



2013  
ANNUAL  
INFORMATION  
FORM

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March 20, 2014

## 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 and its subsidiaries' 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 and its subsidiaries, 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. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

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 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, 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 and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' 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 applicable Canadian 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 and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Annual Information Form and its most recent Management's Discussion and Analysis, filed with the securities regulatory authorities in Canada, available at [www.sedar.com](http://www.sedar.com).

## Non-IFRS Financial Measures and Additional IFRS Measures

This Annual Information Form and the documents incorporated by reference contain non-IFRS financial measures and additional IFRS measures. Net earnings available to common shareholders, which is an additional measure in accordance with International Financial Reporting Standards (IFRS), may be subdivided into two components consisting of:

- operating earnings available to common shareholders; and
- other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful.

Terms by which non-IFRS financial measures are identified include but are not limited to "operating earnings available to common shareholders", "operating earnings per share", "operating return on average common equity" and other similar expressions used to provide management and investors with additional measures to assess earnings performance. As well, "earnings before interest and taxes (EBIT)", "earnings before interest, taxes, depreciation and amortization (EBITDA)" and "adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)" are non-IFRS financial measures used to provide management, investors and investment analysts with additional measures to evaluate and analyze the Corporation's results. EBITDA is a common measure used in the asset management industry to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Other items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful, are further excluded to arrive at Adjusted EBITDA. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS in Tables 1 and 2 on pages 18 and 19 of the 2013 Annual Report.

Terms by which additional IFRS measures are identified include "earnings before income taxes and discontinued operations", "net earnings from continuing operations" and "net earnings available to common shareholders". Additional IFRS measures are used to provide management and investors with additional measures to assess earnings performance. These measures are considered additional IFRS measures as they are in addition to the minimum line items required by IFRS and are relevant to an understanding of the entity's financial performance.

# IGM FINANCIAL INC.

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\* Parts of the 2013 Annual Report of IGM Financial Inc. for the year-ended December 31, 2013 (“2013 Annual Report”) and parts of the Management Proxy Circular dated February 28, 2014 respecting the May 9, 2014 meeting of the Corporation’s shareholders (“Proxy Circular”) are incorporated by reference into this Annual Information Form. Both the 2013 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, 2013.

