon Quebec, Canada	Vice President, Corporate Purchasing

All of the above officers have held the position indicated opposite their name or held a similar position with Uni-Select during the last five years, except Mr. Guy Archambault, who, prior to August 2003, was the President and CEO of Recherches Point-Lab Inc., James Buzzard who, until November 1, 2004, was President and CEO at Middle Atlantic Warehouse Distributors, Inc., Michel Maheux who held the position of Executive Vice President, Automotive Group Canada at Uni-Select until December 31, 2005 and Gary O'Connor who prior to September 2005, was the Vice President and General Manager, Customer Relations of Affinia Canada Corp. Between 2000 and 2003, he held various positions with Dana Corp., a subsidiary of Affinia Canada Corp., including Director of Sales, Vice President, Sales and Marketing and Senior Vice President.

## **7.2 Directors**

The Company incorporates by reference the disclosure under the heading "Election of Directors" relating to the Company's directors contained in Uni-Select's Information Circular dated March 20, 2006 which is available at [www.sedar.com](http://www.sedar.com) or upon request to the Secretary of the Company.

As at March 14, 2006, the executive officers and directors (including Mr. John A. Hanna, nominee to the Board of Directors), as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,418,115 common shares of Uni-Select representing 12.31% of the issued and outstanding common shares of Uni-Select.

## **ITEM 8: CONFLICTS OF INTEREST**

Mr. Clay E. Buzzard, a member of the Board of Directors of Uni-Select, is the majority shareholder of Clarit Realty, Ltd., the owner and landlord of approximately 42 buildings leased by Uni-Select across the United States. The current terms and conditions of the leases are at fair market rate and the leases provide for an arbitration mechanism in the event of any disagreements.

## **ITEM 9: TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of Uni-Select is National Bank Trust Inc. who keeps Uni-Select's register of transfers at its offices in Montreal, Quebec.

## **ITEM 10: INTERESTS OF EXPERTS**

Raymond Chabot Grant Thornton LLP, the auditors of the Company, is the only person, company or partnership which is named as having prepared or certified a statement, report or valuation described, included or referred to in a filing made by the Company during or relating to the Company's most recently completed financial year and whose profession gives authority to the statement, report or valuation made.

Partners and associates of Raymond Chabot Grant Thornton LLP own, in the aggregate, less than 1% of the issued and outstanding common shares.

An employee who had previously worked for Raymond Chabot Grant Thornton LLP as a Senior Auditor during the course of 2005, was hired as a Financial Analyst by the Company. The Audit Committee approved the employment as this employee does not occupy a position which could influence the financial information of the Company and, as such, does not compromise the independence of the auditors.

## **ITEM 11: AUDIT COMMITTEE**

### **11.1 Audit Committee Charter**

The Board of Directors of Uni-Select adopted a charter describing in detail the mandate of the Audit Committee. A copy of the Audit Committee Charter is attached as Schedule B.

### **11.2 Composition of the Audit Committee**

The members of the Audit Committee are Pierre Desjardins, Léo Leblanc, Hubert Marleau and Jean Guénette, who chairs the committee. Paulo Pépin was a member of the Audit Committee until May 2005, at which time he did not seek re-election to the Board of Directors of Uni-Select. Each member is independent and financially literate.

### **11.3 Relevant Education and Experience**

Pierre Desjardins has been President and Chief Executive Officer of a number of entities, including public corporations and is currently Chair and/or member of several audit committees. Jean Guénette is a Chartered Accountant and has acted as Chief Financial Officer of Uni-Select. He serves on the audit committee of Novexco Inc. and over the course of his professional life, has held positions as controller and Vice President of various entities. Hubert Marleau is a professional money manager. He has been extensively involved in portfolio management and business valuations and has served as director of numerous companies. Léo Leblanc holds a certificate in business administration and has developed financial acumen through his many years of experience as operator of a private business and through his participation on the Board of Directors and the Audit Committee of Uni-Select.

