Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") dated February 13, 2008 presents an analysis of the financial position of CI Financial Income Fund and its subsidiaries ("CI") as at December 31, 2007, compared with December 31, 2006, and the results of operations for the three months and year ended December 31, 2007, compared with the three, seven and twelve months ended December 31, 2006.

Financial information, except where noted otherwise, is presented in accordance with Canadian generally accepted accounting principles ("GAAP") and amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments"), United Financial Corporation ("United"), Assante Wealth Management (Canada) Ltd. ("AWM") and Blackmont Capital Inc. ("Blackmont"). The Asset Management segment of the business includes the operating results and financial position of CI Investments, United, KBSH Capital Management Inc. ("KBSH") and Lakeview Asset Management Inc. ("Lakeview"). The Asset Administration segment includes the operating results and financial position of Blackmont and AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. These statements involve risks and uncertainties, are based on assumptions and estimates, and therefore actual results may differ materially from those expressed or implied by CI. Factors that may cause such differences include, but are not limited to, general economic and market conditions including interest and foreign exchange rates, global financial markets, legislative and regulatory changes, industry competition, technological developments and catastrophic events. The reader is cautioned against undue reliance on these forward-looking statements.

CI converted to an income trust on June 30, 2006 and all discussion and reference to CI should be considered to be a continuation of the record of the predecessor organization, CI Financial Inc. All references to "units", "unitholders" and "distributions" are subsequent to June 30, 2006 and are used to refer to "shares", "shareholders" and "dividends", respectively, prior to conversion.

This MD&A includes several non-GAAP financial measures that do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. However, management believes that most unitholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. These non-GAAP measures and reconciliations to GAAP where necessary, are shown as highlighted footnotes to the discussion throughout the document.

Selected Annual Information

(millions, except per unit amounts)	Year ended December 31, 2007	Twelve months ended December 31, 2006	Seven month period ended December 31, 2006	Year ended May 31, 2006
Total revenue	$1,654.9	$1,365.6	$805.0	$1,323.4
Total expenses	1,093.6	861.0	481.4	848.8
Income before income taxes	561.3	504.6	323.6	474.6
Income taxes	(63.8)	32.7	(31.1)	165.6
Net income	$625.1	$471.9	$354.7	$309.0
Earnings per unit	$2.21	$1.66	$1.25	$1.08
Distributions paid per unit	$2.20	$1.425	$1.065	$0.70
Total assets	$3,626.5	$2,739.4	$2,739.4	$2,824.8
Total long-term debt	$927.9	$576.1	$576.1	$417.1
Units outstanding	281.514	280.133	280.133	285.681
Average units outstanding	282.214	284.232	283.210	285.936

Summary of Quarterly Results
(millions of dollars, except per unit amounts)

	Fiscal year December 31, 2007				Fiscal year December 31, 2006*		Fiscal year May 31, 2006			
	Q4	Q3	Q2	Q1	Q2	Q1	Q4	Q3	Q2	Q1
Management fees	322.2	326.3	329.7	314.6	306.7	293.8	294.9	277.5	267.6	270.0
Administration fees	81.3	75.6	94.6	40.8	37.3	31.1	34.5	35.3	31.0	30.9
Other revenues	23.6	15.9	16.7	13.6	15.0	12.1	14.6	17.6	17.2	32.3
Total revenues	427.1	417.8	441.0	369.0	359.0	337.0	344.0	330.4	315.8	333.2
Selling, general and administrative	92.4	88.5	92.4	73.4	64.1	66.2	100.0	93.6	79.8	80.2
Trailer fees	93.8	92.9	93.1	89.0	85.8	81.1	80.5	71.8	68.9	69.7
Investment dealer fees	51.8	49.5	56.0	31.9	28.5	23.9	26.1	26.6	23.4	23.3
Amortization of deferred sales commissions	32.1	30.9	29.4	27.4	25.6	24.1	22.4	20.4	18.8	17.5
Interest expense	11.4	10.6	10.0	7.6	6.6	5.4	4.5	3.2	3.0	3.2
Other expenses	9.4	7.7	9.8	2.6	2.8	2.5	3.3	2.3	3.9	2.4
Total expenses	290.9	280.1	290.7	231.9	213.4	203.2	236.8	217.9	197.8	196.3
Income before income taxes	136.2	137.7	150.3	137.1	145.6	133.8	107.2	112.5	118.0	136.9
Income taxes	(51.5)	(6.0)	(1.3)	(5.0)	(4.3)	(4.6)	37.9	39.4	42.3	45.9
Net income	187.7	143.7	151.6	142.1	149.9	138.4	69.3	73.1	75.7	91.0
Earnings per unit	0.66	0.50	0.54	0.51	0.53	0.49	0.24	0.26	0.26	0.32
Distributions paid per unit	0.57	0.55	0.54	0.54	0.5025	0.5025	0.18	0.18	0.18	0.16

*Results are for the three months ended September 30, 2006 and December 31, 2006.

Overview

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. CI also became one of the country's largest income trusts in June 2006. The conversion changed the publicly traded entity from a corporation to a trust and prompted the change in CI's year-end to December 31 from May 31. Accordingly, the operating results for the seven-month period from June 1, 2006 to December 31, 2006 are used as comparative figures in the consolidated financial statements. However, for this analysis, the year ended December 31, 2007 will be compared to the twelve months ended December 31, 2006.

The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM, AFM and Blackmont financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, the underwriting of securities transactions, principal trading and ongoing service to clients.

On April 4, 2007, CI acquired control of Rockwater Capital Corporation ("Rockwater") and has included the results of Rockwater beginning with the second quarter ending June 30, 2007. With Rockwater, CI acquired Blackmont, a full-service investment dealer, KBSH, an investment counselling firm, and Lakeview, a mutual fund company. On September 1, 2007, Rockwater was amalgamated with Blackmont and continued as Blackmont. On January 1, 2008, Lakeview was amalgamated with CI Investments to continue as CI Investments.