## GENERAL

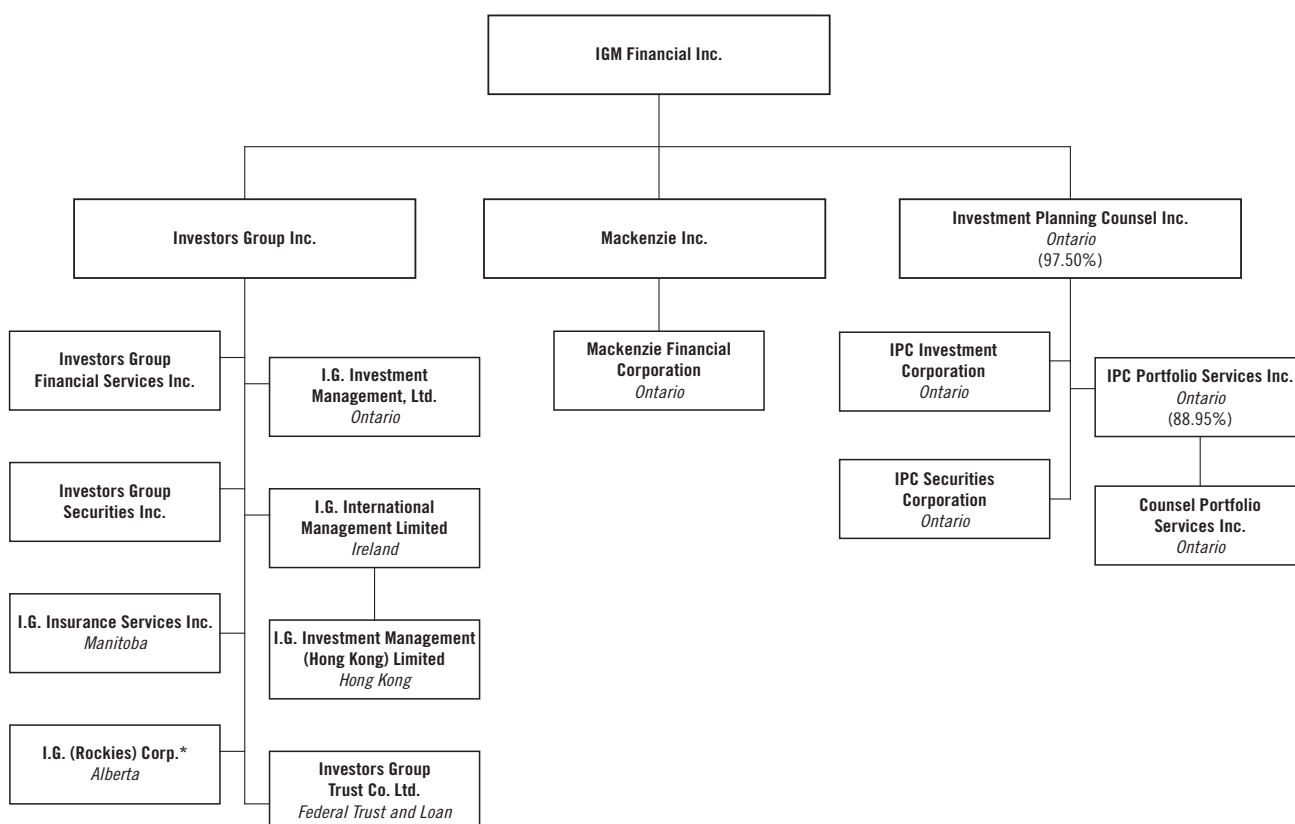
### Incorporation

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 of Incorporation and all Articles of Amendment were re-stated by Restated Articles of Incorporation effective April 30, 2004 (the “Articles”). The 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, R3B 3H5.

### Subsidiaries and Corporate Structure

The following chart details the inter-corporate relationships among IGM Financial and its principal and certain other subsidiaries as of December 31, 2013, 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 \$131.8 billion in total assets under management. Its activities are carried out through Investors Group Inc. (“Investors Group”), Mackenzie Financial Corporation (“Mackenzie”) and Investment Planning Counsel Inc. (“Investment Planning Counsel”). IGM Financial Inc. is a member of the Power Financial Corporation group of companies.

As at December 31, 2013, the Corporation and its subsidiaries had 3,057 employees.

Investors Group, founded in 1926, delivers personalized financial solutions to Canadians through a network of 4,673 Consultants located throughout Canada, with \$68.3 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 other financial services.

Mackenzie was founded in 1967, and is an investment management firm providing investment advisory and related services. With \$65.3 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 was founded in 1996, and is an independent distributor of financial products, services and advice in Canada. Investment Planning Counsel is a financial planning organization in Canada, with 933 financial advisors and \$21.2 billion in client assets under administration, which includes over \$3.4 billion in mutual fund assets under management in Counsel Portfolio Services Inc.

For a further description of the Corporation’s business, see pages 17 to 116 of the 2013 Annual Report.

## DEVELOPMENT OF BUSINESS OVER THE LAST THREE YEARS

On September 2, 2011, Mackenzie Financial Corporation announced that it had entered into an agreement with B2B Trust, a subsidiary of Laurentian Bank, under which B2B Trust would acquire 100 per cent of M.R.S. Trust Company and M.R.S. Inc. The transaction closed on November 16, 2011 for cash consideration of approximately \$199 million and repayment by B2B Trust of \$20 million of subordinated indebtedness of M.R.S. Trust Company to Mackenzie Financial Corporation.

In March 2013, IGM Financial Inc. purchased 1,950,000 subscription receipts of Great-West Lifeco Inc. (“Lifeco”) at a price of \$25.70 per subscription receipt for approximately \$50 million which were automatically exchanged for 1,950,000 common shares of Lifeco in July 2013. IGM Financial Inc. owned 4.0% of the participating equity securities of Lifeco as at July 2013 and as at December 31, 2013.

For additional information concerning the general development of the Corporation’s business, and a discussion of risk factors reasonably expected to have a material effect on the Corporation’s business, financial condition or results of operation, see pages 17 to 116 of the 2013 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 5.90% annual non-cumulative dividend is payable quarterly to holders of First 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.