### **11.4 External Auditor Service Fee**

The Company, as a rule, retains the services of external consultants to avoid potential conflicts of interest situations involving its auditors. The Company did not retain the services of its auditors in the period ended December 31, 2005, to act in any of the following matters:

- bookkeeping or other services related to its accounting records or financial statements;
- the design and implementation of information systems related to its financial information;
- actuarial services;
- internal audits;
- management functions and/or human resources consulting services; or
- legal opinions.

The following table shows fees paid to Raymond Chabot Grant Thornton LLP in Canadian dollars in the past two fiscal years for various services provided to Uni-Select:

	Year ended December 31	
	2005	2004
Audit Fees	\$553,793	\$469,010
Audit-Related Fees	\$20,175	\$45,000
Tax Fees	\$20,000	\$Ø
Other Fees	\$ Ø	\$36,108
<b>Total Fees</b>	<b>\$593,968</b>	<b>\$550,118</b>

#### Audit Fees

These fees include professional services rendered by the external auditors for statutory audits of the annual financial statements.

#### Audit-Related Fees

These fees include professional services for and related services that reasonably relate to the performance of the audit of the Company's financial statements.

#### Tax Fees

These fees include professional services for tax compliance and tax advice and excludes overall tax planning for which Uni-Select retains the services of a third-party accounting firm.

### ITEM 12: ADDITIONAL INFORMATION

Additional information relating to Uni-Select may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

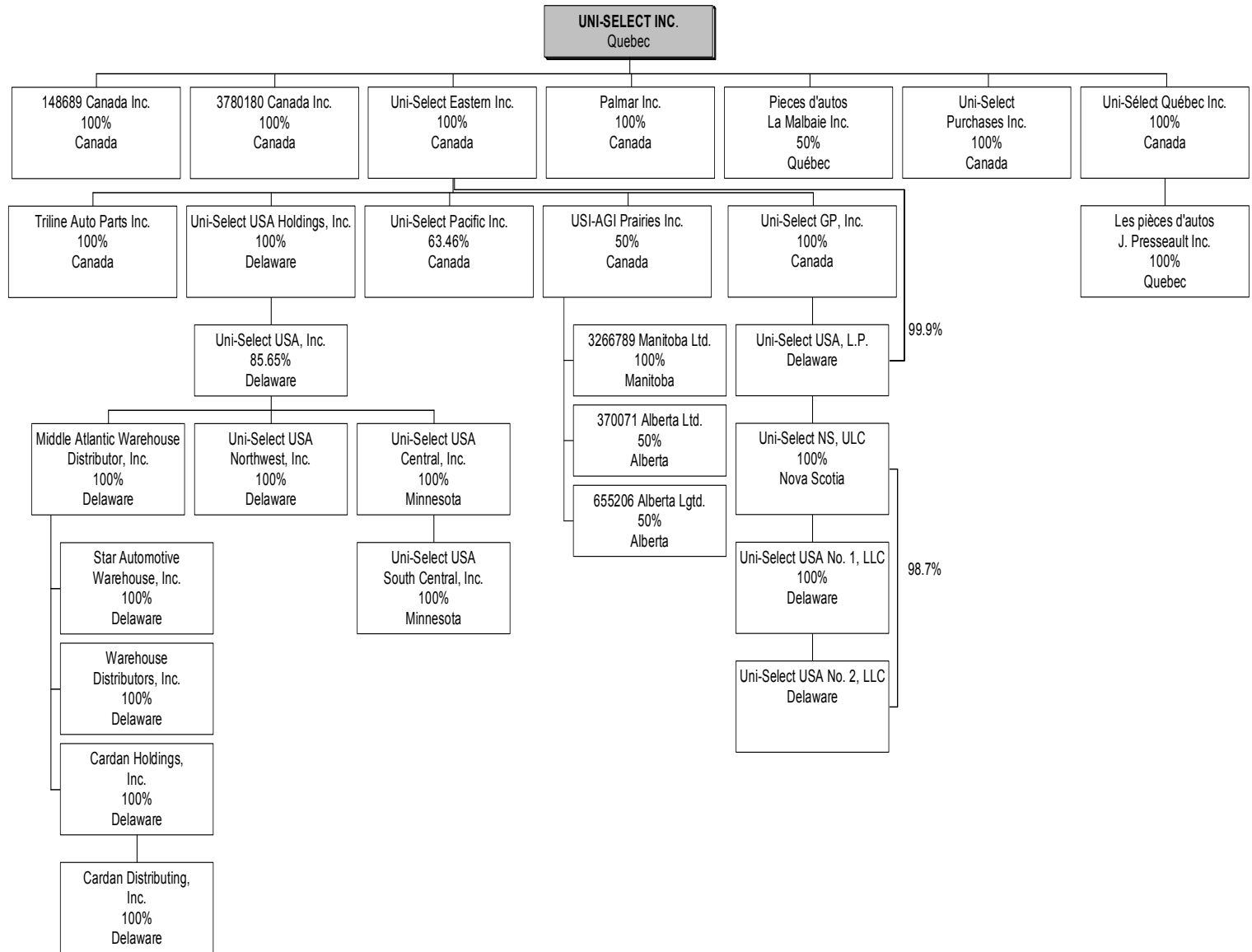
Further information, including information regarding directors' and officers' remuneration and indebtedness, security holdings, the principal shareholders of Uni-Select, securities authorized for issuance under equity compensation plans and risk factors, if applicable, are included in the Information Circular and Annual Report prepared in connection with the Annual Shareholders' Meeting to be held on May 17, 2006 and are incorporated into this Annual Information Form by reference. They may be found on the SEDAR internet site, [www.sedar.com](http://www.sedar.com).