Fee-Earning Assets and Sales

Total fee-earning assets, which include CI mutual and segregated funds, United funds, Lakeview funds, structured products, KBSH assets (collectively, assets under management or AUM), AWM assets under administration, Blackmont assets under administration and other fee-earning assets at December 31, 2007 were $103.6 billion, an increase of 13% from $91.8 billion at December 31, 2006. As shown in the following chart, these assets are represented by $63.6 billion in retail managed funds, $0.6 billion in structured products, $3.0 billion in institutional managed assets, $25.7 billion in AWM assets under administration, $9.1 billion in Blackmont assets under administration and $1.6 billion in other fee-earning assets.

Fee-earning Assets
as at December 31

(in billions)	2007	2006	% change
Retail managed funds	$63.6	$61.8	3
Structured products	0.6	0.9	(33)
Total retail assets under management	$64.2	$62.7	2
Institutional managed assets	3.0	-	n/a
Total assets under management	$67.2	$62.7	7
Assante assets under administration*	25.7	27.3	(6)
Blackmont assets under administration	9.1	-	n/a
Total assets under administration	$34.8	$27.3	27
CI other fee-earning assets	1.6	1.8	(11)
Total fee-earning assets	$103.6	$91.8	13

*Includes United Financial investment funds

Retail assets under management form the majority of CI's fee-earning assets and provide most of its revenue and net income. The growth in assets under management during the year ended December 31, 2007 is detailed in the table below.

(in billions)	Year ended December 31, 2007
Retail assets under management at December 31, 2006	$62.7
Gross sales	11.4
Redemptions	9.5
Net sales	1.9
Acquired assets	0.4
Market performance	(0.8)
Retail assets under management at December 31, 2007	$64.2

The table below sets out the levels of and the change in CI's average retail assets under management and the gross and net sales levels for the relevant periods. As most of CI's revenue and expenses are based on assets throughout the year, average asset levels are critical to the analysis of CI's financial results. The change in CI's average assets is primarily the result of strong sales of CI's funds as market performance was relatively flat during the year.

	Three months ended		Twelve months ended	
(in billions)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Average retail assets under management	$64.485	$60.655	$64.958	$58.091
Increase	6%		12%	
Gross sales	$2.6	$2.5	$11.4	$10.4
Net sales	$0.3	$0.1	$1.9	$2.1

Net sales of mutual funds reported by the Investment Funds Institute of Canada ("IFIC") were down $0.4 billion to $7.1 billion for the three months ended December 31, 2007 from industry net sales of $7.5 billion for the same three-month period last year. The market volatility of the fourth quarter impacted the industry in the form of relatively low long-term sales, however, sales for the year remained strong. Sales and assets reported by IFIC are helpful as an indicator of trends affecting a significant portion of CI's business.

Results of Operations

CI reported net income of $625.1 million ($2.21 per unit) for the year ended December 31, 2007, an increase of 32% over the $471.9 million ($1.66 per unit) reported in the twelve months ended December 31, 2006. CI's conversion to an income trust in June 2006 resulted in a significant reduction in income taxes from that point. However, CI still provided for $32.7 million in income tax expense for the twelve months ended December 31, 2006, versus an income tax recovery of $63.8 million in fiscal 2007. CI booked a future tax recovery of $36.4 million in the fourth quarter on lower future tax rates that were substantively enacted in December 2007. In addition, as a result of federal legislation enacted this year, CI recorded a future income tax liability and corresponding expense of $5.4 million in the quarter ended June 30, 2007, pertaining to the reversal of timing differences after 2011.

The results of operations include amounts recorded for equity-based compensation expense, which varies from period to period based on CI's unit price, the extent of vesting during the period and the price at which options were exercised during the period. Earnings for the year ended December 31, 2007 were reduced by equity-based compensation expense of $12.1 million ($7.7 million after-tax), versus $43.7 million ($28.0 million after-tax) in the twelve months ended December 31, 2006.

Net income of $187.7 million for the three months ended December 31, 2007 was 25% higher than the $149.9 million reported for the three months ended December 31, 2006. On a per unit basis, CI earned $0.66 in the three months ended December 31, 2007, up from $0.53 reported for the comparative period

last year. In the quarter ended December 31, 2007, an income tax recovery of $51.5 million was recorded, compared with an income tax recovery of $4.3 million in the quarter ended December 31, 2006.

The impact of equity-based compensation was an expense of $4.8 million ($3.0 million after-tax) in the fourth quarter of 2007, while for the three months ended December 31, 2006, earnings were increased by equity-based compensation recovery of $0.5 million ($0.3 million after-tax).

CI's pre-tax operating earnings, as set out in the table below, adjust for the impact of equity-based compensation and gains on marketable securities. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are also deducted to remove the impact of back-end financed assets under management.

Redemption fee revenue declined to $7.6 million in the fourth quarter from $9.4 million in the comparative period last year, and to $31.5 million for the year ended December 31, 2007 from $35.7 million for the twelve months ended December 31, 2006. Redemption fee revenue continues to fall as back-end assets are aging, and therefore pay a lower redemption fee rate when redeemed.

Amortization of deferred sales commissions and fund contracts increased to $33.1 million in the three months ended December 31, 2007 from $26.4 million in the three months ended December 31, 2006. As well, amortization over the twelve-month period increased to $123.5 million from $96.3 million as a result of higher spending on deferred sales commissions, which has grown from an annual rate of $84 million in June 2003 to $180 million over the past year.

Pre-Tax Operating Earnings

CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as income before income taxes less redemption fee revenue and investment gains, plus equity-based compensation expense and amortization of deferred sales commissions and fund contracts.

	Three months ended		Twelve months ended	
(in millions, except per unit amounts)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Income before income taxes	$136.2	$145.6	$561.3	$504.6
Less:				
Redemption fees	7.6	9.4	31.5	35.7
Gain on marketable securities and fund contracts	1.4	-	1.7	0.2
Add:				
Amortization of DSC and fund contracts	33.1	26.4	123.5	96.3
Equity-based compensation expense (recovery)	4.8	(0.5)	12.1	43.7
Pre-tax operating earnings	$165.1	$162.1	$663.7	$608.7
per unit	$0.58	$0.58	$2.35	$2.14

Pre-tax operating earnings per unit were flat for the three months ended December 31, 2007, compared with the same period in 2006, while average retail assets under management increased 6%. This difference was the result of a decline in CI's operating margin and higher interest expense this year.