Year	Quarter	Common Dividends Declared	Preferred Share, Series B - Dividends Declared
		(\$)	(\$)
2011	1 <sup>st</sup> Quarter	0.5125	0.36875
	2 <sup>nd</sup> Quarter	0.5125	0.36875
	3 <sup>rd</sup> Quarter	0.5375	0.36875
	4 <sup>th</sup> Quarter	0.5375	0.36875
2012	1 <sup>st</sup> Quarter	0.5375	0.36875
	2 <sup>nd</sup> Quarter	0.5375	0.36875
	3 <sup>rd</sup> Quarter	0.5375	0.36875
	4 <sup>th</sup> Quarter	0.5375	0.36875
2013	1 <sup>st</sup> Quarter	0.5375	0.36875
	2 <sup>nd</sup> Quarter	0.5375	0.36875
	3 <sup>rd</sup> Quarter	0.5375	0.36875
	4 <sup>th</sup> Quarter	0.5375	0.36875

All future dividend amounts and dates are subject to approval by the Board of Directors.

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description

The authorized capital of IGM Financial consists of an unlimited number of First Preferred Shares, issuable in series, 8,000,000 Non-Cumulative First Preferred Shares, Series B, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Common Shares and an unlimited number of Class 1 Non-Voting Shares.

The following table sets out the number of issued and outstanding shares for each class of share of the Corporation as at December 31, 2013.

Share Class	Issued And Outstanding
Non-Cumulative First Preferred Shares, Series B	6,000,000
Second Preferred Shares, issuable in series	0
Common Shares	252,309,767
Class 1 Non-Voting Shares	0

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 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.

**(c) 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.

**(d) 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.

**(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.

**Ratings**

The following table sets out ratings<sup>(1)</sup> given to the Corporation's outstanding securities as at December 31, 2013:

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" for the securities and/or issuer.

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' websites.

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 DBRS long-term obligation rating scale provides an opinion on the risk of default, which is the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

Most rating categories are denoted by the sub-categories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. Rating trends provide guidance in respect of DBRS’ opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – “Positive”, “Stable” or “Negative”. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

The A (High) rating assigned to IGM Financial’s senior unsecured debentures is the fifth highest of 26 ratings used by DBRS for long-term debt. Under the DBRS long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial. While this is a favorable rating, entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

The Pfd-2 (High) rating assigned to the Corporation’s preferred shares is the fourth highest of 16 ratings used by DBRS for preferred shares. Under the DBRS preferred share rating scale, preferred shares rated Pfd-2 (High) are of a satisfactory credit quality and protection of dividends and principal is substantial. The earnings,

balance sheet and coverage ratios of borrowers rated Pfd-2 (High) are, however, not as strong as Pfd-1 rated companies.

#### **(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. S&P’s issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program. Long-term issue credit ratings are based, in varying degrees, on S&P’s analysis of:

- (i) the likelihood of payment (capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation),
- (ii) the nature and provisions of the obligation, and
- (iii) the protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors’ rights.

Long-term issue credit ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default.

The S&P Canadian preferred share rating scale serves issuers, investors and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P. The Canadian rating is fully determined by the applicable global rating and there are no additional analytical criteria associated with the determination of ratings on the Canadian scale. It is the practice of S&P to present an issuer’s preferred share ratings on both the global rating scale and on the Canadian rating scale when listing the ratings for a particular issuer.

Most ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major letter rating categories. An S&P rating

outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future credit watch action.

The “A+” rating assigned to the Corporation’s senior unsecured debentures is the fifth highest of the 22 ratings used by S&P in its long-term issue credit rating scale. A debenture rated A+ 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.

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. A P-1 (Low) rating is the third highest of 18 ratings used by S&P in its Canadian preferred share rating scale. An A- rating is the fifth highest of 20 ratings used by S&P in its global preferred share rating scale. A preferred share rating of A- reflects 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.

#### **Payments to Rating Organizations**

Payments were made to DBRS and S&P by the Corporation in the last two years to maintain an issuer rating on the Company and to rate publicly distributed debt, including unsecured debentures and preferred shares. The Company expects that DBRS and S&P will continue to provide these services in 2014.

## 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”.

The following tables provide 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, 2013.

