Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") dated February 17, 2010 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2009, compared with December 31, 2008, and the results of operations for the year ended and quarter ended December 31, 2009, compared with the year ended and quarter ended December 31, 2008 and the quarter ended September 30, 2009.

CI was structured as an income trust from June 30, 2006 to December 31, 2008. In October 2008, CI announced that it would convert back to a corporate structure and on January 1, 2009, effected that conversion.

Unless the context otherwise requires, all references to CI are to CI Financial Corp. and, as applicable, its predecessors, CI Financial Income Fund and CI Financial Inc. together with the entities and subsidiaries controlled by it and its predecessors. All references to "shares" refer collectively to common shares subsequent to December 31, 2008 and to units prior to the conversion. All references to "dividends" refer collectively to payments to shareholders subsequent to December 31, 2008 and to payments to unitholders prior to the conversion.

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 and United. These two entities amalgamated on January 1, 2010 to continue as CI Investments. The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM"). The operations of Blackmont are considered discontinued as at December 31, 2009 and are no longer included in the Asset Administration segment.

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, changes in government regulations or in tax laws, industry competition, technological developments and other factors described under "Risk Factors" or discussed in other materials filed with

applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements. For a more complete discussion of the risk factors that may impact actual results, please refer to the "Risk Factors" section of this MD&A and to the "Risk Factors" section of CI's Annual Information Form dated February 26, 2010, which will be available at www.sedar.com.

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 shareholders, 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 share amounts)

	FISCAL YEARS ENDING		
	December 31, 2009	December 31, 2008	December 31, 2007
Total revenue	$1,218.5	$1,366.2	$1,503.0
Total expenses	877.0	932.5	951.9
Income before income taxes	$341.5	$433.7	$551.1
Income taxes	45.3	(17.5)	(54.4)
Net income from continuing operations	$296.2	$451.2	$605.5
Net income	$244.8	$445.4	$625.1
Earnings per share from continuing operations	$1.01	$1.62	$2.15
Dividends paid per share	$0.57	$1.88	$2.20
Total assets	$3,006.4	$3,614.1	$3,626.5
Total long-term debt	$676.5	$999.4	$927.9
Shares outstanding	291.8	292.5	281.5
Average shares outstanding	292.5	278.7	282.2

SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	287.9	273.5	251.0	229.1	243.3	302.7	316.9	301.0
Administration fees	31.3	28.3	27.4	26.6	27.8	30.6	34.1	37.8
Other revenues	14.3	16.9	13.5	18.6	17.9	16.5	17.1	20.5
Total revenues	333.5	318.7	291.9	274.3	289.0	349.8	368.1	359.3
Selling, general & administrative	75.9	73.2	71.6	59.2	61.7	60.5	75.4	58.8
Trailer fees	83.5	79.0	71.5	65.7	70.7	88.1	91.4	85.9
Investment dealer fees	24.2	21.8	20.6	20.1	22.3	24.0	26.9	29.4
Amortization of deferred sales commissions	41.3	40.3	39.5	38.6	37.7	36.5	35.0	33.4
Interest expense	5.9	7.8	6.4	6.5	11.1	10.7	12.9	11.7
Other expenses	7.4	5.9	4.3	6.8	11.9	22.3	6.5	7.6
Total expenses	238.2	228.0	213.9	196.9	215.4	242.1	248.1	226.8
Income before income taxes	95.3	90.7	78.0	77.4	73.6	107.7	120.0	132.5
Income taxes	(20.5)	24.3	25.1	16.3	21.6	(16.1)	(15.3)	(7.8)
Net income (loss) from continuing operations	115.8	66.4	52.9	61.1	52.0	123.8	135.3	140.3
Net income (loss) from discontinued operations	2.2	(49.0)	(2.3)	(2.3)	1.2	(5.7)	(0.6)	(0.9)
Net income	118.0	17.4	50.6	58.8	53.2	118.1	134.7	139.4
Earnings per share from continuing operations	0.40	0.23	0.18	0.21	0.19	0.44	0.48	0.50
Earnings per share	0.40	0.06	0.17	0.20	0.19	0.42	0.48	0.50
Dividends per share	0.17	0.15	0.15	0.16	0.17	0.51	0.50	0.56

Business Overview

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. 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 and AFM 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 and ongoing service to clients.

Business Strategy

CI strives to maximize shareholder value by increasing and retaining assets under management while maintaining its earnings margin. Management believes this can be achieved by focusing on the following factors: diversity of products offered by CI; experience and depth of the investment managers; performance of the funds; service levels provided to the dealers and investors; and skill and knowledge of management.

CI offers Canadian investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM and Sun Life Financial advisors. Through several acquisitions of fund management companies, the additions of funds managed have allowed CI to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry, including the largest lineup of segregated funds.

CI uses three teams of in-house and over 20 external investment managers to provide investment advice regarding the portfolios of the funds. Many of these investment managers have long careers in the industry and extensive track records with CI, providing an indication of long-term performance for our largest funds.

CI strives to select managers with a reputation for strong investment management and often has significantly sized mandates available to attract the top talent in this field. CI can and will make changes to its investment managers when unsatisfactory investment performance has occurred.

CI is the manager of the funds and provides services that include managing or arranging for the management of investment portfolios, marketing of the funds, keeping of securityholders' records and accounts, reporting to the securityholders and processing transactions relating to securities of the funds. CI has invested in information systems and internal training of staff to an extent which ensures it provides accurate and timely service to dealers and agents selling CI's products and to investors.

