

2009 ANNUAL INFORMATION FORM

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March 24, 2010



<sup>TM</sup> Trademark owned by IGM Financial Inc. and licensed to its subsidiary corporations.

## Forward-Looking Statements

Certain statements in this Annual Information Form and the documents incorporated by reference, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation's, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Corporation's, and its subsidiaries' control, affect the operations, performance and results of the Corporation, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes (including adoption of International Financial Reporting Standards), operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by law, the Corporation undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business is provided in its disclosure materials filed with the securities regulatory authorities in Canada, available at [www.sedar.com](http://www.sedar.com).

## Non-GAAP Financial Measures

This Annual Information Form and the documents incorporated by reference contain non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include but are not limited to “adjusted net income”, “adjusted diluted earnings per share (EPS)” and “adjusted return on average common equity (ROE)” used to provide management and investors with additional measures to assess earnings performance. As well, “earnings before interest and taxes (EBIT)” and “earnings before interest, taxes, depreciation and amortization

(EBITDA)” are non-GAAP financial measures used to provide management, investors and investment analysts with additional measures to evaluate and analyze the Corporation’s results.

However, these non-GAAP financial measures do not have a standard meaning and are not directly comparable to similar measures used by other corporations and may not be directly comparable to any prescribed GAAP measure. Please refer to the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP.

# IGM FINANCIAL INC.

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\* Parts of the 2009 Annual Report of IGM Financial Inc. for the year-ended December 31, 2009 (“2009 Annual Report”) and parts of the Management Proxy Circular dated March 1, 2010 respecting the May 7, 2010 meeting of the Corporation’s shareholders (“Proxy Circular”) are incorporated by reference into this Annual Information Form. Both the 2009 Annual Report and the Proxy Circular can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Unless otherwise specified, this Annual Information Form presents information as at December 31, 2009.

## GENERAL

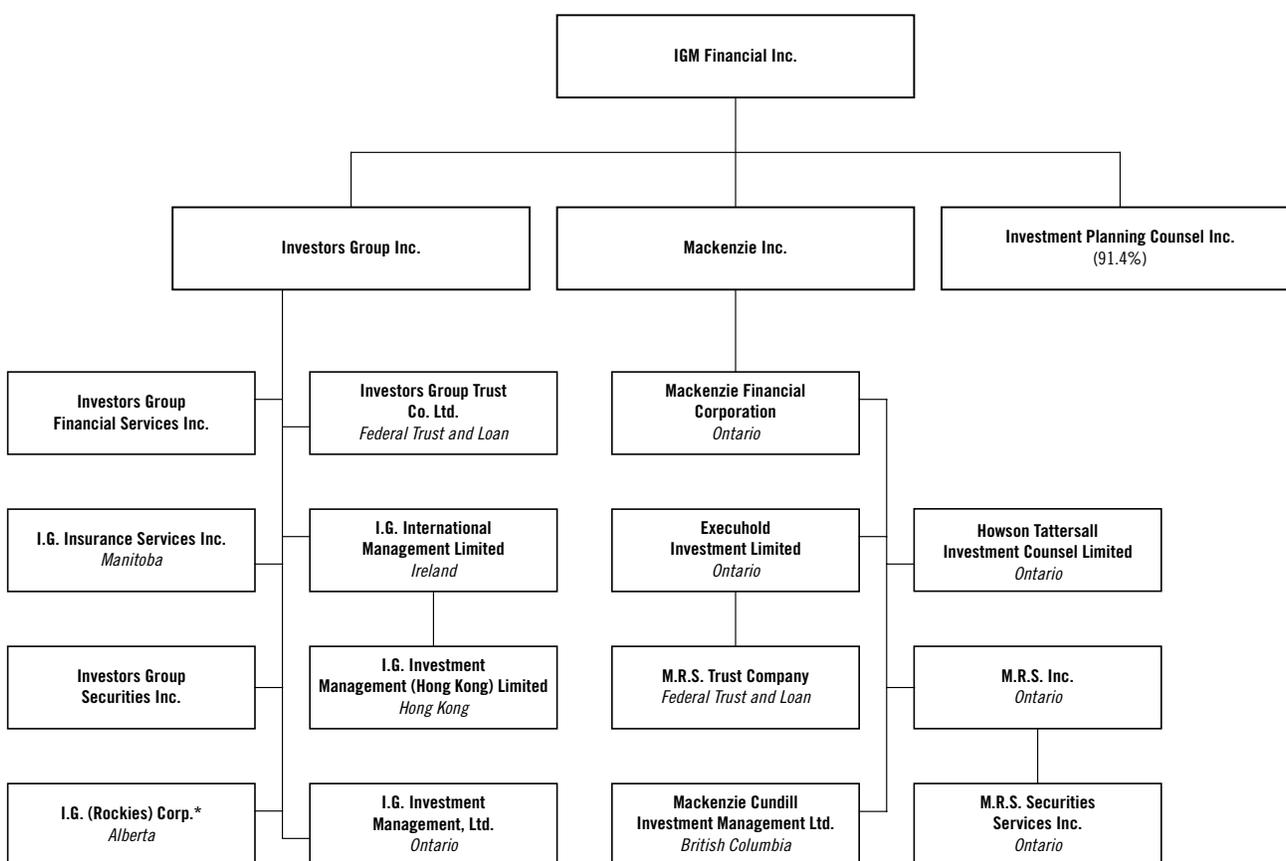
### Incorporation

IGM Financial Inc. (“IGM Financial” or the “Corporation”) was incorporated under the Canada Business Corporations Act on August 3, 1978 and its capital structure reorganized by Articles of Amendment effective September 19, 1986. Its name was changed to IGM Financial Inc. by Articles of Amendment effective April 30, 2004 and its Articles were re-stated effective April 30, 2004. Its Articles were further amended on December 7, 2009, to create First Preferred Shares, Series B.