Additional financial information is provided in Uni-Select's consolidated financial statements and the Management Report for the financial year ended December 31, 2005 contained in Uni-Select's Annual Report.

March 20, 2006

**SCHEDULE A**

*Uni-Select and its subsidiaries – Allocation of voting rights – March 2006*





## Schedule B

### AUDIT COMMITTEE CHARTER

#### **PART I. COMMITTEE STRUCTURE**

##### **1. PURPOSE OF COMMITTEE**

The Audit Committee is established by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to the integrity of the Company's financial statements, reports and financial reporting process. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Board, the external auditors and management of the Company and monitor their performance, recognizing that the external auditors are ultimately responsible to the Committee, the Board and the shareholders of the Company.

##### **2. COMPOSITION OF COMMITTEE**

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three directors, provided that each member of the Committee shall be an independent director. In addition, each member of the Committee shall be financially literate and at least one member of the Committee shall have accounting or financial experience.

##### **3. APPOINTMENT AND REMOVAL OF COMMITTEE MEMBERS**

The members of the Committee shall be appointed by the Board, on the recommendation of the Chair of the Board. The members of the Committee shall be appointed annually at the meeting of the directors immediately following the annual meeting of shareholders and shall hold office until the next annual meeting or until their successors are appointed or until they cease to be directors of the Company. The Board may remove and replace any member of the Committee.

#### **PART II. COMMITTEE OPERATIONS**

##### **1. VACANCIES**

Where a vacancy occurs in the membership of the Committee, it may be filled by the Board on the recommendation of the Chair of the Board, and shall be filled by the Board if the membership of the Committee is fewer than three directors.

##### **2. COMMITTEE CHAIR**

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board.

##### **3. ABSENCE OF CHAIR**

If the Chair is not present at a meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

**4. SECRETARY OF COMMITTEE**

Members of the Committee shall designate from time to time a person who may, but need not be, a member of the Committee or a director, to be secretary of the Committee. The secretary shall keep minutes of the meetings of the Committee.

**5. REGULAR MEETINGS**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times per year. The Committee may, at any time, and at each regularly scheduled Committee meeting shall, meet without the presence of management or non-independent directors.

**6. SPECIAL MEETINGS**

The Chair, or any two members of the Committee, may call a special meeting of the Committee.

**7. QUORUM**

A majority of the members of the Committee present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other shall constitute a quorum.