The management of CI has the specialized skills and knowledge to focus on meeting the needs of its clients, developing new products, enhancing investor awareness and increasing market share by marketing to investment dealers, mutual fund dealers and life insurance agents.

2009 Overview

While CI's average retail assets under management for 2009 declined 8% from that of 2008, markets have recovered significantly since bottoming in early March, as evidenced by the 21% increase in average assets for the fourth quarter from the levels of one year earlier. CI's annual revenues have similarly dropped from the levels of one year ago but increased for the comparable fourth quarters. While some expenses, such as trailer fees and investment advisor fees, are directly variable with the level of assets under management, most of CI's expenses are fixed in nature. CI has taken steps to cut its fixed expenses, primarily through a reduction of its workforce, which has mitigated some of the effect on net income.

During this period of market uncertainty, gross sales of investment funds have declined. CI's gross sales during 2009 were down 26% from those a year ago. However, redemptions of CI's funds were also lower, resulting in net sales of $1.5 billion for the year. CI continues to post relatively strong net sales figures, which is a result of good fund performance in combination with a diverse product lineup that includes a broad selection of innovative segregated funds.

CI continued to be the third-largest asset manager in Canada. With the recovery of equity markets and positive net sales, CI's total assets under management rose by 22% during the year to $66.7 billion at December 31, 2009. This represented an increase in market share from 9.0% to 9.5%.

According to Morningstar, CI led the entire industry for the most four and five-star rated funds for all of 2009 and has ranked either first or second for the past eight years. In addition, CI won seven Canadian Investment Awards in 2009, more than any other fund company. These awards included Morningstar Equity Fund Manager of the Year, won by Eric Bushell, Chief Investment Officer of Signature Global Advisors, and Analysts' Choice Investment Company of the Year. In addition, Gerry Coleman, Chief Investment Officer of Harbour Advisors, was named Money Manager of the Decade by *The Globe and Mail* newspaper.

Key Events

In March, CI announced the acquisition of Perimeter Financial Corp., an operator of alternative trading systems. These trading systems are CBID Institutional, CBID Retail and CBID Futures, which provide transparent marketplaces to trade Canadian fixed-income instruments for institutional and retail customers.

In May, CI launched CI Institutional Asset Management, a new division focused exclusively on the institutional investment marketplace. It united CI's existing institutional distribution business with KBSH Capital Management. Its clients account for approximately $9 billion in assets under management at CI. The creation of CI Institutional Asset Management is part of CI's strategy to devote more resources to marketing its award-winning investment managers to institutional investors and expanding its share of this market.

In October, CI announced the sale of Blackmont Capital Inc. to Macquarie Group, and the transaction closed on December 31, 2009. As a result, Blackmont's results from operations have been reported as discontinued operations and comparative statements and related note disclosures have been reclassified. Information herein is presented excluding the discontinued operations of Blackmont unless otherwise noted.

In December, CI refinanced its credit facility though a combination of the proceeds from a public debt offering and the establishment of a new $250 million facility with one lender. The $550 million offering was the first public offering of debt securities by CI. The offering was comprised of $100 million principal amount of two-year floating rate debentures, $250 million principal amount of three-year 3.3% debentures and $200 million principal amount of five-year 4.19% debentures. In conjunction with the issuance, CI received its first debt ratings from DBRS Limited (A (low) with a "Stable" trend) and Standard and Poor's (BBB+ with a "Stable" outlook).

Key Performance Drivers

CI's results are driven primarily by the level of its assets under management, which are in turn driven by the returns earned by its funds and the net sales of the funds. The margin earned on these assets under management determines, to a large extent, CI's profitability.

The returns of each fund reflect the returns of equities and bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the over or under performance of the investment manager for each fund. In years when markets are significantly lower, such as 2008, when the S&P/TSX Composite Index dropped by 33%, the change in CI's assets under management will approximate that decline. In 2008, CI's retail assets under management declined 21% from the prior year to $50.8 billion. In 2009, when the S&P/TSX Composite Index jumped 35%, CI's retail assets under management grew by 24% from the level of 2008 to $62.8 billion. For a particular period, the average assets under management will drive the results for that period as CI receives the majority of its fees on a daily basis. CI reported average retail assets under management for 2009 of $55.4 billion, down from $60.2 billion for 2008, as equity markets continued to decline during the first quarter of 2009 before beginning their climb to positive ground for the year.

Net sales of the funds add to CI's assets under management. CI has experienced positive net sales of its funds in each of the last five years, including $1.74 billion in 2008 and $1.45 billion in 2009. While these sales results help increase assets under management, they are also an indicator of the level of demand for CI's products and our success in delivering attractive products.

CI's margin on its assets under management is measured as the management fee revenue earned less the direct costs to service, manage and administer the funds. These costs include trailer fees and selling, general and administrative expenses. The calculation of this margin is detailed in the Asset Management Segment discussion.

CI uses many key performance indicators to asses its results. These are set out throughout the results of operations and the discussion of the two operating segments and include the following: pre-tax operating earnings, EBITDA, operating profit margin and dealer gross margin.

Fee-Earning Assets and Sales

Total fee-earning assets, which include CI mutual and segregated funds, United funds, structured products, institutional managed assets, AWM assets under administration, and other fee-earning assets were $88.9 billion at December 31, 2009,

an increase of 20% from $74.1 billion at December 31, 2008. As shown in the following chart, these assets are represented by $62.4 billion in retail managed funds, $0.4 billion in structured products, $3.9 billion in institutional managed assets, $21.5 billion in AWM assets under administration, and $0.7 billion in other fee-earning assets.