### Common Shares

2013	Low Price	High Price	Volume
January	41.700	43.700	3,986,241
February	42.610	45.590	8,612,968
March	45.250	46.010	5,091,689
April	43.320	45.490	4,188,151
May	45.090	49.320	4,116,199
June	44.150	48.720	5,031,313
July	45.260	48.870	4,041,970
August	46.570	49.370	3,649,869
September	47.510	49.420	3,090,252
October	47.660	50.240	2,854,667
November	49.820	54.700	4,024,723
December	52.710	56.180	4,481,476

### First Preferred Shares, Series B

2013	Low Price	High Price	Volume
January	26.480	27.250	88,365
February	26.710	27.190	81,889
March	26.930	27.100	56,337
April	26.810	26.950	73,796
May	26.850	27.050	140,455
June	24.860	26.850	96,984
July	25.190	25.620	87,082
August	24.720	25.690	116,750
September	24.900	25.580	144,934
October	25.200	25.810	85,665
November	25.590	25.940	49,507
December	25.160	25.670	59,878

## DIRECTORS AND OFFICERS

### Directors

See pages 5 to 13 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 and Orr are directors of the Corporation's parent corporation, Power Financial Corporation. Messrs. Clark, McFeetors and Veilleux are not standing for re-election in May 2014 so their information is not included in the Proxy Circular but is set out in the following table.

Name, Province of Residence, Principal Occupation Over the Past 5 Years	Director Since (yyyy/mm/dd)
<p>Christie J.B. Clark, FCA <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> Ontario, Canada</p> <p>Mr. Clark is a corporate director. He was the Chief Executive Officer of PricewaterhouseCoopers LLP in Canada from 2005 to 2011.</p>	2012/05/04
<p>Raymond L. McFeetors Manitoba, Canada</p> <p>Mr. McFeetors is Vice-Chairman of Power Financial Corporation. He was Chairman of the Board of Great-West Lifeco Inc., The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company and Great-West Financial (Canada) Inc. from May 2008 until May 2013, and Director of Putnam Investments, LLC from September 2007 until June 2013.</p>	2001/04/27
<p>G�rard Veilleux, O.C., D.U. <sup>(4)</sup> Qu�bec, Canada</p> <p>Mr. Veilleux is President of Power Communications Inc. and until December 31st, 2009 was also Vice-President of Power Corporation of Canada.</p>	1997/04/25

<sup>(1)</sup> Member, Executive Committee (R.J. Orr, Chairman).

<sup>(2)</sup> Member, Audit Committee (J. McCallum, Chairman).

<sup>(3)</sup> Member, Investment Committee (R.J. Orr, Chairman).

<sup>(4)</sup> Member, Community Affairs Committee (S. Sherk, Chairman).

All of the other Directors have held their present business affiliations for the past five (5) years, with the exception of:

Director	Date(s)	History
Gregory D. Tretiak	April 1999 to May 2012	Executive Vice-President and Chief Financial Officer, IGM Financial Inc.
Jeffrey R. Carney	March 2012 to November 2012	Executive Vice-President, Branch Network, Charles Schwab & Co. Inc.
	October 2008 to March 2012	Senior Managing Director, Head of Marketing & Products, Putnam Investment Management, LLC
Susan Sherk	June 1996 to July 2013	Senior Human Environment Associate, AMEC Environment and Infrastructure, a division of AMEC Americas Limited