Pre-tax operating earnings per unit for the year ended December 31, 2007 was $2.35, an increase of 10% from $2.14 for the twelve months ended December 31, 2006. The increase is a result of the 12% increase in average retail managed assets offset by the decline in CI's operating margin.

As shown in the table that follows, EBITDA increased to $184.2 million in the three months ended December 31, 2007 from $181.7 million in the three months ended December 31, 2006, an increase of 1%. The increase in EBITDA was the result of higher average assets under management, even as the margin on those assets declined, and despite the higher equity-based compensation expense discussed above.

EBITDA for the year ended December 31, 2007 was $737.9 million, an increase of 17% from $631.5 million for the twelve months ended December 31, 2006. The increase is due to the 13% increase in total fee earning assets and the inclusion of Blackmont in the current year.

Interest expense increased due to higher debt levels, as discussed under "Liquidity and Capital Resources." CI's debt increased primarily due to the cash portion of the Rockwater purchase price and the funding of deferred sales commissions. Debt is generally used to fund growth in the company as well as to repurchase unit capital. EBITDA provides information on the results of operations prior to the impact of such capital structure decisions and financing activities on interest expense.

EBITDA

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of sales commissions, fund contracts and capital assets. This also permits comparisons of companies within the industry, before any distortion caused by different financing methods, levels of taxation and mix of business between front-end and back-end sales commission assets under management.

	Three months ended		Twelve months ended	
(in millions, except per unit amounts)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Net income	$187.7	$149.9	$625.1	$471.9
Add (deduct):				
Interest expense	11.4	6.6	39.6	20.2
Income tax expense (recovery)	(51.5)	(4.3)	(63.8)	32.7
Amortization of DSC and fund contracts	33.1	26.4	123.5	96.2
Amortization of other items	3.5	3.1	13.5	10.5
EBITDA	$184.2	$181.7	$737.9	$631.5
per unit	$0.65	$0.65	$2.61	$2.22
EBITDA margin (as a % of revenue)	43%	51%	45%	46%

Asset Management Segment

The Asset Management segment of the business includes the operating results and financial position of CI Investments, United, KBSH, and Lakeview.

Results of Operations

The table that follows presents the operating results for the Asset Management segment:

(in millions)	Three months ended December 31, 2007	Three months ended December 31, 2006
Management fees	$322.2	$306.7
Other revenue	19.3	13.0
Total revenue	341.5	319.7
Selling, general and administrative	63.2	52.4
Trailer fees	97.5	89.1
Amortization of deferred sales commissions and fund contracts	33.3	26.6
Other expenses	7.9	2.0
Total expenses	201.9	170.1
Income before income taxes and non-segmented items	$139.6	$149.6

(in millions)	Twelve months ended December 31, 2007	Twelve months ended December 31, 2006	Seven months ended December 31, 2006
Management fees	$1,292.7	$1,170.6	$693.8
Other revenue	55.6	48.7	27.0
Total revenue	1,348.3	1,219.3	720.8
Selling, general and administrative	242.1	257.9	119.3
Trailer fees	384.0	335.4	200.9
Amortization of deferred sales commissions and fund contracts	124.2	96.8	59.7
Other expenses	18.7	8.8	6.0
Total expenses	769.0	698.9	385.9
Income before income taxes and non-segmented items	$579.3	$520.4	$334.9

Income before income taxes and interest expense for CI's principal segment was $139.6 million for the three months ended December 31, 2007, a decrease of 7% from $149.6 million in the same period last year. For the year ended December 31, 2007, income before income taxes and interest expense for the Asset Management segment was $579.3 million, an increase of 11% compared with $520.4 million for the twelve months ended December 31, 2006. The increase from the prior year for the twelve-month period is mainly due to the appreciation in average retail assets under management.

Revenues

Revenues from management fees were $322.2 million for the three months ended December 31, 2007, an increase of $15.5 million or 5% from the three months ended December 31, 2006. Management fee revenue for the year ended December 31, 2007 was $1,292.7 million, an increase of 10% compared with the twelve months ended December 31, 2006. The increase was mainly attributable to higher average retail assets under management, which were 6% and 12% higher for the three months and year ended December 31, 2007, respectively, compared with the same periods in 2006. As a percentage of average retail assets under management, management fees were 1.982% and 1.990% for the three months and year ended December 31, 2007, down from 2.006% and 2.015% in the respective three and twelve months ended December 31, 2006.

Average management fee rates have decreased as a result of a continuing trend towards a higher proportion of CI's assets being Class F and Class I funds, which have lower management fees. Class F funds pay no trailer fees to advisors, who typically charge their clients a flat or asset-based fee. Class I funds have reduced management fees for institutional clients with large holdings. At December 31, 2007, there were $737.8 million and $7.0 billion in Class F and Class I funds, respectively, compared with $658.4 million and $5.5 billion at December 31, 2006.

For the three months ended December 31, 2007, other revenue was $19.3 million, increasing from $13.0 million for the three months ended December 31, 2006. Included in the three-month period ended December 31, 2007 is $3.0 million from KBSH and a gain of $1.4 million on the sale of marketable securities. Other revenue also includes equity income from CI's U.S. interests totalling $2.8 million for the three months ended December 31, 2007, an increase of $1.1 million from the same period in the prior year.

Other revenue for the year ended December 31, 2007, was $55.6 million, up from $48.7 million for the twelve months ended December 31, 2006. KBSH contributed $8.7 million to other revenue for the twelve months ended December 31, 2007. Equity income for the year ended December 31, 2007 was $4.8 million, compared to $2.6 million for the prior year.