FEE-EARNING ASSETS

AS AT DECEMBER 31

(in billions)	2009	2008	% change
Retail managed funds	$62.4	$50.4	24
Structured products	0.4	0.4	–
Total retail assets under management	$62.8	$50.8	24
Institutional managed assets	3.9	3.8	3
Total assets under management	$66.7	$54.6	22
AWM assets under administration*	21.5	18.4	17
CI other fee-earning assets	0.7	1.1	(36)
Total fee-earning assets	$88.9	$74.1	20

**Includes $10.5 billion and $9.2 billion in assets managed by CI Investments and United in 2009 and 2008, respectively.*

Retail assets under management form the majority of CI's fee-earning assets and provide most of its revenue and net income. The change in retail assets under management for each of the last two years is detailed in the table below.

CHANGE IN RETAIL ASSETS UNDER MANAGEMENT

(in billions)	2009	2008
Retail assets under management at January 1	$50.8	$64.2
Gross sales	8.6	11.6
Redemptions	7.1	9.9
Net sales	1.5	1.7
Market performance	10.5	(15.1)
Retail assets under management at December 31	$62.8	$50.8

The table below sets out the levels and change in CI's average retail assets under management and the gross and net sales 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.

(in billions)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008
Average retail AUM	$61.186	$57.963	$50.380
Change to December 31, 2009		6%	21%
Gross sales	$2.3	$1.8	$2.5
Net sales	$0.4	$0.2	($0.1)

Industry net sales of mutual funds reported by the Investment Funds Institute of Canada (IFIC) were $1.5 billion for the year ended December 31, 2009, up $1.3 billion from net sales of $0.2 billion in 2008. Total industry assets as reported by IFIC at December 31, 2009 of $595.2 billion were up 17% from $507.1 billion at December 31, 2008. Sales and assets reported by IFIC are helpful as indicators of trends affecting a significant portion of CI's business. It should be noted that IFIC figures do not include CI, as CI does not report this information to IFIC.

Results of Operations

Year ended December 31, 2009

For the year ended December 31, 2009, CI reported net income from continuing operations of $296.2 million ($1.01 per share) versus $451.2 million ($1.62 per share) for the year ended December 31, 2008. CI reported net income of $244.8 million ($0.84 per share) in 2009 versus $445.4 million ($1.60 per share) in 2008.

The results of operations include amounts recorded for equity-based compensation expense, which varies from period to period based on CI's share price, the extent of vesting during the period and the price at which options were exercised during the period. Earnings for 2009 were decreased by an equity-based compensation expense of $36.8 million ($24.7 million after tax) versus a recovery of $20.5 million ($13.7 million after tax) for 2008.

In 2008, CI recorded a charge of $11.0 million ($7.3 million after-tax) for restructuring costs relating to severance and exit costs in order to downsize as a result of market conditions. As well, CI wrote down the value of marketable securities by $11.0 million ($9.2 million after-tax) and accelerated the vesting of certain employees' deferred equity units (DEUs), which resulted in additional amortization of $3.3 million ($2.2 million after tax).

Adjusted for the expenses listed above, CI reported net income from continuing operations of $320.9 million ($1.10 per share) in the year ended December 31, 2009, compared to $456.2 million ($1.64 per share) in the year ended December 31, 2008.

In 2009, CI recorded $45.3 million in income tax expenses versus a recovery of $17.5 million in 2008. CI's income taxes were significantly lower in 2008 as CI was structured as an income trust. Included in 2009 is a $45.4 million income tax adjustment related to changes in provincial tax legislation that were substantively enacted on November 16, 2009.

Redemption fee revenue dropped to $30.2 million in the year ended December 31, 2009 from $36.0 million in the year ended December 31, 2008. This decrease can be attributed to lower back-end asset redemption levels.

Amortization of deferred sales commissions and fund contracts increased to $164.4 million in 2009 from $147.2 million in 2008. The increase is a result of higher spending on deferred sales commissions, which has grown from $80 million per year in 2003 to $153 million over the past year.

Interest expense of $26.5 million was recorded for the year ended December 31, 2009, compared with $46.5 million for the year ended December 31, 2008. This decrease in interest expense reflects lower average debt levels and lower interest rates, as discussed under "Liquidity and Capital Resources." Debt is generally used to fund growth in the company and to repurchase share capital.

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 netted out to remove the impact of back-end financed assets under management.

Pre-tax operating earnings per share were down 11% in 2009 compared with 2008, as average retail assets under management decreased 8%.

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, performance fees and investment gains, plus amortization of deferred sales commissions (DSC) and fund contracts, and equity-based compensation expense. In addition, pre-tax operating earnings for 2008 were adjusted for restructuring costs, adjustments to marketable securities and the acceleration of DEU amortization.