**8. NOTICE OF MEETINGS**

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**9. AGENDA**

The Chair shall develop and set the Committee's agenda in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

**10. DELEGATION**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it considers appropriate.

**11. ACCESS**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company.

## **12. ATTENDANCE OF OFFICERS OR EMPLOYEES AT A MEETING**

The President and Chief Executive Officer of the Company and, at the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee.

## **13. PROCEDURE, RECORDS AND REPORTING**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board on its activities when the Committee may deem appropriate but no later than the next meeting of the Board.

## **14. OUTSIDE CONSULTANTS OR ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

## **PART III. MANDATE OF COMMITTEE**

### **1. MONITORING THE PRESENTATION OF FINANCIAL INFORMATION**

The Committee shall:

- (a) verify the quality and integrity of: accounting procedures and the process for presenting financial information; controls and the procedures for disclosing information; and the Company's internal control systems by means of discussions with management and external auditors;
- (b) review with management and the external auditors and recommend to the Board for approval the annual audited financial statements to be incorporated in the Company's annual report, including information provided in the Company's Management Report and annual and interim earnings press releases, prior to their publication, filing or circulation;
- (c) review with management and recommend to the Board for approval the consolidated quarterly financial statements of the Company and related information, including information provided in the Company's Management Report, prior to their publication, filing and communication, and review the level and type of financial information communicated, on occasion, to the financial markets;
- (d) review the financial information contained in all public disclosure documents such as prospectuses, offering memorandums, annual information forms, press releases and other reports, financial or otherwise, submitted to the Board for approval prior to their release;
- (e) review with the external auditors and management the quality, relevancy and the communication of the Company's accounting principles and policies and the underlying hypothesis and practices with regards to the presentation of information as well as, proposed amendments to the above;

- (f) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
- (g) review the analyses and other written communications prepared by management or the external auditors raising important questions regarding the presentation of the financial information and the decisions taken in the preparation of the financial statements, including, the analyses of the impact of using other accounting methods, in accordance with generally accepted accounting principles, on the financial statements;
- (h) verify that the management certificates with regards to the financial reports are in compliance with applicable legislation;
- (i) review the results of the external audit, the important problems that caught the attention of the auditors during the audit as well as, the reaction or plan of action of management with regards to all letters of recommendation of the external auditors and all important recommendations submitted.

## **2. MONITOR THE MANAGEMENT OF RISK AND INTERNAL CONTROLS**

The Committee shall:

- (a) receive and review, periodically, a management report evaluating the adequate character and effectiveness of accounting and financial controls, the procedures for the communication of information and the internal control systems of the Company and satisfy itself that management is responding on a timely basis to any significant weaknesses which have been identified;
- (b) examine the adequacy of insurance coverage each year and as needed;
- (c) review the evaluation and risk management policies of the Company, including the Company's policies with regards to credit;
- (d) review fixed asset expenditures and other important expenses, asset sales, leases and transactions between the Company and directors (with the Corporate Governance Committee, if applicable), and all other transactions that may modify the financial or organizational structure of the Company or influence them in a considerable manner, including any off balance sheet items;
- (e) manage, review and recommend, when deemed advisable, the Audit Committee Whistleblower Procedures;
- (f) request that a special audit be undertaken, as needed;
- (g) review the litigations, claims and other eventualities and regulatory or accounting initiatives that may influence, in a significant manner, the financial situation or results of the Company and verify the relevancy of their communication in the documents examined by the Committee.