The largest component of other revenue is redemption fees. Redemption fees were $7.6 million and $31.5 million for the respective three months and year ended December 31, 2007. In comparison, redemption fees were $9.4 million and $35.7 million for the three and twelve months ended December 31, 2006, respectively. The decrease in redemption fees over the comparative periods is a result of the decreased level of assets that are subject to redemption fees, and the aging of assets, which results in lower applicable redemption fee rates.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $63.2 million for the three months ended December 31, 2007, an increase of 21% from $52.4 million for the comparative period last year. For the year ended December 31, 2007, SG&A expenses were $242.1 million, a decrease of 6% from $257.9 million for the twelve months ended December 31, 2006. Included in SG&A are expenses relating to CI's equity-based compensation plan. The equity-based compensation expense was $4.8 million and $12.1 million for the respective three months and year

ended December 31, 2007, compared with an expense recovery of $0.5 million and expense of $43.7 million for the respective three and twelve months ended December 31, 2006.

At December 31, 2006, based on the price per CI trust unit of $26.72, the potential payment on all vested equity-based compensation outstanding, plus the proportion of unvested amounts, was $43.0 million. Based on the price per CI trust unit at December 31, 2007 of $28.07, the equity-based compensation liability decreased by $15.8 million to $27.2 million. The decline in the liability was primarily a result of options exercised during the year ended December 31, 2007. Though CI acknowledges that the equity-based compensation expense is clearly a cost of business that is tied to the performance of CI's trust unit price, the financial results presented hereinafter both include and exclude the expense to aid the reader in conducting a comparative analysis.

SG&A expenses net of the amount related to equity-based compensation ("net SG&A") were $58.4 million for the three months ended December 31, 2007 and $52.9 million for the three months ended December 31, 2006. For the year ended December 31, 2007, net SG&A expenses were $230.0 million, compared to $214.2 million for the twelve months ended December 31, 2006. The increase from the prior year is due to the SG&A expenses related to KBSH and Lakeview and an increase in infrastructure commensurate with the growth in assets under management.

As a percentage of average retail assets under management, net SG&A expenses were 0.36% and 0.35% for the three months and year ended December 31, 2007, respectively. This compares with 0.35% for the three months ended December 31, 2006 and 0.37% for the twelve months ended December 31, 2006, and indicates that during the year, CI contained spending growth below growth in assets under management.

Trailer fees increased from $89.1 million for the three months ended December 31, 2006 to $97.5 million for the three months ended December 31, 2007. Net of intersegment amounts, this expense increased from $85.8 million for the three-month period ended December 31, 2006 to $93.8 million for the three-month period ended December 31, 2007. Trailer fees increased from $335.4 million in the twelve months ended December 31, 2006 to $384.0 million for the year ended December 31, 2007. Net of intersegment amounts, this expense increased from $320.9 million for the twelve months ended December 31, 2006 to $368.8 million for the year ended December 31, 2007.

The overall increase in trailer fees is consistent with the increase in assets under management and the movement towards a greater percentage of funds being sold on a front-end sales charge basis. For this type of fund, CI pays a higher trailer fee rate. In addition, older deferred sales charge assets have been converted to front-end units. As a percentage of average retail assets, trailer fees were 0.58% and 0.57% for the three months and year ended December 31, 2007, respectively, compared with 0.56% and 0.55% in the respective three and twelve months ended December 31, 2006.

For the three-month period ended December 31, 2007, CI's operating profit margin on the Asset Management segment, as a percentage of average retail assets under management and adjusted for equity-based compensation expense, was 1.046%, down from 1.099% for the same period last year. Similarly, for the year ended December 31, 2007, CI's operating profit margin was 1.068%, down from 1.094% for the twelve months ended December 31, 2006. This was a result of lower management fees and higher trailer fees.

Generally, the trend in CI's margins has been gradually downward. Increasing competition and changes in the product platforms through which an increasing amount of funds are sold have pushed management fee rates lower. The increase in trailer fees resulting from the change in sales mix towards front-end sales charge funds also contributed to the decline in margins. While CI has been able to reduce SG&A expenses in the past in order to mitigate the decline in its margins, there is no assurance that it can continue to do so.

Commissions paid from CI's cash resources on the sale of funds on a deferred sales charge basis are, for financial reporting purposes, amortized evenly over the 36 or 84 months immediately following the sale of the funds, for low-load or full-load deferred sales charges, respectively. The actual cash payment in any period is reported in the Consolidated Statements of Cash Flows under Investing Activities. Amortization of deferred sales commissions was $32.1 million for the three months ended December 31, 2007, compared with $25.6 million for the three months ended December 31, 2006. Amortization of deferred sales commissions was $119.9 million for the year ended December 31, 2007, compared with $93.3 million for the twelve months ended December 31, 2006. The increase is consistent with the increase in deferred sales commissions paid in the last four fiscal years and the change in amortization period from 36 to 84 months for full-load deferred sales commissions beginning in June 2003.

Other expenses increased from $2.0 million and $8.8 million for the respective three months and twelve months ended December 31, 2006 to $7.9 million and $18.7 million for the respective three months and year ended December 31, 2007. Included in other expenses are distribution fees to limited partnerships, which decreased to $0.6 million for the three months ended December 31, 2007 from $0.8 million for the comparative period last year. Other expenses also included $4.5 million related to KBSH for the most recent three-month period, and $10.6 million for the year ended December 31, 2007.

Operating Profit Margin

CI monitors its operating profitability on assets under management within its Asset Management segment by measuring the operating profit margin, which is defined as management fees from funds less trailer fees and SG&A expenses net of equity-based compensation expense, calculated as a percentage of average retail assets under management.