(in millions, except per share amounts)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Income before income taxes	$95.3	$90.7	$73.5	$341.4	$433.7
Less:					
Redemption fees	7.3	6.8	9.4	30.2	36.0
Performance fees	-	-	2.8	0.1	3.5
Gain (loss) on marketable securities	-	3.2	-	2.9	–
Add:					
Amortization of DSC and fund contracts	42.5	41.4	38.8	164.4	147.2
Equity-based compensation expense	13.2	11.6	(0.9)	36.8	(20.5)
Restructuring costs, adjustment to marketable securities, accelerated DEU amortization	-	-	10.3	-	25.3
Pre-tax operating earnings	$143.7	$133.7	$109.5	$509.4	$546.2
per share	$0.49	$0.46	$0.39	$1.74	$1.96

As shown in the table below, EBITDA for 2009 was $539.3 million ($1.84 per share) compared with $638.6 million ($2.29 per share) for 2008. Adjusted for the equity-based compensation expense discussed earlier, EBITDA for 2009 was $576.1 million ($1.97 per share) compared with $618.0 million ($2.22 per share) for 2008. The 11% in EBITDA per share decline relates primarily to the 8% drop in average retail assets under management.

Quarter ended December 31, 2009

For the quarter ended December 31, 2009, CI reported net income from continuing operations of $115.8 million ($0.40 per share) versus $66.4 million ($0.23 per share) for the quarter ended September 30, 2009 and $52.0 million ($0.19 per share) for the quarter ended December 31, 2008. CI reported net income of $118.0 million ($0.40 per share) in the fourth quarter of 2009 compared to $17.4 million ($0.06 per share) in third quarter of 2009 and $53.2 million ($0.19 per share) in the fourth quarter of 2008.

As discussed above, the results of operations include amounts recorded for equity-based compensation expense, which varies from period to period based on CI's share price, the extent of vesting during the period and the price at which options were exercised during the period. Earnings for the quarter ended December 31, 2009 were decreased by an equity-based compensation expense of $13.2 million ($8.9 million after tax) versus an expense of $11.6 million ($7.8 million after tax) for the quarter ended September 30, 2009 and a recovery of $0.9 million ($0.6 million after tax) for the quarter ended December 31, 2008.

In the fourth quarter of 2008, CI recorded a charge of $1.0 million ($0.7 million after-tax) for restructuring costs relating to severance and exit costs in order to downsize as a result of market conditions. As well, CI wrote down the value of marketable securities by $6.0 million ($5.0 million after-tax) and accelerated the vesting of certain employees' deferred equity units, which resulted in additional amortization of $3.3 million ($2.2 million after tax).

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 deferred 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. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

(in millions, except per share amounts)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Net income from continuing operations	$115.8	$66.4	$52.0	$296.2	$451.2
Add (deduct):					
Interest expense	5.9	7.8	11.1	26.5	46.5
Income tax expense (recovery)	(20.5)	24.4	21.6	45.3	($17.5)
Amortization of DSC & fund contracts	42.5	41.4	38.8	164.4	147.2
Amortization of other items	1.6	1.6	2.6	6.9	11.2
EBITDA	$145.3	$141.6	$126.1	$539.3	$638.6
per share	$0.50	$0.48	$0.45	$1.84	$2.29
EBITDA margin (as a % of revenue)	44%	44%	44%	44%	47%

Adjusted for the expenses listed above, CI reported net income from continuing operations of $124.7 million ($0.43 per share) in the quarter ended December 31, 2009 compared to $74.2 million ($0.25 per share) in the quarter ended September 30, 2009 and $59.3 million ($0.21 per share) in the quarter ended December 31, 2008.

In the fourth quarter of 2009, CI recorded $20.5 million in income tax recoveries versus $24.4 million in expenses for the prior quarter and $21.6 million in expenses for the comparable quarter last year. The $20.5 million recovery includes $45.4 million in income tax adjustments related to changes in provincial tax legislation that were substantively enacted on November 16, 2009.

For the quarter ended December 31, 2009, redemption fee revenue was $7.3 million compared with $6.8 million for the quarter ended September 30, 2009 and $9.4 million for the quarter ended December 31, 2008. The decrease from the year-earlier period can be attributed to lower back-end asset redemption levels.

Amortization of deferred sales commissions and fund contracts increased to $42.5 million in the fourth quarter of 2009 from $41.4 million in the third quarter of 2009 and $38.8 million in the fourth quarter of 2008. As discussed earlier, the increase is a result of higher spending on deferred sales commissions.

Interest expense of $5.9 million was recorded for the quarter ended December 31, 2009 compared with $7.8 million for the quarter ended September 30, 2009 and $11.1 million for the quarter ended December 31, 2008. This decrease in interest expense reflects lower average debt levels and lower interest rates, as discussed under "Liquidity and Capital Resources." Debt is generally used to fund growth in the company and to repurchase share capital.

For the quarter ended December 31, 2009, pre-tax operating earnings per share were up 7% over the quarter ended September 30, 2009 and up 26% over the quarter ended December 31, 2008, as average retails assets increased by 6% and 21%, respectively.

EBITDA for the quarter ended December 31, 2009 was $145.3 million ($0.50 per share) compared with $141.6 million ($0.48 per share) for the quarter ended September 30, 2009 and $126.1 million ($0.45 per share) for the quarter ended December 31, 2008. Adjusted EBITDA for the quarter ended December 31, 2009 was $158.5 million ($0.54 per share) compared with $153.2 million ($0.52 per share) for the quarter ended September 30, 2009 and $125.2-million ($0.45 per share) for the quarter ended December 31 2008. The 20% year-over-year increase in per share EBITDA is primarily due to the 21% increase in average retail assets under management.

Asset Management Segment

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments and United.