The Corporation is a subsidiary of Power Financial Corporation and its registered and head office is located at 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6.

### Subsidiaries and Corporate Structure

The following chart details the inter-corporate relationships among IGM Financial and its principal subsidiaries as of December 31, 2009, giving the jurisdiction of incorporation and percentage of voting securities held:



Unless otherwise indicated, all companies were incorporated under the Canada Business Corporations Act and 100% of their voting securities are owned, directly or indirectly, by IGM Financial Inc.

\* Investors Group Inc. owns 80.4% of the voting shares and I.G. Investment Management, Ltd. owns 19.6% of the voting shares.

## DESCRIPTION OF BUSINESS

IGM Financial Inc. is a personal financial services company, primarily providing investment advisory and related services, with over \$120 billion in total assets under management. Its activities are carried out through Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. IGM Financial Inc. is a member of the Power Financial Corporation group of companies.

As at December 31, 2009, the Corporation had 3,283 employees.

Investors Group Inc. (“Investors Group”), founded in 1926, delivers personalized financial solutions to Canadians through a network of over 4,600 Consultants located throughout Canada, with \$57.7 billion in mutual fund assets under management. In addition to an exclusive family of mutual funds and other investment vehicles, Investors Group offers a wide range of insurance, securities, mortgage products and services, and, through National Bank of Canada, also offers banking products and services.

Mackenzie Financial Corporation (“Mackenzie”) was founded in 1967, and is an investment management firm providing investment advisory and related services. With \$63.6 billion in assets under management, Mackenzie distributes its products and services primarily through a diversified distribution network of third party financial advisors.

Investment Planning Counsel Inc. (“Investment Planning Counsel”) was founded in 1996, and is an independent distributor of financial products, services and advice in Canada.

For a further description of the Corporation’s business, see pages 17 to 72 of the Corporation’s 2009 Annual Report.

## DEVELOPMENT OF BUSINESS

On May 10, 2004 IGM Financial acquired a 74.7% interest in Investment Planning Counsel in exchange for \$75.9 million in cash and the issuance of 734,796 Common Shares, for total consideration of \$100.3 million. Investment Planning Counsel is a financial planning organization in Canada, with over 650 financial advisors and \$12.2 billion in client assets under administration, which includes \$2.1 billion in mutual fund assets under management in Counsel Portfolio

Services Inc. (formerly Counsel Group of Funds Inc. until name change effective October 22, 2009). The acquisition of Investment Planning Counsel expanded the Corporation’s presence in the independent financial planning channel. Investment Planning Counsel has continued to operate as a separate business unit from Investors Group and Mackenzie.

On September 22, 2006, Mackenzie acquired all of the assets of Cundill Investment Research Ltd. and related entities (the “Cundill Group”), resulting in the addition of \$3.3 billion in assets under management.

On September 25, 2008, Mackenzie acquired 95.3% of the issued and outstanding shares of Saxon Financial Inc. (and subsequently the remaining 4.7% of such shares under the compulsory acquisition provisions of the Business Corporations Act (Ontario)) resulting in the addition of approximately \$13 billion in assets under management.

On June 5, 2009 the Company acquired the non-controlling interest in Investment Planning Counsel in exchange for \$1.7 million in cash and the issuance of 41.2 million Common Shares for total consideration of \$42.9 million.

The Corporation intends to apply for the renewal of its normal course issuer bid with the Toronto Stock Exchange, to be effective from April 12, 2010 through April 11, 2011 inclusive. The Corporation intends to purchase for cancellation up to 5% of its outstanding Common Shares during the course of the bid.

For additional information concerning the general development of the Corporation’s business, and a discussion of risk factors reasonably expected to have a material affect on the Corporation’s business, financial condition or results of operation, see pages 17 to 72 of IGM Financial’s 2009 Annual Report.

## DIVIDEND POLICY

The current practice of the Corporation is to pay dividends to the holders of Common Shares on a quarterly basis. A fixed 5.75% annual non-cumulative dividend was payable quarterly to holders of Preferred Shares, Series A until December 31, 2009 when all such shares were redeemed. On December 8, 2009 the Company issued Preferred Shares, Series B. A fixed 5.90% annual non-cumulative dividend is payable quarterly to holders of Preferred Shares, Series B.

The Corporation's ability to pay Common Share dividends is restricted by the terms of the outstanding Preferred Shares, which provide that IGM Financial may not pay dividends on Common Shares at any time unless all dividends to which Preferred shareholders are then entitled have been declared and paid or set apart for payment.

The following table reflects the amount of cash dividends declared per share for each class of the Corporation's outstanding shares for each of the three most recently completed financial years. No dividends shall be payable to holders of Preferred Shares, Series B, until April 30, 2010.

| Year | Quarter                 | Common Dividends Declared | Preferred Share, Series A – Dividends Declared |
|------|-------------------------|---------------------------|--|
|      |                         | \$                        | \$   |
| 2007 | 1 <sup>st</sup> Quarter | 0.4275                    | 0.359  |
|      | 2 <sup>nd</sup> Quarter | 0.4275                    | 0.359  |
|      | 3 <sup>rd</sup> Quarter | 0.460                     | 0.359  |
|      | 4 <sup>th</sup> Quarter | 0.460                     | 0.359  |
| 2008 | 1 <sup>st</sup> Quarter | 0.4875                    | 0.359  |
|      | 2 <sup>nd</sup> Quarter | 0.4875                    | 0.359  |
|      | 3 <sup>rd</sup> Quarter | 0.5125                    | 0.359  |
|      | 4 <sup>th</sup> Quarter | 0.5125                    | 0.359  |
| 2009 | 1 <sup>st</sup> Quarter | 0.5125                    | 0.359  |
|      | 2 <sup>nd</sup> Quarter | 0.5125                    | 0.359  |
|      | 3 <sup>rd</sup> Quarter | 0.5125                    | 0.359  |
|      | 4 <sup>th</sup> Quarter | 0.5125                    | 0.359  |

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description

The authorized capital of IGM Financial consists of an unlimited number of First Preferred Shares, issuable in series, 14,400,000 Non-cumulative First Preferred Shares, Series A (which were fully redeemed as of December 31, 2009), 8,000,000 Non-Cumulative First

Preferred Shares, Series B, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Class 1 Non-Voting shares and an unlimited number of Common Shares.