	Three months ended		Twelve months ended	
(as a % of average retail AUM)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Management fees	1.982	2.006	1.990	2.015
Less:				
Trailer fees	0.577	0.561	0.568	0.552
Net SG&A expenses	0.359	0.346	0.354	0.369
Operating profit margin	1.046	1.099	1.068	1.094

Asset Administration Segment

The Asset Administration segment includes the operating results and financial position of Blackmont and AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

Results of Operations

The table that follows presents the operating results for the Asset Administration segment:

(in millions)	Three months ended December 31, 2007	Three months ended December 31, 2006
Administration fees	$106.8	$63.2
Other revenue	4.3	2.0
Total revenue	111.1	65.2
Selling, general and administrative	29.2	11.7
Investment dealer fees	72.7	50.2
Amortization of deferred sales commissions and fund contracts	0.4	0.4
Other	0.5	0.1
Total expenses	102.8	62.4
Income before income taxes and non-segmented items	$8.3	$2.8

(in millions)	Twelve months ended December 31, 2007	Twelve months ended December 31, 2006	Seven months ended December 31, 2006
Administration fees	$402.6	$245.2	$139.0
Other revenue	14.3	8.8	4.4
Total revenue	416.9	254.0	143.4
Selling, general and administrative	104.6	51.2	28.5
Investment dealer fees	280.2	193.3	110.9
Amortization of deferred sales commissions and fund contracts	1.5	1.5	0.9
Other	7.2	0.9	0.2
Total expenses	393.5	246.9	140.5
Income before income taxes and non-segmented items	$23.4	$7.1	$2.9

The Asset Administration segment had income before income taxes and non-segmented items of $8.3 million for the three months ended December 31, 2007, up from $2.8 million for the three months ended December 31, 2006. Income before income taxes and non-segmented items was $23.4 million for the year ended December 31, 2007, up 230% from $7.1 million for the twelve months ended December 31,

2006. The increase from the prior year for both the three-month and twelve-month periods is mainly due to the Blackmont acquisition.

Revenues

Administration fees are earned on assets under administration in the AWM and Blackmont business and from the administration of third-party business. These fees were $106.8 million for the three-month period ended December 31, 2007 (of which $45.8 million related to Blackmont), an increase of 69% from the $63.2 million for the same period last year. For the year ended December 31, 2007, administration fees were $402.6 million, up 64% from $245.2 million for the twelve months ended December 31, 2006. Blackmont contributed $148.0 million for the year ended December 31, 2007. Net of intersegment amounts, administration fee revenue was $81.3 million for the three months ended December 31, 2007, compared with $37.3 million for the three months ended December 31, 2006. For the year ended December 31, 2007, net administration fee revenue was $292.3 million, up from $137.5 million for the twelve months ended December 31, 2006. The increase in administration fee revenue is due to the increase in assets under administration over the past year resulting from the inclusion of Blackmont. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

Other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances and fees related to registered accounts. For the three months ended December 31, 2007, other revenues were $4.3 million, increasing from $2.0 million for three months ended December 31, 2006 as a result of $2.0 million related to Blackmont. Other revenues were higher at $14.3 million for the year ended December 31, 2007 relative to $8.8 million for the twelve months ended December 31, 2006. The increase from the prior year was primarily due to Blackmont's contribution of $4.4 million in other revenues.

Expenses

Investment dealer fees are the direct costs attributable to the operation of the AWM and Blackmont dealerships, including payments to financial advisors and brokers based on the revenues generated from assets under administration. These fees were $72.7 million for the three months ended December 31, 2007, an increase of 45% from $50.2 million for the comparative period last year. For the three-month period ended December 31, 2007, dealer gross margin was $34.1 million or 31.9% of administration fees, compared with $13.0 million or 20.6% for the three-month period ended December 31, 2006.

Dealer Gross Margin

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring the dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the margin remaining after the payout to advisors.

	Three months ended		Twelve months ended	
(in millions)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Administration fees	$106.8	$63.2	$402.6	$245.2
Less:				
Investment dealer fees	72.7	50.2	280.2	193.3
	$34.1	$13.0	$122.4	$51.9
Dealer gross margin	31.9%	20.6%	30.4%	21.2%

For the year ended December 31, 2007, investment dealer fees were $280.2 million on revenues of $402.6 million, for a margin of $122.4 million or 30.4%, up from a margin of 21.2% in the twelve months ended December 31, 2006.

The increase in gross margin as detailed in the table above is a result of the acquisition of Blackmont. The compensation directly tied to fee revenue is lower at Blackmont (where SG&A costs are generally paid by Blackmont) than the payouts to the financial advisors at AWM (where SG&A costs are generally borne by the advisor). These two businesses have different business models and therefore are operated separately, sharing only certain key infrastructure and services from CI. On the AWM side, advisors with large books of business are joining its ranks and the consolidation of books of business continues to lead to an increase in payout rates to the advisors.

Selling, general and administrative ("SG&A") expenses for the segment were $29.2 million for the three months ended December 31, 2007, up from $11.7 million for the same period last year. For the year ended December 31, 2007, SG&A expenses were $104.6 million, up from $51.2 million for the same period in 2006. SG&A increased primarily as a result of the Blackmont acquisition which contributed $16.6 million and $54.5 million in SG&A expenses for the respective three months and twelve months ended December 31, 2007.

Liquidity and Capital Resources

The balance sheet for CI at December 31, 2007 reflects total assets of $3.63 billion, an increase of $887.1 million from $2.74 billion at December 31, 2006. This is represented by an increase in current assets of $587.9 million and an increase in long-term assets of $299.2 million. The acquisition of Rockwater in the second quarter added $683.0 million of these assets, mainly consisting of client and trust funds on deposit, accounts receivable and securities owned, at market that totalled $575.5 million. CI's cash balance increased by $33.2 million in the year ended December 31, 2007, primarily reflecting cash carried to meet capital requirements within Blackmont.

CI generates significant cash flows from its operations. Cash flow provided by operating activities was $677.6 million for the year ended December 31, 2007. Excluding the change in working capital, cash flow from operations was $673.3 million. Both levels of cash flow were sufficient to meet distributions during the period.

CI purchased $34.1 million in marketable securities and disposed of $27.2 million for a net increase of $6.9 million in the year ended December 31, 2007. The fair value of marketable securities at December 31, 2007 was $24.2 million. Marketable securities are comprised of seed capital investments in its funds and other strategic investments.