## Executive Officers

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

<b>Name and Province/State and Country of Residence of Officer</b>	<b>Position Held With the Corporation and Affiliates</b>
Murray J. Taylor Manitoba, Canada	Co-President and Chief Executive Officer, IGM Financial Inc. President and Chief Executive Officer, Investors Group Inc.
Jeffrey R. Carney Massachusetts, U.S.A.	Co-President and Chief Executive Officer, IGM Financial Inc. President and Chief Executive Officer, Mackenzie Inc.
Kevin E. Regan Manitoba, Canada	Executive Vice-President and Chief Financial Officer, IGM Financial Inc.
Jeffrey W. Singer Massachusetts, U.S.A.	Executive Vice-President and Chief Investment Officer, Investors Group Inc.
A. Scott Penman Manitoba, Canada	Executive Vice-President, Investors Group Inc.
Mark Kinzel Manitoba, Canada	Executive Vice-President, Financial Services, Investors Group Inc.
E. Blake Moore, Jr. Ontario, Canada	Executive Vice-President, Head of Distribution, Mackenzie Financial Corporation
Tony Elavia Ontario, Canada	Executive Vice-President, Chief Investment Officer, Mackenzie Financial Corporation
David McCullum Ontario, Canada	Executive Vice-President, Client Services Operations, Mackenzie Financial Corporation and Investors Group Inc.
Mary Taylor Ontario, Canada	Executive Vice-President, Product and Marketing, Mackenzie Financial Corporation
Kathy Allan Ontario, Canada	Senior Vice-President, Human Resources, Mackenzie Financial Corporation and Investors Group Inc.
Todd Asman Manitoba, Canada	Senior Vice-President, Products and Financial Planning, Investors Group Inc.
Geoffrey Creighton Ontario, Canada	Senior Vice-President, General Counsel and Secretary, IGM Financial Inc.
Renata Dennis Manitoba, Canada	Senior Vice President, Distribution Services, Investors Group Inc.
Luke Gould Manitoba, Canada	Senior Vice-President, Finance and Chief Financial Officer, Investors Group Inc. and Mackenzie Inc.
Claude Paquin Québec, Canada	President, Investors Group Financial Services, Québec, Investors Group Financial Services Inc.
Sandi Promislow Manitoba, Canada	Senior Vice-President, Chief Information Officer, IGM Companies, Investors Group Inc.
Allan Warren Ontario, Canada	Senior Vice-President, Fund Services, Mackenzie Financial Corporation and Investors Group Inc.
John Wiltshire Manitoba, Canada	Senior Vice-President, Marketing, Investors Group Inc.

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

<sup>(2)</sup> The list of Executive Officers is as of January 1, 2014.

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

<b>Executive Officer</b>	<b>Date(s)</b>	<b>History</b>
Jeffrey R. Carney	March 2012 to November 2012	Executive Vice-President, Branch Network, Charles Schwab & Co. Inc.
	October 2008 to March 2012	Senior Managing Director, Head of Marketing & Products, Putnam Investment Management, LLC
Kevin E. Regan	April 2004 to May 2012	Executive Vice-President, Financial Services, Investors Group Inc.
Jeffrey W. Singer	2011 to October 2013	Senior Vice-President, Global Equities & Head of Research, Caisse de dépôt et placement du Québec
	1999 to June 2009	Chief Investment Officer, Canadian Equities, Sanford C. Bernstein & Co., LLC (and its affiliates and successors)
A. Scott Penman	January 2008 to October 2013	Executive Vice-President and Chief Investment Officer, Investors Group Inc.
E. Blake Moore, Jr.	2008 to 2010	Chief Executive Officer, Allianz Global Investors Solutions LLC
	2004 to 2010	Chief Executive Officer, Allianz Global Investors Fund Management LLC
Tony Elavia	2011 to March 2012	Founder and Chief Executive Officer, Lumos Capital Management
	2004 to 2010	Chief Executive Officer and Chief Investment Officer, Madison Square Investors
David McCullum	2006 to January 2012	Senior Vice-President, Operations & Client Services, Mackenzie Financial Corporation and Investors Group Inc.
Mary Taylor	January 2011 to February 2013	Senior Vice-President, Product and Marketing, Mackenzie Financial Corporation
	2006 to 2010	Senior Vice-President, Products & Marketing, Hartford Investments Canada Corp.
Todd Asman	February 2008 to July 2012	Vice-President, Banking & Mortgages, Investors Group Inc.
Luke Gould	June 2005 to January 2012	Vice-President, Treasury & Treasurer, Investors Group Inc.
Renata Dennis	July 2012 to December 2013	Vice-President, Institute & Consultant Network Support, Investors Group Inc.
	February 2008 to July 2012	Vice-President, Human Resources, Investors Group Inc.
Claude Paquin	July 2007 to April 2011	Senior Vice-President, Québec, Investors Group Financial Services Inc.
Allan Warren	November 2011 to April 2012	Senior Vice-President and Chief Administrative Officer, Mackenzie Financial Corporation
	November 1997 to November 2011	President and Chief Executive Officer, M.R.S. Trust Company
John Wiltshire	March 2003 to July 2012	Senior Vice-President, Product and Financial Planning, Investors Group 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 V. Peter Harder, who was a director of ARISE Technologies Corporation until June 24, 2011, approximately six months prior to the date on which ARISE Technologies Corporation filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada) and approximately nine months prior to the date on which ARISE Technologies Corporation was deemed to make 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 586,092 or 0.2% of the outstanding Common Shares of the Corporation.