## **3. MONITORING THE EXTERNAL AUDITORS**

The Committee shall:

- (a) recommend to the Board the appointment of the external auditors and, if required, their removal (in each case, subject to shareholder approval), evaluate and recommend the approval of the remuneration of the auditors, as well as, control their qualifications and their independence;

- (b) approve all the auditing services provided by the external auditors of the Company or its subsidiaries, determine the services, other than auditing services, that the external auditors are not authorized to provide and review and approve in advance all non-audit services that the external auditors are authorized to provide and the fees for such services;
- (c) review the recommendations made by the shareholders and the Board regarding the renewal of the mandate of the external auditors or their replacement for the Company and all the Pension Funds of the Company;
- (d) ensure that the external auditors report freely to the Committee and the Board;
- (e) discuss with the external auditors not only of the compliance of the Company's accounting principles but also their quality, including (i) all essential accounting practices and policies used, (ii) other ways of treating the financial information that is the subject of discussions with management, the scope of their usage and the treatment preferred by the external auditors and (iii) all other important written communications between the Company and the external auditors (including any disagreements with management) and to report to the Board on such meetings;
- (f) review, at least once a year, the external auditor's report describing their internal quality control procedures, all important questions raised at the last internal quality control review of their firm or, on occasion, during a control by their peers or at the time of an investigation by governmental or professional authorities in the preceding five years, relating to one or more audit mandates executed by the auditors, as long as the documents are available, and the solutions implemented pursuant to such review;
- (g) review, at least once a year, the official disclosure report of the external auditors describing all their relations with the Company and confirming their independence, and have discussions with the external auditors with regards to the relations or services that may influence their objectivity or their independence;
- (h) review the Company's practices with regards to the hiring of actual or former partners or employees of its present or former external auditors;
- (i) oversee the work of the external auditor including, the resolution of disagreements between management and the external auditor regarding financial reporting;
- (j) ensure that the Committee has, at all times, direct communications with the external auditor and meets separately with the external auditors, in the absence of management, at least once a year and as often as it deems it necessary.

#### 4. **REVIEW OF FINANCINGS**

Review the appropriateness and the conditions of financings and equity offerings.

#### 5. **OVERSIGHT IN RESPECT OF PENSION MATTERS**

The Committee shall:

- (a) consider, and in accordance with regulatory requirements, recommend for approval any changes in the Company's pension plans after consultation with the Human Resources and Compensation Committee when such changes may adversely affect the financial situation of the Company;

- (b) recommend the termination of investment managers in light of the performance of the Company's pension plans;
- (c) receive, review and report to the Board on the actuarial valuation and funding requirements for the Company's pension plans.

**6. LIMITATION OF RESPONSIBILITY**

Although the Committee has the responsibilities and powers established by the present Charter, it is not obligated to plan or conduct the audits or to determine if the financial statements of the Company are complete and accurate and if they are in compliance with generally accepted accounting principles. This responsibility rests with management and the external auditors.

No provision of the present Charter assigns to the Committee the Board's responsibility of ensuring that the Company respects all laws or applicable regulations or to extend the scope of the standards that apply to the liability of the directors or the members of the Committee pursuant to legal or regulatory requirements. Even if the Committee has a precise mandate and its members may have financial experience, they do not have the obligation to act as auditors or to conduct an audit, nor to determine if the financial statements of the Company are complete and accurate. The members of the Committee have the right to rely upon, absent information to the contrary, (i) the integrity of the persons and the organizations that submit information to them, (ii) the exactness and integrity of the information provided, and (iii) the representations made by management regarding services, other than auditing services, that the external auditors provide to the Company. The Committee has not been given the responsibility to monitor so that it may determine independently if (i) management applied the proper principles with regards to accounting or the presentation of the financial information or proper internal controls and procedures or (ii) the financial statements of the Company were reviewed and, where applicable, audited according to generally accepted accounting principles.

**7. SELF-EVALUATION**

The Committee shall conduct an annual performance self-evaluation, including a review of its compliance with this Charter, in accordance with the process developed by the Corporate Governance Committee and approved by the Board, and shall report to the Board the results of the self-evaluation. The first such self-evaluation shall be completed on or before December 31, 2006.

**8. REVIEW OF DISCLOSURE**

The Committee shall review those portions of the Company's annual disclosure documents containing information relating to matters within the Committee's mandate before the Company publicly discloses this information.

**9. REVIEW OF COMMITTEE'S CHARTER**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

**10. NON-EXHAUSTIVE LIST**

The foregoing list of duties is not exhaustive and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.