Accounts receivable and prepaid expenses increased to $211.6 million from $85.6 million at December 31, 2006, largely as a result of the acquisition of Rockwater. The future income tax asset decreased by $5.8 million during the year as a result of the $15.8 million decrease in the equity-based compensation liability.

Long-term assets increased primarily because of a $17.9 million increase in management contracts and $181.9 million increase in goodwill as a result of the Rockwater acquisition. In addition, deferred sales

commissions increased by $60.1 million, reflecting new sales commissions incurred of $180.0 million net of $119.9 million of amortization during the year ended December 31, 2007.

Liabilities increased by $807.6 million during the year ended December 31, 2007. The main contributor to the increase was the consolidation of the liabilities from the Rockwater acquisition, including client and trust funds payable and accounts payable totalling over $518.5 million. Current income taxes payable increased $3.1 million. Future income taxes payable decreased by $96.6 million mainly due to a reduction in future income tax rates, offset by higher deferred sales commissions paid compared to the amount amortized for the quarter. In addition, the equity-based compensation liability decreased by $15.8 million, even though CI's unit price closed up $1.35 on the year, reflecting fewer options outstanding at the end of December 31, 2007.

CI drew $351.8 million on its credit facility during the year ended December 31, 2007, increasing long-term debt. At December 31, 2007, CI had drawn $927.9 million at an average rate of 4.90%, compared with $576.1 million drawn at an average rate of 4.60% at December 31, 2006. Net of cash and marketable securities, debt was $848.3 million at December 31, 2007, versus $539.3 million at December 31, 2006.

Interest expenses of $39.6 million were recorded for the year ended December 31, 2007, compared with $20.2 million for the twelve months ended December 31, 2006. This increase in interest expenses reflects higher average debt levels. Principal repayments are only required under the facility should the bank decide not to renew the facility on its anniversary, in which case, the principal would be repaid in 48 equal monthly instalments. These payments would be payable beginning June 2008 should the bank not renew the facility. On June 14, 2007 and again on January 14, 2008, the facility was amended to increase the amount that may be borrowed by $100 million. The current limit on the facility is $1.1 billion.

CI's main uses of capital are the financing of deferred sales commissions, the payment of distributions on its Exchangeable LP units and Trust units, the funding of capital expenditures and the repurchase of Trust units through its normal course issuer bid program.

CI paid sales commissions of $180.0 million in the year ended December 31, 2007. This compares to $174.7 million in the twelve months ended December 31, 2006. The amount of deferred sales commissions incurred in the year ended December 31, 2007 relates to sales of back-end load units of approximately $310 million per month.

During the year ended December 31, 2007, CI incurred capital expenditures of $3.9 million, primarily for computer hardware and software.

Unitholders' equity increased $79.5 million in the year ended December 31, 2007 that coincides with the $72.4 million in unit capital issued in conjunction with the purchase of Rockwater. During the year, CI repurchased trust units, under its normal course issuer bid, in part to satisfy obligations under its deferred equity unit plan, at a cost of $115.2 million. CI also issued unit capital from treasury to Sun Life Financial Inc. ("Sun Life"), a related party, and another financial institution for $106.1 million. CI declared distributions of $630.6 million ($623.9 million paid), which exceeded net income for the year ended December 31, 2007 by $5.5 million.

Distributable Cash

CI is presenting analysis of its distributable cash in accordance with the recommendations provided in CICA's publication *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure*, as released in July 2007.

(in millions, except per unit amounts)	Three months ended December 31, 2007	Year ended December 31, 2007	Since inception June 30, 2006 to December 31, 2007
Cash flow from operating activities	$186.7	$677.6	$932.1
Less standardized items:			
Capital expenditures	1.7	3.9	8.6
Deferred sales commissions	41.0	180.0	253.9
Restrictions on distributions	-	-	-
Standardized distributable cash	144.0	493.7	669.6
per unit	0.51	1.75	2.37
Add adjusting items:			
Growth portion of deferred sales commissions	27.0	123.0	166.9
Equity-based compensation	1.7	17.9	45.0
Non-cash working capital change	(12.7)	(4.3)	36.1
Adjusted distribution base	160.0	630.3	917.6
per unit	0.565	2.229	3.246
Distributions paid	163.1	623.9	908.8
per unit	0.570	2.200	3.205
Cost of unit repurchases	81.9	115.2	219.8
Pay-out ratio on standardized distributable cash	170%	150%	169%
Pay-out ratio on adjusted distribution base	153%	117%	123%
Pay-out ratio on adjusted distribution base, net of unit repurchases	102%	99%	99%

The above calculation of standardized distributable cash is a simple measure of the cash available to be paid out to unitholders. It is intended to rely solely on items recorded in accordance with GAAP. The calculation starts with cash flows from operating activities less cash outlays in the period for tangible and intangible capital assets, which in CI's case includes capital expenditures and deferred sales commissions, and contractual limitations or restrictions on the distribution of cash in the period by virtue of a covenant within a debt agreement, of which CI has none.

CI believes that this measure, while standardized, does not capture the amount available to be distributed to unitholders and has therefore provided a calculation of an adjusted distribution base above. CI makes three adjustments, as set out below.

CI defines its productive capacity as its assets under management. This is split into two pools, front-end and back-end financed assets. Front-end financed assets do not require any investment by CI, whereas CI pays the commission to investment advisors for back-end financed assets. CI allocates a portion of its spending on deferred sales commissions as the amount required to replenish that productive capacity when back-end financed assets are redeemed by investors. Any incremental spend on deferred sales commissions is viewed as growing CI's productive capacity and is financed by debt, not out of current period cash flow.

CI also adjusts for the cash-settled component of equity-based compensation, on an after-tax basis. These amounts are the result of increases in the unit price of CI and could have been settled with units. It is therefore viewed as a financing item and is added towards the adjusted distribution base.