The following table sets out the number of issued and outstanding shares for each class of share of the Corporation.

| Share Class                                     | Issued And Outstanding |
|---|------------------------|
| Non-Cumulative First Preferred Shares, Series A | 0                      |
| Non-Cumulative First Preferred Shares, Series B | 6,000,000              |
| Second Preferred Shares, issuable in series     | 0                      |
| Class 1 Non-Voting Shares                       | 0                      |
| Common Shares                                   | 262,633,255            |

The characteristics of each class of shares are as follows:

**(a) First Preferred Shares:**

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend meetings of shareholders, nor are they entitled to vote at such meetings. The First Preferred Shares are issuable in series.
- (ii) **Dividends:** Holders of any series of First Preferred Shares will be entitled to receive dividends in priority to the holders of Second Preferred Shares, Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.
- (iii) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among holders of Second Preferred Shares, Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the First Preferred Shares, the holders of the First Preferred Shares are entitled to receive amounts the articles provide must be paid to them in respect of return of capital, premium and accumulated dividends remaining unpaid, including all cumulative dividends, whether declared or not. Holders of this class of shares are not entitled to share in any further distribution of the assets.

**(b) Non-Cumulative First Preferred Shares, Series A ("Series A Shares"):**

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend or vote at any meeting of shareholders unless and until the Corporation has failed to declare and pay eight quarterly dividends, on the Series A Shares, whether or not consecutive. In that event, until such time as the whole amount of a dividend is paid, the holder of the shares is entitled to receive notice of and to attend all shareholders meetings and will be entitled to one vote per Series A Share. Upon payment by the Corporation of the whole amount of a dividend, these voting rights cease.
- (ii) **Dividends:** Non-cumulative, preferential cash dividends in an amount equal to \$0.359375 per Series A Share, as and when declared by the Board, are paid on the last day of March, June,

September and December in each year. Holders of any series of First Preferred Shares will be entitled to receive dividends in priority to the holders of Second Preferred Shares, Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.

**(iii) Redemption, Conversion and Purchase:**

Under certain circumstances, the Corporation is entitled to redeem or convert the Series A Shares. The shares are redeemable by the Corporation on or after June 30, 2009 in cash, at \$26.00 per share if redeemed prior to June 30, 2010, \$25.67 if redeemed on or after June 30, 2010, but prior to June 30, 2011, \$25.33 if redeemed on or after June 30, 2011, but prior to June 30, 2012 and \$25.00 if redeemed on or after June 30, 2012. On or after June 30, 2009, the Corporation may convert each preferred share into that number of Common Shares determined by dividing the then applicable redemption price by the greater of \$2.00 and 95% of the weighted-average trading price of the Common Shares at such time. On or after June 30, 2013, subject to the right of the Corporation to redeem for cash or to find substitute purchasers for such shares at the redemption price, each Series A Share will be convertible on the last day of March, June, September and December in each year at the option of the holder into that number of Common Shares determined by dividing \$25.00 by the greater of \$2.00 and 95% of the weighted-average trading price of the Common Shares at such time. The Corporation, subject to the articles and applicable law, may purchase any number of the outstanding Series A Shares.

**(iv) Liquidation, Dissolution or Winding-up:**

Before any amount can be paid to, or assets distributed among, holders of Second Preferred Shares, Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the First Preferred Shares, the holders of First Preferred Shares are entitled to receive \$25.00 per Series A Share, together with all dividends declared and unpaid. Holders of this class of shares are not entitled to share in any further distribution of the assets.

**(c) Non-Cumulative First Preferred Shares, Series B**  
("Series B Shares")

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend or vote at any meeting of shareholders unless and until the Corporation has failed to declare and pay eight quarterly dividends, on the Series B Shares, whether or not consecutive. In that event, until such time as the whole amount of a dividend is paid, the holder of the shares is entitled to receive notice of and to attend all shareholders meetings and will be entitled to one vote per Series B Share. Upon payment by the Corporation of the whole amount of a dividend, these voting rights cease.
- (ii) **Dividends:** Non-cumulative, preferential cash dividends in an amount equal to \$0.36875 per Series B Share, as and when declared by the Board, are paid on the last day of January, April, July and October in each year. Holders of any series of First Preferred Shares will be entitled to receive dividends in priority to the holders of Second Preferred Shares, Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.
- (iii) **Redemption and Purchase:** Under certain circumstances, the Corporation is entitled to redeem the Series B Shares. The shares are redeemable by the Corporation on or after December 31, 2014 in cash, at \$26.00 per share, if redeemed prior to December 31, 2015; \$25.75 if redeemed on or after December 31, 2015, but prior to December 31, 2016; \$25.50 if redeemed on or after December 31, 2016, but prior to December 31, 2017; \$25.25 if redeemed on or after December 31, 2017 but prior to December 31, 2018; and \$25.00 on or after December 31, 2018. The Corporation, subject to the articles and applicable law, may purchase for cancellation any number of the outstanding Series B Shares.
- (iv) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among, holders of Second Preferred Shares, Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the First Preferred Shares, the holders of the Series B Shares are entitled to receive \$25.00 per Series B Share, together with all dividends

declared and unpaid. Holders of this class of shares are not entitled to share in any further distribution of the assets.