Results of Operations

The following table presents the operating results for the Asset Management segment:

(in millions)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Management fees	$287.9	$273.5	$243.3	$1,041.5	$1,163.8
Other revenue	7.0	10.6	12.0	36.1	46.3
Total revenue	$294.9	$284.1	$255.3	$1,077.6	$1,210.1
Selling, general and administrative	63.4	61.1	49.4	229.3	199.2
Trailer fees	86.8	82.2	73.5	312.3	350.3
Amortization of deferred sales commissions & fund contracts	42.9	41.9	39.2	166.2	148.5
Other expenses	5.4	3.7	4.9	16.2	21.5
Total expenses	$198.5	$188.9	$167.0	$724.0	$719.5
Income before taxes and non-segmented items	$96.4	$95.2	$88.3	$353.6	$490.6

Year ended December 31, 2009

Revenues

Revenues from management fees were $1,041.5 million for the year ended December 31, 2009, a decrease of $122.3 million or 11% from the year ended December 31, 2008. The change was mainly attributable to the 8% decline in average retail assets under management from 2008. The change in assets reflects the significant volatility of global equity markets. As a percentage of average retail assets under management, management fees were 1.879% in 2009, down from 1.933% in 2008.

Average management fee rates decreased from the prior year as a result of bond and money market funds – for which CI receives a lower management fee – forming a greater proportion of assets relative to equity funds. This change in asset mix is a result of the greater market depreciation in equity funds and a shift in investor preference to lower-risk investment products. As well, CI cut management fees on money market funds as a result of decreasing yields caused by the recent drop in interest rates. The decline in management fees from the prior year is also 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, which are for institutional clients with large holdings, have reduced management fees. At December 31, 2009, there were $856.7 million and $9.0 billion in Class F and Class I funds, respectively, making up a combined 15.7% of retail assets under management. At December 31, 2008, the combined Class F and Class I funds were 13.7% of retail assets under management, with $645.0 million in Class F funds and $6.3 billion in Class I funds.

For the year ended December 31, 2009, other revenue was $36.1 million, decreasing from $46.3 million for the prior year. The largest component of other revenue is redemption fees. As discussed earlier, redemption fees were

$30.2 million for the year ended December 31, 2009 compared with $36.0 million for the year ended December 31, 2008. Also included in other revenue is $2.9 million for a gain on sale of marketable securities for the year ended December 31, 2009. This compares with nil for the year ended December 31, 2008.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $229.3 million for fiscal 2009, compared to $199.2 million for fiscal 2008. Included in SG&A are expenses relating to CI's equity-based compensation plan. The equity-based compensation expense within the Asset Management segment was $36.8 million for the year ended December 31, 2009, compared with a recovery of $22.1 million for the year ended December 31, 2008.

Based on the price per CI share of $14.50 at December 31, 2008, the potential payment on all vested equity-based compensation outstanding, plus the proportion of unvested amounts, was $0.1 million. Based on the price per CI share of $22.00 at December 31, 2009 and the options that vested during the year, the equity-based compensation liability increased to $33.9 million. Although CI acknowledges that the equity-based compensation expense is clearly a cost of business that is tied to the performance of CI's share 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 $192.5 million for the year ended December 31, 2009, down 13% from $221.3 million for the year ended December 31, 2008. The decrease from the prior year is a result of management's actions to control expenses during the recent market downturn.

As a percentage of average retail assets under management, net SG&A expenses were 0.347% for 2009 – down from 0.362% in 2008.

Trailer fees were $312.3 million for the year ended December 31, 2009, compared with $350.3 million for the year ended December 31, 2008. Net of inter-segment amounts, this expense was $299.7 million for 2009 versus $336.1 million for 2008. As a percentage of average retail assets under management, trailer fees were 0.541% for the year ended December 31, 2009, down from 0.558% for the year ended December 31, 2008. This decline is primarily attributable to the change in mix of assets under management, as discussed earlier.

Commissions paid from CI's cash resources on the sale of funds sold on a deferred sales charge basis are, for financial reporting purposes, amortized evenly over 36 months (low load) or 84 months (full load) immediately following the sale of the funds. 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 $163.0 million for 2009, up from $145.3 million for 2008. The increase is consistent with the increase in deferred sales commissions paid in the past several years.

Other expenses were $16.2 million for the year ended December 31, 2009 compared to $21.5 million in the year ended December 31, 2008. Included in other expenses are distribution fees to limited partnerships and capital taxes.

Income before income taxes and interest expense for CI's principal segment was $353.6 million for the year ended December 31, 2009 compared with $490.6 million for the year ended December 31, 2008. The decline year over year is primarily due to lower revenues as a result of the decline in average retail assets under management.

Quarter ended December 31, 2009

Revenues

Revenues from management fees were $287.9 million for the quarter ended December 31, 2009, an increase of 5% from the quarter ended September 30, 2009 and an increase of 18% from the quarter ended December 31, 2008. The changes were mainly attributable to changes in average retail assets under management, which were up 6% and up 21% from the quarters ended September 30, 2009 and December 31, 2008, respectively. The change in average assets reflects the improvement in global equity markets since March 2009. As a percentage of average retail assets under management, management fees were 1.867% for the quarter ended December 31, 2009, compared to 1.872% in the prior quarter and down from 1.921% in the fourth quarter of last year. Again, the change in mix is responsible for the drop in the average fee.