Power Financial Corporation owns 140,266,259 Common Shares directly, representing 55.6% 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 2,133,821 Common Shares, respectively, representing 2.2% and 0.8%, respectively, and through The Great-West Life Assurance Company, 9,200,000 Common Shares representing 3.6% (excluding 219,780 Common Shares of the Corporation, representing 0.1%, held by The Great-West Life Assurance Company in its segregated funds or for similar purposes). The Desmarais Family Residuary Trust, a trust for the benefit

of the members of the family of the late Mr. Paul G. Desmarais, has voting control, directly and indirectly, of Power Corporation of Canada, which in turn controls Power Financial Corporation.

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

For information concerning legal proceedings and regulatory actions, please see pages 62 to 63 of the 2013 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), Montréal (Québec), Toronto (Ontario) and Vancouver (British Columbia).

The Corporation, at its head office in Winnipeg, acts as transfer agent and registrar for the First Preferred Shares, Series B of the Corporation.

#### **INTERESTS OF EXPERTS**

Deloitte 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 the Corporation, Deloitte 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 Charter**

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.

##### **Composition of Audit Committee**

The Audit Committee of IGM Financial is comprised of the following four members: John S. McCallum (Chair), Marc A. Bibeau, Christie J.B. Clark and Roy W. Piper. 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.

## **Relevant Education and Experience of Audit Committee Members**

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 and Mr. Clark, who were appointed to the Audit Committee in May 2009 and May 2012, respectively). 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. 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 Montréal in Mathematics and Physics and a B.A. from the University of Montréal 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 1991 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. His work has appeared in a number of finance related journals. He has been a member of the Audit Committee of IGM Financial since April, 1998. He has been Chairman of the Audit Committee since May 7, 2010.

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. Clark was the Chief Executive Officer of PricewaterhouseCoopers LLP in Canada from 2005 to 2011, and prior to that held various leadership positions with the firm. He is a Chartered Accountant and was elected an FCA in 2003. In this capacity, he gained experience reviewing financial statements and dealing with related accounting and auditing issues. As Chief Executive Officer at PricewaterhouseCoopers LLP, he oversaw their audit practice and had oversight responsibility for major audit clients, together with the engagement partner. He attended many audit committee meetings in that role. He is chair of the Audit Committees for Loblaw Companies Limited, Brookfield Office Properties Inc. and Air Canada.

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 are reviewed and re-approved periodically. The policy 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, 2013 and December 31, 2012 are as follows:<sup>(1)</sup>

(\$,000s)	2013	2012
Audit Fees	\$2,138	\$2,149
Audit-Related Fees	427	95
Tax Fees	105	28
All Other Fees	311	471
<b>Total</b>	<b>\$2,981</b>	<b>\$2,743</b>

<sup>(1)</sup> Does not include:

- audit fees for which \$1,072 (2012 - \$1,086) related to the audit of certain of the mutual funds managed by the Corporation.
- audit-related fees for which \$22 (2012 - \$63) related to certain of the mutual funds managed by the Corporation.
- tax services fees for which \$9 (2012 - \$9) related to certain of the mutual funds managed by the Corporation.

### Audit Fees

Audit fees were paid for professional services 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.

### 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.

### Tax Fees

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

### Other Fees

Fees disclosed under the item "All Other Fees" 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, 2012 and the 2013 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, 2013, which are contained in the 2013 Annual Report.

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, R3B 3H5:

- (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 Corporate Secretary or an Associate Secretary or such other person as may be designated by 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. Meetings may be held at any time without notice if all members of the Committee waive notice, provided that the attendance of a Committee member at any such meeting shall be a waiver of notice of that meeting except where the Committee member objects to the transaction of business on the grounds that the meeting has not been validly called. 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 review the audit plan, audit findings, and 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 Pension Plans.** The Committee shall:

- (1) review and approve (i) reports and certifications with respect to all plan audit-related activities as outlined in the Pension Plan Annual Report and (ii) Pension Plan financial reports; and
- (2) approve the appointment of the Pension Plan auditor.

**3.4 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.

**3.5 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.

**3.6 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.

**3.7 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.

**3.8 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.