**(d) Second Preferred Shares:**

- (i) **Voting Rights:** Holders are not entitled to receive notice of or to attend meetings of shareholders, nor are they entitled to vote at such meetings. The Second Preferred Shares are issuable in series and are subject and subordinate to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares.
- (ii) **Dividends:** Holders of any series of Second Preferred Shares will be entitled to receive dividends in priority to the holders of Common Shares and Class 1 Non-Voting Shares (and shares of any other class that rank subordinate to them), as and when declared by the Board.
- (iii) **Liquidation, Dissolution or Winding-up:** Before any amount can be paid to, or assets distributed among, holders of Common Shares, Class 1 Non-Voting Shares or shares of any other class subordinate to the Second Preferred Shares, the holders of the Second Preferred Shares are entitled to receive amounts the articles provide must be paid to them in respect of return of capital, premium and accumulated dividends remaining unpaid, including all cumulative dividends, whether declared or not. Holders of this class of shares are not entitled to share in any further distribution of the assets.

**(e) Class 1 Non-Voting Shares:**

- (i) **Voting Rights:** The holders of Class 1 Non-Voting Shares are not entitled to vote at shareholders meetings, but are entitled to receive notice thereof.
- (ii) **Dividends:** These shares rank equally with the Common Shares as to dividends.
- (iii) **Liquidation, Dissolution or Winding-up:** After payment to holders of First Preferred Shares, Second Preferred Shares and any other class of shares of amounts which they are entitled to receive in the event of liquidation, dissolution or winding-up of the Corporation, the remaining assets of the Corporation will be paid to or distributed equally among the Common shareholders and Class 1 Non-Voting shareholders, without preference or distinction.

**(f) Common Shares:**

- (i) **Voting Rights:** Common Shares of the Corporation entitle the holders to vote at any meeting of shareholders.
- (ii) **Dividends:** Holders of these shares are entitled to dividends, as and when declared by the Board, and are subject to the priority of payment of dividends attaching to the series of First Preferred and Second Preferred Shares as noted above.

**(iii) Liquidation, Dissolution or Winding-up:**

After payment to holders of First Preferred Shares, Second Preferred Shares and any other class of shares of amounts which they are entitled to receive in the event of liquidation, dissolution or winding-up of the Corporation, the remaining assets of the Corporation will be paid to or distributed equally among the Common shareholders and Class 1 Non-Voting shareholders, without preference or distinction.

**Ratings**

The following table sets out ratings<sup>(1)</sup> given to the Corporation's outstanding securities as at December 31, 2009:

| Specific Securities                   | DBRS         | S&P            |
|---------------------------------------|--------------|----------------|
| Long-term Debt (unsecured debentures) | A (High)     | A+             |
| Preferred Shares                      | Pfd-2 (High) | A- / P-1 (Low) |

<sup>(1)</sup> The rating Trend of DBRS and the S&P rating Outlook are both stable.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' Web sites.

These ratings are not a recommendation to buy, sell or hold the securities of the Corporation and do not address market price, nor other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

**(a) Dominion Bond Rating Services (DBRS)**

DBRS has different rating scales for short-term debt, long-term debt and preferred shares. The A (High) rating assigned to IGM Financial's senior unsecured debentures is the third highest of the ten rating categories for long-term debt. Under the DBRS system, debt securities rated A (High) are of satisfactory credit quality and protection of interest and principal is considered substantial.

While this is a favorable rating, entities in the A (High) category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated companies. A reference to "high" or "low" reflects the relative strength within the rating category, while the absence of either a "high" or "low" designation indicates the rating is placed in the middle of the category.

The Pfd-2 (High) rating assigned to the Corporation's preferred shares is the second highest of the six rating categories for preferred shares. It indicates that the preferred shares are of a satisfactory credit quality and protection of dividends and principal is substantial. The earnings, balance sheet and coverage ratios of borrowers rated Pdf-2 (High) are, however, not as strong as Pfd-1 rated companies. A reference to "high" or "low" reflects the relative strength within the rating category, while the absence of either a "high" or "low" designation indicates the rating is placed in the middle of the category.

**(b) Standard & Poor's (S&P)**

S&P also has different rating scales for short-term debt, long-term debt and preferred shares in Canada. The "A+" rating assigned to the Corporation's senior

unsecured debentures is the third highest of the ten major rating categories for long-term debt and indicates S&P's view that the Corporation's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular ratings category.

The Corporation's preferred shares have been assigned "A -" ratings using S&P's global scale for preferred shares and have also been assigned P-1 (Low) ratings using S&P's Canadian scale for preferred shares, reflecting S&P's view that the Corporation's capacity to meet its financial commitment on the preferred shares is strong, but the preferred shares are somewhat more susceptible

to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. The "A" rating category is the highest of the nine categories used by S&P on its global preferred share scale. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular rating category. A preferred share rating on the Canadian scale is a current assessment of the creditworthiness of an obligor with respect to a specific share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. The P-1 rating category is the highest of the eight categories used by S&P on its Canadian preferred share scale. A reference to "high", "medium" or "low" reflects the relative strength within the rating category.

## MARKET FOR SECURITIES

The Common Shares and the First Preferred Shares, Series B of the Corporation are listed on the Toronto Stock Exchange. The Common Shares are listed under the stock symbol "IGM" and the First Preferred Shares, Series B are listed under the stock symbol "IGM.PR.B". First Preferred Shares, Series A were listed on the Toronto Stock Exchange under the stock symbol "IGM.PR.A" until December 31, 2009.

The following table provides information concerning the closing price range and volume of shares traded for each of these classes of securities on a monthly basis for each month of the year ended December 31, 2009.