For the quarter ended December 31, 2009, other revenue was $7.0 million versus $10.6 million and $12.0 million for the quarters ended September 30, 2009 and December 31, 2008, respectively. The largest component of other revenue is redemption fees. Redemption fees were $7.3 million for the quarter ended December 31, 2009 compared with $6.8 million and $9.4 million for the quarters ended September 30, 2009 and December 31, 2008, respectively. Also included in other revenue in the quarter ended September 30, 2009 is a gain on marketable securities of $3.2 million.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $63.4 million for the quarter ended December 31, 2009, an increase from $61.1 million for the quarter ended September 30, 2009 and from $49.4 million for the fourth quarter in 2008. Included in SG&A are expenses relating to CI's equity-based compensation plan. The equity-based compensation expense within the Asset Management segment was $13.2 million for the quarter ended December 31, 2009 compared with an expense of $11.6 million for the quarter ended September 30, 2009. The quarter ended December 31, 2008, had an equity-based compensation recovery of $1.1 million.

Operating Profit Margin

CI monitors its operating profitability on retail 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 (recovery), calculated as a percentage of average retail assets under management.

(as a % of average retail AUM)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Management fees	1.867	1.872	1.921	1.879	1.933
Less:					
Trailer fees	0.541	0.541	0.559	0.541	0.558
Net SG&A expenses	0.326	0.339	0.372	0.347	0.362
Operating profit margin	1.000	0.992	0.990	0.991	1.013

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were $50.2 million for the quarter ended December 31, 2009, up slightly from $49.5 million for the prior quarter and down from $50.5 million for the comparable quarter in 2008.

As a percentage of average retail assets under management, net SG&A expenses were 0.326% for the quarter ended December 31, 2009 – down from 0.339% for the quarter ended September 30, 2009 and 0.372% for the quarter ended December 31, 2008.

Trailer fees were $86.8 million for the quarter ended December 31, 2009 compared with $82.2 million for the quarter ended September 30, 2009 and $73.5 million for the quarter ended December 31, 2008. Net of inter-segment amounts, this expense was $83.5 million for the quarter ended December 31, 2009 versus $79.0 million for the third quarter of 2009 and $70.7 million for the fourth quarter of 2008. As a percentage of average retail assets under management, trailer fees were 0.541% in the fourth quarter of 2009, unchanged from 0.541% in the prior quarter and down from 0.559% in the comparable quarter of 2008.

Amortization of deferred sales commissions was $42.1 million for the quarter ended December 31, 2009, up from $38.4 million in the same quarter last year and $41.2 million in the previous quarter. The increase is consistent with the increase in deferred sales commissions paid in the past several years.

Other expenses were $5.4 million for the quarter ended December 31, 2009 compared to $3.7 million in the last quarter and $4.9 million in the quarter ended December 31, 2008. Included in other expenses are distribution fees to limited partnerships and capital taxes.

Income before income taxes and interest expense for CI's principal segment was $96.4 million for the quarter ended December 31, 2009 compared with $88.3 million in the same period last year and $95.2 million in the previous quarter. The increase from the comparable quarter last year is primarily due to higher revenues resulting from the increase in average retail assets under management.

As shown in the table on the previous page, for the year ended December 31, 2009, CI's operating profit margin on the Asset Management segment, as a percentage of average retail assets under management adjusted for equity-based compensation expense, was 0.991%, down from 1.013% for the year ended December 31, 2008. The decline from the prior year is a result of lower average management fee rates, partially offset by lower trailer fee rates and net SG&A rates. For the quarter ended December 31, 2009, CI's operating profit margin was 1.000%, up from 0.992% in the prior quarter and up from 0.990% in the comparable quarter of 2008.

Generally, CI's margins have been in a gradual downward trend. Increasing competition and changes in the product platforms through which an increasing amount of funds are sold have pushed average management fee rates lower. In recent years, an increasing proportion of funds have been sold with a front-end sales charge, which have higher trailer fees and contribute to a decline in margins. However, the decline in management fee and trailer fee rates for 2009 was primarily a result of an increase in the percentage of assets in money market funds and Class I funds relative to CI's total

assets under management, as well as CI's decision to cut the management fees on money market funds. Historically, CI has been able to limit growth in SG&A expenses below the growth in assets under management in order to mitigate the decline in its margins. However, when assets decline rapidly, it can be very difficult to reduce SG&A expenses at the same pace.

Asset Administration Segment

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. The operations of Blackmont are considered discontinued as at December 31, 2009 and are no longer included in the Asset Administration segment. Comparative prior quarter and prior year results have been adjusted to eliminate the discontinued operations of Blackmont.

Results of Operations

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

(in millions)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Yean ended Dec. 31, 2009	Yean ended Dec. 31, 2008
Administration fees	$52.7	$48.1	$50.5	$195.1	$228.8
Other revenue	7.3	6.3	6.0	27.2	25.8
Total revenue	$60.0	$54.4	$56.5	$222.3	$254.6
Selling, general and administrative	12.5	12.1	12.4	50.7	57.2
Investment dealer fees	41.3	37.6	39.8	151.9	182.7
Amortization of fund contracts	0.4	0.4	0.4	1.5	1.5
Other expenses	0.9	1.1	(1.1)	3.5	0.2
Total expenses	$55.1	$51.2	$51.5	$207.6	$241.6
Income before taxes and non-segmented items	$4.9	$3.2	$5.0	$14.7	$13.0

Year ended December 31, 2009

The Asset Administration segment had income before income taxes and non-segmented items of $14.7 million for the year ended December 31, 2009, increasing from $13.0 million for the year ended December 31, 2008. The increase from the prior year is primarily due to higher dealer gross margins and reduced selling, general and administrative expenses.