Other than moderate seasonal fluctuations, CI's business does not require incremental working capital at its current productive capacity; it is an amount that may grow with the growth of CI and would therefore be financed with debt. The change in working capital is therefore an additional adjustment in calculating the adjusted distribution base.

CI generally distributes most of its adjusted distribution base, with the view that the adjusting items are either expenditures related to growth in the business or other financing items to be considered in conjunction with the debt and equity components of CI's balance sheet.

The pay-out ratio on standardized distributable cash as set out in the table above includes the amount disbursed on the repurchase of units during the period. The pay-out ratio on the adjusted distribution base is calculated both with and without the unit repurchase amount. To date, all distributions paid have been on account of income. CI does not expect to make payments on account of capital, nor does it anticipate making payments on account of dividend.

CI's productive capacity, and therefore its ability to maintain distributions, is dependent on the amount of net sales of its funds (gross sales less redemptions) and the market performance of those funds. CI's strategy with respect to its productive capacity is to offer a wide range of products to investors, to continually enhance and develop products and to ensure the funds are managed by highly skilled portfolio managers. CI faces strong competition for investors, which it meets through providing excellent products at reasonable pricing, and margin pressure, which it offsets with increased economies of scale and efficiency in its operations.

Approximately one-third of CI's gross sales are back-end financed, and CI uses debt to finance about 70% of the deferred sales commissions paid thereon. Given the amount of required financing relative to the overall size of CI's enterprise value, CI has sufficient room to continue to finance this growth with debt. CI's current ratio of debt to EBITDA is 1.3 to 1. CI is comfortable with a ratio under 2 to 1 and has a long-term target of 1:1. It is forecast that over the next five years, absent acquisitions in which debt is increased, the amount of debt incurred to finance growth will fall below the amount of increase in EBITDA and the ratio of debt to EBITDA will trend lower.

CI is well within its financial covenants with respect to its credit facility, which require that the debt service ratio, currently at 3 times, remains above 1.5 and that the debt to EBITDA ratio remain below 2.25 to 1.

Risk Factors

Changes in Economic, Political and Market Conditions

CI's performance is directly affected by conditions in the financial markets and political conditions, including the legislation and policies of governments. The financial markets and businesses operating in the securities industry are volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond the control of CI. There can be no assurance that financial market performance will be favourable in the future. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, fees and/or revenues, which would reduce cash flow to CI and ultimately CI's distributions.

Investment Performance of the Funds

If the funds managed by CI are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by CI's competitors, such funds may not attract assets through gross sales or may experience redemptions, which may have a negative impact on CI's assets under management. This would have a negative impact on CI's revenue and profitability.

Competition

CI operates in a highly competitive environment, with competition based on a variety of factors, including the range of products offered, brand recognition, investment performance, business reputation, financing strength, the strength and continuity of institutional, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid. CI competes with a large number of mutual fund companies and other providers of investment products, investment management firms, broker-dealers, banks, insurance companies and other financial institutions. Some of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants has resulted in increased competition. CI's competitors seek to expand market share by offering different products and services than those offered by CI. There can be no assurance that CI will maintain its current standing in the market or its current market share, and that may adversely affect the business, financial condition or operating results of CI.

Management Fees and Other Costs

CI's ability to maintain its management fee structure will be dependent on its ability to provide investors with products and services that are competitive. There can be no assurance that CI will not come under competitive pressure to lower the fees charged or that it will be able to retain the current fee structure, or with such fee structure, retain its investors in the future. Changes to management fees, commission rates, structures or service fees related to the sale of mutual funds and closed-end funds could have an adverse effect on CI's operating results. By reason of CI's implementation in 2005 of fixed administration fees

for its mutual funds, a significant decrease in the value of the relevant funds, in combination with the fixed administration fees, could reduce margins and have an adverse effect on CI's operating results.

Regulation of CI

Certain subsidiaries of CI are heavily regulated in almost all jurisdictions where they carry on business. Laws and regulations applied at the national and provincial level generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of CI, including the power to limit or restrict business activities. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of CI's business segments or its key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a subsidiary's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to CI. To the extent that existing or future regulations affecting the sale or offering of CI's product or services or CI's investment strategies cause or contribute to reduced sales of CI's products or lower margins or impair the investment performance of CI's products, CI's aggregate assets under management and its revenues may be adversely affected.

General Business Risk and Liability

Given the nature of CI's business, CI may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing CI, its trustees, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or expulsion from a self-regulatory organization or the suspension or revocation of CI's subsidiaries' right to carry on their existing business. CI may incur significant costs in connection with such potential liabilities.

Interest Rate Risk

Debt outstanding is borrowed at a floating interest rate. The existing credit facility provides CI with the option of fixing interest rates, should CI change its view on its exposure to rising interest rates. Based on the amount borrowed under the facility on December 31, 2007, each 1% increase in interest rates would cost CI an additional $9.3 million of interest expense annually.

Related Party Transactions

Sun Life is a related party as a result of its ownership of 36.5% of CI's outstanding units. In fiscal 2003, in conjunction with the acquisition of Spectrum Investment Management Limited ("Spectrum") and Clarica Diversico Ltd. ("Diversico"), CI and Sun Life entered into an arrangement whereby, among other things, Sun Life would distribute CI's funds through Sun Life's sales force on a preferred basis and that CI would perform essentially all administrative and management services to Sun Life's Clarica and Sun*Wise* segregated funds. These activities are in the normal course of business for CI and Sun Life is compensated at normal commercial rates as a distributor of fund products as disclosed in the funds' prospectus or other offering documents. These payments are in the form of commissions on sales of funds on a deferred sales charge basis ($46.4 million for the year ended December 31, 2007 versus $42.6 million for the twelve months ended December 31, 2006) and trailer fees ($101.7 million for the year ended December 31, 2007 versus $85.5 million for the twelve months ended December 31, 2006).

Unit Capital

As at December 31, 2007, CI had 134,713,468 Trust units and 146,800,535 Exchangeable LP units outstanding. The Exchangeable LP units may be exchanged for Trust units at any time.

At December 31, 2007, 2.9 million options to purchase Trust units were outstanding of which 2.1 million options were exercisable.

