FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   Spinrite Income Fund (the "Fund")
   320 Livingstone Avenue South
   Listowel, ON N4W 3H3

2. **Date of Material Change**

   June 14, 2006

3. **News Release**

   On June 14, 2006, the Fund issued a news release. A copy of the press release is attached as Schedule "A".

4. **Summary of Material Change**

   On June 14, 2006, the Fund announced that due to the continued softness in the craft yarn market, all distributions to unitholders of the Fund will be suspended. This decision will take effect with the June distribution payable in July.

5. **Full Description of Material Change**

   On June 14, 2006, the Fund announced that due to the continued softness in the craft yarn market, all distributions to unitholders of the Fund will be suspended. This decision will take effect with the June distribution payable in July. Given the ongoing volatility in the craft yarn market, the board of trustees of the Fund has not set a target date to resume distributions.

6. **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

   Not Applicable.

7. **Omitted Information**

   Not Applicable.

8. **Executive Officer**

   Ryan K. Newell
   Chief Financial Officer
   (519) 291-3232

9. **Date of Report**

   June 16, 2006

Schedule "A"

FOR IMMEDIATE RELEASE

Spinrite Reports Continued Softness in Yarn Market, Suspends Distributions

Listowel, Ontario – June 14, 2006 -- Spinrite Income Fund (TSX: SNF.UN) today announced that due to the continued softness in the craft yarn market, all distributions to unitholders will be suspended. This decision will take effect with the June distribution payable in July.

"High retail inventories and a decline in consumer demand for fancy yarn continue to negatively impact sales," said Dario Margve, President and Chief Executive Officer. "Additionally, the summer months are historically the weakest sales period of the year for our industry. Given these factors, it is prudent to suspend distributions until the market has stabilized."

Sales for the second quarter of 2006 are expected to be in the range of $11.0 million to $13.0 million, compared to $35.2 million in the second quarter of 2005. These figures are presented in accordance with the January 1, 2006 change in accounting policy that resulted in certain customer rebates and discounts being deducted to arrive at net sales for the Fund. During the second quarter of 2006, these rebates and discounts are expected to be higher than historical levels as a percent of gross sales due to the increased promotional activity required to address high inventory levels and retail shelf plan changes. Significant margin pressure is also anticipated due to the change in sales mix.

Given the ongoing volatility in the craft yarn market, the Board of Trustees has not set a target date to resume distributions.

Spinrite Income Fund (TSX: SNF.UN) is the largest producer and marketer of craft yarn in Canada and one of the largest in the United States. Established in 1952, Spinrite researches, develops, manufactures and markets a broad variety of consumer craft yarns. The company also supports its market with patterns that provide customers with creative ideas for knitted products. Spinrite has approximately 510 employees at its fully integrated manufacturing and distribution centre in Listowel, Ontario.

Forward-Looking Statements

This press release may contain forward-looking statements relating to expected future events and financial and operating results of the Fund that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in the

Fund's prospectus filed with the Canadian securities regulatory authorities. Due to the potential impact of these factors, the Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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For further information:

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