### Common Shares

| 2009      | Low Price | High Price | Volume     |
|-----------|-----------|------------|------------|
| January   | 30.76     | 36.35      | 3,884,570  |
| February  | 26.18     | 34.50      | 8,900,215  |
| March     | 25.07     | 32.17      | 13,308,430 |
| April     | 30.25     | 36.39      | 5,978,096  |
| May       | 35.73     | 39.25      | 4,970,176  |
| June      | 38.12     | 43.31      | 7,844,663  |
| July      | 38.67     | 44.99      | 6,244,813  |
| August    | 40.90     | 45.20      | 5,472,526  |
| September | 40.31     | 44.99      | 4,725,113  |
| October   | 38.55     | 41.86      | 4,473,073  |
| November  | 37.99     | 41.51      | 6,426,569  |
| December  | 42.11     | 44.40      | 6,695,117  |

**First Preferred Shares, Series A (Redeemed December 31, 2009)**

| 2009      | Low Price | High Price | Volume  |
|-----------|-----------|------------|---------|
| January   | 24.01     | 25.75      | 521,662 |
| February  | 25.25     | 25.97      | 155,516 |
| March     | 25.09     | 26.57      | 120,431 |
| April     | 25.65     | 26.79      | 75,339  |
| May       | 26.25     | 26.98      | 144,359 |
| June      | 26.03     | 26.65      | 96,204  |
| July      | 26.35     | 27.99      | 161,190 |
| August    | 26.70     | 28.10      | 81,174  |
| September | 26.45     | 27.15      | 89,047  |
| October   | 26.52     | 27.64      | 90,045  |
| November  | 26.10     | 27.47      | 254,051 |
| December  | 25.96     | 26.08      | 702,551 |

**First Preferred Shares, Series B (Issued December 8, 2009)**

| 2009     | Low Price | High Price | Volume  |
|----------|-----------|------------|---------|
| December | 24.28     | 24.99      | 704,239 |

**DIRECTORS AND OFFICERS****Directors**

See pages 4 to 10 of the Proxy Circular for a list of Directors, their business affiliations, municipality of residence, their shareholdings in the Corporation, their tenure as directors of the Corporation and a list of board committees and the members thereof. Messrs. Bibeau, A. Desmarais, P. Desmarais, Jr., Harder, Mazankowski, McFeetors, Orr, Plessis-Bélair and Rousseau are directors of the Corporation's parent corporation, Power Financial Corporation.

All of the Directors have held their present business affiliations for the past five (5) years, with the exception of V. Peter Harder, R. Jeffrey Orr, Henri-Paul Rousseau, Philip K. Ryan and Charles R. Sims. Mr. Harder is President of the Canada-China Business Council, a position held since 2008 and Senior Policy Advisor to Fraser Milner Casgrain LLP, a position held since

2007. From June 2003 to March 2007, he was Deputy Minister of Foreign Affairs. Mr. Orr is the President and Chief Executive Officer of Power Financial Corporation, a position which he has held since May 9, 2005. From May 1, 2001 until May 16, 2005 he was President and Chief Executive Officer of the Corporation. Mr. Rousseau is Vice-Chairman of Power Financial Corporation and Power Corporation of Canada, positions which he has held since January 2009. From 2005 to 2008 he was President and Chief Executive Officer of the Caisse de dépôt et placement du Québec (the "Caisse") and, prior to that, Chairman and Chief Executive Officer of the Caisse from September 2002 to April 2005. Mr. Ryan is Executive Vice-President and Chief Financial Officer of Power Financial Corporation and of Power Corporation of Canada, positions which he has held since January, 2008. From 1985 until 2008 he held a variety of positions with Credit Suisse. The previous affiliations of Charles R. Sims are noted below.

## Executive Officers

The executive officers of the Corporation and its principal subsidiaries are as follows:<sup>(1)</sup>

| Name and Municipality of Residence of Officer | Position Held With The Corporation and Affiliates  |
|---|--|
| Murray J. Taylor<br>Winnipeg, Manitoba        | Co-President and Chief Executive Officer, IGM Financial Inc.<br>President and Chief Executive Officer, Investors Group Inc.  |
| Charles R. Sims<br>Toronto, Ontario           | Co-President and Chief Executive Officer, IGM Financial Inc.<br>President and Chief Executive Officer, Mackenzie Inc. and<br>Chairman, President and Chief Executive Officer, Mackenzie<br>Financial Corporation |
| Gregory D. Tretiak<br>Winnipeg, Manitoba      | Executive Vice-President, Finance and Chief Financial Officer,<br>IGM Financial Inc.   |
| Mark Kinzel<br>Winnipeg, Manitoba             | Executive Vice-President, Financial Services,<br>Investors Group Inc.  |
| A. Scott Penman<br>Winnipeg, Manitoba         | Executive Vice-President & Chief Investment Officer,<br>Investors Group Inc.   |
| Kevin E. Regan<br>Winnipeg, Manitoba          | Executive Vice-President, Financial Services,<br>Investors Group Inc.  |
| Norman Raschkowan<br>Toronto, Ontario         | Executive Vice-President and Chief Investment Officer,<br>Mackenzie Financial Corporation  |
| David B. Feather<br>Toronto, Ontario          | Executive Vice-President, Mackenzie Financial Corporation  |

<sup>(1)</sup> Information concerning Mr. Orr, as Chairman of the Corporation, is included in the Directors' Information Table in the Proxy Circular.

All executive officers of the Corporation have held their present business affiliations for the past five (5) years, with the exception of the following officers, whose affiliations are noted below:

|                                       |  |
|---------------------------------------|--|
| Charles R. Sims                       | Co-President and Chief Executive Officer, IGM Financial Inc. since May 16, 2005, President and Chief Executive Officer of Mackenzie Inc. and Mackenzie Financial Corporation since March 1, 2005, formerly Chief Administrative Officer, Global Distribution, Franklin Templeton Investments and prior to that with Franklin Templeton in various positions, both in Canada and the United States, since 1989. |
| Norman Raschkowan<br>Toronto, Ontario | Executive Vice President and Chief Investment Officer of Mackenzie Financial Corporation since October 15, 2007, previously Chief Investment Officer, Standard Life Investments Inc. from 2006 to 2007, previously Senior Vice President, Head of Canadian and U.S. Equities from 1990 to 2005, Standard Life Investments Inc.   |

To the knowledge of the Corporation, no director or executive officer of the Corporation is or has been, in the last ten years, a director or executive officer of a company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Daniel Johnson, who was a director and Chairman of the Board of Geneka Biotechnologie Inc. until March 7, 2003, approximately two months prior to the date on which Geneka Biotechnologie Inc. was deemed to have made an assignment in bankruptcy.