Revenues

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were $195.1 million for the year ended December 31, 2009, a decrease of 15% from $228.8 million for the same period last year. Net of inter-segment amounts, administration fee revenue was $113.7 million for the year ended December 31, 2009, down from $130.4 million for the year ended December 31, 2008. The decrease from the prior year was mainly attributable to the decline in assets under administration. This decrease in assets is due to the significant declines in equity markets around the world. 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, fees related to registered accounts and foreign exchange gains and losses. For 2009, other revenues were $27.2 million, increasing 5% from $25.8 million 2008.

Expenses

Investment dealer fees are the direct costs attributable to the operation of the AWM dealership, including payments to financial advisors based on the revenues generated from assets under administration. These fees were $151.9 million for the year ended December 31, 2009 compared to $182.7 million for the prior year.

As detailed in the table below, dealer gross margin was $43.2 million or 22.1% of administration fee revenue for 2009, compared to $46.1 million or 20.1% for 2008. The increase in year-over-year gross margin is a result of management's decision to decrease advisor grid payouts.

Selling, general and administrative ("SG&A") expenses for the segment were $50.7 million for the year ended December 31, 2009, lower than the $57.2 million expense in the year ended December 31, 2008. The year-over-year decrease is primarily a result of management's actions to control expenses during market volatility.

Quarter ended December 31, 2009

The Asset Administration segment had income before income taxes and non-segmented items of $4.9 million for the quarter ended December 31, 2009, increasing from $3.2 million for the prior quarter and $5.0 million for fourth quarter in 2008. The increase from both periods is due to higher asset levels.

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were $52.7 million for the quarter ended December 31, 2009, an increase of 4% from $50.5 million for the same period last year and an increase of 10% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $31.3 million for the quarter ended December 31, 2009, up from $27.8 million for the quarter ended December 31, 2008 and up from $28.3 million in the previous quarter. The increase from the prior year

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.

(in millions)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Administration fees	$52.7	$48.1	$50.5	$195.1	$228.8
Less:					
Investment dealer fees	41.3	37.6	39.8	151.9	182.7
	$11.4	$10.5	$10.7	$43.2	$46.1
Dealer gross margin	21.6%	21.8%	21.2%	22.1%	20.1%

was mainly attributable to the improvement in assets under administration during the last three quarters of 2009. 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, fees related to registered accounts and foreign exchange gains and losses. For the quarter ended December 31, 2009, other revenues were $7.3 million, increasing from $6.0 million for the fourth quarter last year and $6.3 million in the third quarter of 2009.

Expenses

Investment dealer fees were $41.3 million for the quarter ended December 31, 2009, compared to $37.6 million for the quarter ended September 30, 2009 and $39.8 million for the fourth quarter last year.

As detailed in the table on the previous page, dealer gross margin was $11.4 million or 21.6% of administration fee revenue for the quarter ended December 31, 2009 compared to $10.5 million or 21.8% for the previous quarter and $10.7 million or 21.2% for the fourth quarter of 2008. The increase in year-over-year gross margin is a result of a decrease in payout rates made to advisors.

Selling, general and administrative ("SG&A") expenses for the segment were $12.5 million for the quarter ended December 31, 2009 compared to $12.1 million in the third quarter of 2009 and $12.4 million in the fourth quarter last year.

Liquidity and Capital Resources

The balance sheet for CI at December 31, 2009 reflects total assets of $3.006 billion, a decrease of $607.7 million from $3.614 billion at December 31, 2008. This change can be attributed to a decrease in current assets of $439.6 million and a decrease in long-term assets of $168.1 million. CI's cash and cash equivalents increased by $37.0 million in the 12 months ended December 31, 2009.

CI generates significant cash flow from its operations. Cash flow provided by continuing operating activities was $600.4 million for the year ended December 31, 2009. Excluding the change in working capital, cash flow from continuing operations was $546.7 million. During the 12-month period, CI paid $166.5 million in dividends.

As CI converted back to a corporate structure on January 1, 2009, there is no longer a requirement to pay out substantially all of its cash flow. At current levels of cash flow and anticipated dividend payout rates, CI would produce considerable excess cash in order to meet its obligations and pay down debt.

CI received proceeds of $8.1 million from the disposition of marketable securities during 2009, resulting in a gain of $2.9 million. The fair value of marketable securities at December 31, 2009 was $6.5 million. Marketable securities are comprised of seed capital investments in its funds and other strategic investments.

Accounts receivable and prepaid expenses decreased to $92.7 million at December 31, 2009 from $127.4 million at December 31, 2008. CI received net payments of $33.3 million during the year ended December 31, 2009 from a demand loan with one of its managed funds. This is discussed in further detail in related party transactions. In addition, receivables decreased due to lower revenues earned during 2009 relative to 2008.

During 2009, future income tax assets increased by $9.6 million as a result of the $33.8 million increase in the equity-based compensation liability.

During the year ended December 31, 2009, long-term assets decreased primarily as a result of a $129.0 million decrease in assets held for sale due to the sale of Blackmont. In addition, other assets decreased by $24.9 million. The decrease in other assets mainly relates to the receipt of $8.9 million of a long-term receivable and a reclassification of $5.0 million from long-term receivable to current receivable.