Contractual Obligations

The table that follows summarizes CI's contractual obligations at December 31, 2007.

Payments due by period

(millions)	Total	Less than 1 year	2	3	4	5	5 or more years
Long-term debt	$927.9	$135.3	$232.0	$232.0	$232.0	$96.6	-
Operating leases	65.5	19.0	14.2	10.8	7.2	5.6	8.7
Total	$993.4	$154.3	$246.2	$242.8	$239.2	$102.2	$8.7

Critical Accounting Estimates

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. For a discussion of all significant accounting policies, refer to Note 1 of the Notes to the Consolidated Financial Statements.

Goodwill and Intangible Assets

At the time of acquisition, intangible assets are determined using estimates of fair value and goodwill is recorded as the excess of purchase price over identifiable assets acquired. CI performs impairment tests for goodwill and intangible assets at least annually. These tests involve estimates and assumptions. At December 31, 2007, there was no impairment to the carrying amounts nor would a reasonably likely change to material assumptions result in impairment. As well, the useful life of intangible assets is periodically reassessed and it has been determined that no change is required.

Equity-based compensation

CI has an employee incentive unit option plan, which includes a cash settlement option. Compensation expense is recognized and recorded as a liability based upon the intrinsic value of outstanding unit options at the balance sheet date and the proportion of their vesting periods that have elapsed. On the exercise of unit options for cash, the liability recorded with respect to the options is reduced for the settlement. If unit options are exercised for units, the liability recorded with respect to the options and consideration paid by the option holders are credited to unit capital.

CI also has a deferred equity unit plan for senior executives, investment advisors and other key employees whereby deferred equity units ["DEU Awards"] are awarded in lieu of compensation. Compensation expense is recognized and recorded as contributed surplus based upon the market value of DEU Awards at the grant date. Forfeitures of DEU Awards reduce compensation expense to the extent contributed surplus was previously recorded for such awards. On vesting of DEU Awards, unit capital is credited for the amounts initially recorded as contributed surplus to reflect the issuance of unit capital.

Income Taxes
The current and future income tax assets and liabilities are recorded based on interpretation of tax legislation and assumptions about the realization and timing of future benefits and costs. A difference in interpretation by tax authorities or a change in timing or realization of reversals could result in higher or lower tax provisions.

Deferred Sales Commissions
The commission paid on sales of low-load or full-load products are deferred and amortized over 36 or 84 months. This estimate matches the period over which redemption fees are payable by the investor in this type of product. The sum of these potential redemption fees, the terminal redemption value, is significantly greater than the balance of unamortized deferred sales commissions.

Change in Accounting Policies

Financial Instruments
On January 1, 2007, CI retroactively adopted, without restatement of prior periods, the Canadian Institute of Chartered Accountants Handbook Section 3855, *Financial Instruments – Recognition and Measurement.* Section 3855 requires that all financial assets be classified either as held-for-trading ["HFT"], available-for-sale ["AFS"], held-to-maturity ["HTM"], or loans and receivables, and that financial liabilities be classified either as HFT or other. All financial instruments are initially measured at fair value. After initial recognition, financial instruments classified as HFT or AFS are measured at fair value using quoted market prices in an active market. For financial instruments where an active market does not exist, fair value is based on valuation techniques, unless it is an equity instrument classified as AFS, in which case it is measured at cost. All other financial instruments, which include those classified as HTM investments, loans and receivables and other financial liabilities, are measured at amortized cost using the effective interest rate method. Changes in fair value for financial assets classified as AFS are reflected in other comprehensive income until the financial asset is disposed of, or becomes impaired. Changes in fair value for classifications other than AFS are reflected in earnings

CI has determined the following classifications for financial instruments included in CI's accounts:

- Cash and cash equivalents are classified as HFT and measured at fair value.
- Client and trust funds on deposit and accounts receivable are classified as loans and receivables and measured at amortized cost.
- Other assets are classified as loans and receivables and measured at amortized cost, with the exception of a long-term investment asset classified as AFS and measured at fair value. The initial measurement gave rise to a transition adjustment to deficit, beginning of period of $81 [net of income taxes of $39].
- Marketable securities are classified as AFS and measured at fair value. The initial measurement resulted in an unrealized loss of $230 [net of income taxes of $119], reflected as the opening balance of accumulated other comprehensive income.
- Securities owned and sold short, at market, are classified as HFT and measured at fair value.
- Accounts payable, client and trust funds payable, long-term debt and preferred shares issued by subsidiary are classified as other financial liabilities and measured at amortized cost.

Comprehensive Income

On January 1, 2007, CI retroactively adopted, without restatement of prior periods, CICA Section 1530 – *Comprehensive Income*. Section 1530, introduces standards for the reporting and disclosure of comprehensive income. Comprehensive income includes all changes to unitholders' equity other than those resulting from investments by owners and distributions to owners and is presented in the consolidated statement of income and comprehensive income. In addition to net income, it includes other comprehensive income such as, unrealized gains and losses on financial assets classified as AFS

Future Accounting Changes

On January 1, 2008, CI will adopt CICA Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation*.

CICA Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

CICA Section 3862 and CICA Section 3863 enhance disclosures to enable users to evaluate the significance of financial instruments, the nature and extent of risks arising from financial instruments and how an entity manages such risks. The new standards require specific qualitative and quantitative disclosures about each type of risk. This includes new requirements to quantify certain risk exposures and to provide sensitivity analysis for some risks.

These standards require significant new disclosures in the notes to the consolidated financial statements. However, they are not expected to have a significant impact on the financial position or results of operations of CI.

Disclosure Controls and Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer, together with management, have designed and evaluated the effectiveness of CI's disclosure controls and procedures as at December 31, 2007. They have concluded that they are reasonably assured these disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. Management has evaluated and concluded that there were no changes that materially affect, or are reasonably likely to materially affect, CI's design of internal controls over financial reporting during the year ended December 31, 2007.

Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form are available on SEDAR at www.sedar.com.