#### **Shareholdings of Directors and Executive Officers**

To the knowledge of the Corporation, the directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over, approximately 728,330 or 0.3% of the outstanding Common Shares of the Corporation.

Power Financial Corporation owns 141,634,765 Common Shares directly, representing 53.9% of the outstanding Common Shares of the Corporation, and indirectly through 3411893 Canada Inc. and 4400003 Canada Inc., wholly owned subsidiaries of Power Financial Corporation, 5,532,000 Common Shares and 765,315 Common Shares, respectively, representing 2.1% and 0.3%, respectively, and through The Great-West Life Assurance Company, 9,200,000 Common Shares representing 3.5%. Power Financial Corporation is controlled by Power Corporation of Canada, over which the Honourable Paul Desmarais and associates have voting control.

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

For information concerning legal proceedings and regulatory actions please see pages 55 and 56 of the 2009 Annual Report.

#### **TRANSFER AGENTS AND REGISTRARS**

Computershare Trust Company of Canada acts as transfer agent and registrar for the Common Shares of the Corporation, and has offices in Calgary (Alberta), Halifax (Nova Scotia), Montreal (Quebec), Toronto (Ontario), Vancouver (British Columbia) and Winnipeg (Manitoba).

The Corporation acts as transfer agent and registrar for the First Preferred Shares, Series B of the Corporation and acted as transfer agent and registrar for the First Preferred Shares, Series A which Shares were redeemed on December 31, 2009. The Corporation's head office is located in Winnipeg (Manitoba).

#### **MATERIAL CONTRACTS**

The following descriptions provide details of material contracts entered into by the Corporation since January 1, 2002 that are still in effect:

##### **(a) Third Series Supplemental Trust Indenture**

Dated as of December 13, 2002 between the Corporation and Computershare Trust Company of Canada, the Indenture provides for the creation of \$175 million aggregate principal amount of 7.00% debentures due December 31, 2032. The Indenture provides that the debentures will be direct and unsecured obligations of the Corporation and will rank *pari passu* with all existing or future unsecured and unsubordinated indebtedness of the Corporation. Debentures in the aggregate principal amount of \$175 million are currently outstanding.

##### **(b) Fourth and Fifth Series Supplemental Trust Indentures**

Dated as of March 5, 2003 between the Corporation and Computershare Trust Company of Canada, the Indentures provide for the creation of \$150 million aggregate principal amount of 6.58% debentures due March 7, 2018 and \$150 million aggregate principal amount of 7.11% debentures due March 7, 2033, respectively. The Indentures provide that the debentures

will be direct and unsecured obligations of the Corporation and will rank pari passu with all existing or future unsecured and unsubordinated indebtedness of the Corporation. Debentures in the aggregate principal amount of \$150 million are currently outstanding under each of the Indentures.

### **(c) Sixth Series Supplemental Trust Indenture**

Dated as of April 7, 2009 between the Corporation and Computershare Trust Company of Canada, the Indenture provides for the creation of \$375 million aggregate principal amount of 7.35% debentures due on April 8, 2019. The Indenture provides that the debentures will be direct and unsecured obligations of the Corporation and will rank pari passu with all existing or future unsecured and unsubordinated indebtedness of the Corporation. Debentures in the aggregate principal amount of \$375 million are currently outstanding under the Indenture.

The above Indentures were entered into in the normal course of business and contain certain negative pledges and events of default.

## **INTERESTS OF EXPERTS**

Deloitte & Touche LLP is the external auditor of IGM Financial who prepared the Auditors' Report to Shareholders included with the consolidated annual financial statements of IGM Financial for the most recently completed financial year. To the knowledge of IGM Financial, Deloitte & Touche LLP is independent in accordance with the rules of professional conduct applicable to it under the Institute of Chartered Accountants of Manitoba.

## **AUDIT COMMITTEE**

### **Audit Committee Composition**

The Audit Committee of IGM Financial is comprised of the following four members: Donald F. Mazankowski (Chair), A. Marc Bibeau, John S. McCallum and Roy W. Piper. The responsibilities and duties of the Audit Committee are described in detail in the Charter of the Committee, which is set out in Appendix A to this Annual Information Form. The Board of Directors believes that each member of IGM Financial's Audit Committee is "independent" and "financially literate" as such terms are defined under Canadian securities laws.

In addition to their general business background and involvement with other companies, the members of the Corporation's Audit Committee have many years of experience as Audit Committee members with the Corporation (with the exception of Mr. Bibeau who was appointed to the Audit Committee in May 2009). In this capacity, they have experience reviewing financial statements and dealing with related accounting and auditing issues. The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibility as a member of that committee.

Mr. Mazankowski was a Member of Parliament for 25 years and held several senior Cabinet positions, including Deputy Prime Minister, Minister of Finance, President of the Treasury Board, Minister of Agriculture and President of the Queen's Privy Council. He serves on the Board of Directors of Power Corporation of Canada and has been a member of its Audit Committee since 1996. He serves on the Board of Directors of Great-West Lifeco Inc. and is a member of its Executive Committee. He served on the Board of Directors of Weyerhaeuser Company and was a member of its Audit Committee from 1997 until January 2009. Mr. Mazankowski is also a director of Canadian Oil Sands Trust and previously served on its Audit Committee. He is a former director and member of the Audit Committees of Gulf Canada and Gulf Indonesia (and was Chairman of the Audit Committee of Gulf Indonesia), as well as having previously served on the Board and Audit Committee of IMC Global Inc. He has been Chairman and a member of the Audit Committee of IGM Financial since April, 1997.

Mr. Bibeau is President of Beauward Shopping Centres Ltd., a private company which develops, leases and operates real estate properties. Mr. Bibeau has been President of Beauward Shopping Centres Ltd. since 1996, and previously held a number of other positions with that company. He has a Bachelor of Business Administration from Bishop's University.

Mr. McCallum has been a Professor of Finance at the University of Manitoba since 1973. He has a Ph. D. from the University of Toronto in Finance, an M.B.A. from Queen's University in Marketing and Operations Research, a B.Sc. from the University of Montreal in Mathematics and Physics and a B.A. from the University of Montreal in Economics and Philosophy. His teaching

and research interests are in corporate finance, monetary economics, capital markets and financial institutions. From 1977 to 1981 he was economic advisor to the Premier of Manitoba; from 1984 to 1991 he was special advisor to the Federal Minister of Finance and from 1991 to 1993 was special advisor to the Federal Minister of Industry, Science, Technology and Trade. From 1988 to 1990 he was Vice-Chairman of Manitoba Hydro, Chairman from 1990 to 2000 and chaired the Audit Committee from 1988 to 1990. Mr. McCallum also serves on the Boards of Directors and Audit Committees of Fortis Inc. and Toromont Industries Ltd. and has chaired the Audit Committee of Toromont Industries Ltd. since 1987. He is on the Board of Directors of The Wawanesa Insurance Company and previously served on its Audit Committee. He is also a member of the Winnipeg Civic Employees' Benefits Program Investment Committee and chairs The City of Winnipeg Sinking Fund Trustees. His work has appeared in a number of finance related journals including CA magazine, CGA magazine and Cost and Management. He has been a member of the Audit Committee of IGM Financial since April, 1998.

Mr. Piper is a self-employed farmer. He was a director of United Grain Growers Ltd. (now known as Viterra

Inc.) from 1979 until 2000, a member of its Audit Committee from 1986 to 2000, Chairman of its Audit Committee from 1994 to 2000, and Vice-President from 1988 to 2000. He has been a member of the Audit Committee of IGM Financial since April, 1988.

### Pre-approval Policy

The Audit Committee has adopted a Policy Regarding Pre-approval of Services Provided by the External Auditor. The policy sets out audit services that are pre-approved by the Committee, outlines prohibited and pre-approved non-audit services and stipulates that all other non-audit services must be pre-approved by the Audit Committee. The pre-approved list of audit services and the pre-approved list of permitted non-audit services is to be reviewed and re-approved periodically. The policy further requires that the external auditor implement its own policies and procedures in order to ensure that prohibited non-audit services are not provided and to ensure that permitted non-audit services are pre-approved before an engagement is accepted.

### External Auditor Services Fees

Aggregate fees paid to the Corporation's external auditor during the fiscal years ended December 31, 2009 and December 31, 2008 are as follows:

| (\$ Thousands)                        | Years Ended December 31 |                |
|---------------------------------------|-------------------------|----------------|
|                                       | 2009                    | 2008           |
| Audit Services <sup>(1)</sup>         | \$2,514                 | \$2,296        |
| Audit-Related Services <sup>(2)</sup> | 412                     | 350            |
| Tax Services                          | 33                      | 28             |
| Other Services                        | 260                     | 161            |
| <b>Total</b>                          | <b>\$3,219</b>          | <b>\$2,835</b> |

<sup>(1)</sup> Does not include audit fees for which \$718 (2008 – \$680) related to the audit of certain of the mutual funds managed by the Corporation.

<sup>(2)</sup> Does not include audit-related fees for which \$30 (2008 – \$83) related to certain of the mutual funds managed by the Corporation.

### **(a) Audit Fees**

Audit fees were paid for professional services rendered by the external auditor for the audit of the annual financial statements of the Corporation and its subsidiaries or services provided in connection with statutory and regulatory filings or engagements.

### **(b) Audit-Related Fees**

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements of the Corporation and are not reported under the audit fees item above.

### **(c) Tax Fees**

Tax fees were paid for tax consultation and tax compliance services including the review of tax returns, assistance with questions regarding tax audits, and assistance in completing routine tax schedules and calculations.

### **(d) Other**

Fees disclosed under the item "Other" were paid for services other than the audit fees, audit-related fees and tax fees described above. These services consisted of French translation of the annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2008 and the 2009 interim consolidated financial statements and quarterly reports to shareholders of the Corporation and other advisory services.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation, including press releases and the Corporation's financial statements, may be found on the Corporation's website at [www.igmfinancial.com](http://www.igmfinancial.com). Information relating to the Corporation may also be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Proxy Circular.

Additional financial information is provided in the financial statements and management's discussion and analysis for the year-ended December 31, 2009, which are contained in the 2009 Annual Report of the Corporation.

Copies of the above mentioned documents, as well as the following documents, are available from the Secretary of the Corporation at 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6:

- (a) this Annual Information Form, together with a copy of the most recent document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form; and
- (b) a copy of any other documents that are incorporated by reference into a preliminary short form prospectus or a short form prospectus filed in connection with a distribution of the securities of the Corporation.

The Corporation may require the payment of a reasonable charge when the request is made by someone who is not a securityholder of the Corporation, unless securities of the Corporation are in the course of a distribution pursuant to a preliminary short form prospectus or a final short form prospectus, in which case such documents will be provided free of charge.

## APPENDIX A

# IGM FINANCIAL INC.

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### Audit Committee Charter

#### 1.0 COMPOSITION

The Audit Committee (the “*Committee*”) of IGM Financial Inc. (the “*Corporation*”) shall be composed of not less than three directors of the Corporation, all of whom shall be *independent* and *financially literate* within the meaning of the Canadian Securities Administrators National Instrument 52-110.

#### 2.0 PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

- (1) **Meetings.** The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
- (2) **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation’s expense, the compensation of such advisors.
- (3) **Quorum.** A quorum at any meeting of the Committee shall be two Committee members.
- (4) **Secretary.** The Chairman of the Committee, or any person appointed by the Chairman of the Committee, shall act as secretary of meetings of the Committee.
- (5) **Calling of Meetings.** A meeting of the Committee may be called by the Chairman of the Committee, by the Chairman of the Board of Directors (the “*Board*”), by the President and Chief Executive Officer, by the external auditor of the Corporation, or by any member of the Committee. When a meeting of the Committee is called by any one other than the Chairman of the Board, the Chairman of the Committee shall so inform the Chairman of the Board.

#### 3.0 DUTIES AND RESPONSIBILITIES

##### 3.1 Financial Disclosure. The Committee shall:

- (1) review the Corporation’s:
  - (a) interim and annual financial statements;
  - (b) interim and annual management’s discussions and analysis;
  - (c) interim and annual earnings press releases; and
  - (d) other documents containing audited or unaudited financial information, at its discretion;and report thereon to the Board before such documents are approved by the Board and disclosed to the public; and
- (2) be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the

disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures.

**3.2 External Audit.** The Committee shall:

- (1) recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
- (2) review the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
- (3) review the independence of the external auditor, including an annual report prepared by the external auditor regarding its independence;
- (4) review the external auditor's engagement to ensure that the external auditor is duly appointed as external auditor of each of the Corporation's subsidiary entities, unless in the opinion of the Corporation, after consulting the external auditor, the total assets and/or net income of the subsidiary entity are not a material part of the total assets and/or net income of the Corporation, or unless, in the case of a subsidiary entity that carries on its operations in a country other than Canada, the laws of the country do not permit such appointment;
- (5) review the recommendation of the external auditor for the person designated to conduct the audit;
- (6) meet with the external auditor and with management to discuss the audit plan, audit findings, any restrictions on the scope of the external auditor's work;
- (7) review with the external auditor and management any changes in Generally Accepted Accounting Principles; the quality and the acceptability of major accounting policies and assumptions; alternative treatments of financial information within Generally Accepted Accounting Principles that have been discussed with management, the ramifications of the use of alternative treatments, and the treatment preferred by the external auditor; the presentation and impact of significant risks and uncertainties that could adversely affect the wellbeing of the Corporation; and key estimates and judgments of management; in each case that may be material to the Corporation's financial reporting;
- (8) have the authority to communicate directly with the external auditor;
- (9) receive reports directly from the external auditor;
- (10) directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (11) meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
- (12) review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
- (13) review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
- (14) pre-approve (or delegate such pre-approval to one or more of its members) in accordance with a pre-approval policy, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;

- (15) review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor; and
- (16) review all issues and statements related to a change of the external auditor and the steps planned by management for an orderly transition.

**3.3 Internal Audit.** The Committee shall:

- (1) have the authority to communicate directly with the internal auditor;
- (2) review periodically the internal audit mandates of the Corporation;
- (3) review annually the internal audit plan;
- (4) require management to implement and maintain appropriate internal control procedures and review, evaluate and approve those procedures;
- (5) meet with the internal auditor and with management to discuss the effectiveness of the internal control procedures established for the Corporation; and
- (6) review a summary of the internal auditor's reports and management's responses and subsequent follow-up to any material risks identified in such reports.

**3.4 Compliance.** The Committee shall:

- (1) review reports of the chief compliance officer and chief privacy officer;
- (2) meet with the chief compliance officer and chief privacy officer to discuss the effectiveness of existing policies and procedures for compliance with applicable laws and regulations;
- (3) monitor compliance with the Code of Conduct or Business Conduct Policy, as applicable; and
- (4) review periodically the mandate of the chief compliance officer and chief privacy officer of the Corporation.

**3.5 Accounting Complaints Handling Procedures.** The Committee shall establish procedures for:

- (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

**3.6 In-Camera Sessions.** The Committee shall periodically meet in-camera alone, and meet separately with each of the external auditor, internal auditor and management, as the Committee deems appropriate.

**3.7 Subsidiaries.**

- (1) With respect to any Material Operating Subsidiary in the corporate ownership chain between the Corporation and any Direct Subsidiary, the Committee shall review the financial statements of that Material Operating Subsidiary.
- (2) With respect to any Direct Subsidiary:
  - (a) the Committee shall rely on the review and approval of the financial statements of the Direct Subsidiary by the audit committee and the board of directors of the Direct Subsidiary, and on reports or opinions of the external auditor on those financial statements;
  - (b) the Committee shall receive a copy of the charter of the Direct Subsidiary's audit committee, together with a memorandum summarizing its meeting processes and structure ("Process Memorandum"); and

- (c) at each meeting of the Committee, the secretary of the Committee shall table a report from the secretary of the Direct Subsidiary's audit committee confirming that the processes mandated by its charter and Process Memorandum have been followed.
- (3) For these purposes:
- (a) "*Material Operating Subsidiary*" means an operating subsidiary whose net income represents 10% or more of the net income of the Corporation; and
  - (b) "*Direct Subsidiary*" means any Material Operating Subsidiary that is directly owned by the Corporation and that has an audit committee which is comprised of a majority of independent directors.

#### 4.0 AUDITOR'S ATTENDANCE AT MEETINGS

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

#### 5.0 ACCESS TO INFORMATION

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

#### 6.0 REVIEW OF CHARTER

The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.

#### 7.0 REPORTING

The Chairman of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require on matters subject to the Committee's review and consideration and shall promptly inform the Chairman of the Board of any significant issues raised by the members of the Committee, the internal or external auditor or the regulators and shall provide the Chairman of the Board copies of any written reports or letters provided by the external auditor and the regulators to the Committee.