Total liabilities decreased by $616.9 million during the year ended December 31, 2009. The main contributor to this change was the $419.7 million decrease in liabilities held for sale due to the sale of Blackmont. In addition, CI repaid $322.9 million of long-term debt. Current income taxes payable decreased by $7.9 million during the year due to an $8.0 million tax recovery for tax issues now settled. Future income taxes payable increased by $41.6 million, mainly due to the utilization about $337 million in tax losses offset by a decrease in CI's future corporate income tax rates. In addition, the equity-based compensation liability increased by $33.8 million, as there were more options vested and CI's share price increased significantly over the period.

As mentioned earlier, CI paid down $322.9 million of its long-term debt in 2009. At December 31, 2009, CI had $676.5 million of debt outstanding at an average rate of 1.88%, comprised of $547.5 million in debentures issued on December 16, 2009 and $129.0 million drawn against its credit facility in the form of bankers' acceptances. This compares to total debt of $999.4 million at December 31, 2008 at an average rate of 3.17%. Net of cash and marketable securities, debt was $597.9 million at December 31, 2009, versus $953.5 million at December 31, 2008.

The debentures issued on December 16, 2009 are comprised of both floating interest rates and fixed interest rates. At the time of issuance, CI entered into interest rate swap agreements with a Canadian chartered bank to convert the fixed interest rate portion of the debentures into floating interest rates. This swap has been designated as a fair value hedge and qualifies for hedge accounting.

Principal repayments on CI's credit facility are only required under the facility should the bank decide not to renew the facility on its anniversary, in which case 50% of the principal would be repaid in eight equal calendar quarterly instalments with the balance payable two years following the first quarterly instalment. These payments would be payable beginning December 31, 2010 should the bank not renew the facility. The limit on the facility at December 31, 2009 was $250 million.

CI's current ratio of debt to EBITDA (adjusted for equity-based compensation) is 1.1:1. CI is comfortable with this ratio and has a long-term target of 1:1. CI expects that, absent acquisitions in which debt is increased, the amount of excess

cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. CI is within its financial covenants with respect to its credit facility, which requires that the debt to EBITDA ratio remain below 2.5:1, and assets under management not fall below $35 billion calculated based on a rolling 30-day average.

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

CI paid sales commissions of $152.9 million in the year ended December 31, 2009. This compares to $190.9 million in the year ended December 31, 2008. The amount of deferred sales commissions incurred in the 12-month period ended December 31, 2009 relates to back-end load fund sales of approximately $259 million per month.

During the year ended December 31, 2009, CI incurred capital expenditures of $4.1 million, primarily for computer hardware and software. While CI delayed certain capital expenditures earlier in the year, key initiatives are continuing and future capital expenditures should approximate the levels of prior years.

Shareholders' equity increased by $9.2 million in the year ended December 31, 2009. During the year, CI repurchased shares under its normal course issuer bid at a cost of $36.6 million, of which $34.3 million related to CI's share buy-back plan and $2.3 million related to the purchase of shares for CI's compensation plan. CI declared dividends of $201.6 million ($166.5 million paid), which was less than net income from continuing operations for the year ended December 31, 2009 by $94.6 million. CI expects that future dividend payments will be $0.06 per share per month, or approximately $211 million per year.

Risk Management

The disclosures below provide an analysis of the risk factors affecting CI's business operations.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity and commodity prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

CI's financial performance is indirectly exposed to market risk. 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, management fees and revenues, which would reduce cash flow to CI and ultimately impact CI's dividends.

Asset Management Segment

CI is subject to market risk throughout its Asset Management business segment. The following is a description of how CI mitigates the impact this risk has on its financial position and operating earnings.

Management of market risk within CI's assets under management is the responsibility of the Chief Compliance Officer, who reports to CI's senior management. The Compliance group has established a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. The Compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk by monitoring and identifying any potential market risks to CI's senior management. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At December 31, 2009, approximately 19% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 25 basis point change in interest rates would cause a change of $0.3 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2009, about 70% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, at the same time, approximately 12% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of $8.7 million in the Asset Management segment's annual pre-tax earnings.

About 69% of CI's assets under management were held in equity securities at December 31, 2009, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of $51.5 million in annual pre-tax earnings.

Asset Administration Segment

CI's Asset Administration business is exposed to market risk. The following is a description of how CI mitigates the impact this risk has on its financial position and results of operations.

Risk management for administered assets is the responsibility of the Chief Compliance Officer and senior management. Responsibilities include ensuring policies, processes and internal controls are in place and in accordance with regulatory requirements. CI's internal audit department reviews CI's adherence to these policies and procedures.

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 5% of the total income before non-segmented items (this segment had income of $4.9 million before income taxes and non-segmented items for the quarter ended December 31, 2009). Investment

advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than $1 million to the Asset Administration segment's pre-tax earnings.

Credit Risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries, as well as issuers whose securities are held by CI. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties. CI has concluded that current economic and credit conditions have not significantly impacted its financial assets.

Changes in Economic, Political and Market Conditions

CI's performance is directly affected by financial market 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 favorable 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.

Current Financial Conditions

Financial markets globally have been subject to unprecedented volatility and numerous financial institutions have gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of CI to obtain loans and make other arrangements on terms favourable to CI. While these unprecedented levels of volatility and market turmoil appear to have stabilized, CI's financial results could be materially impacted by any reversal in this stability.

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.

Dependence on Senior Management

The success of CI and its strategic focus is dependent to a significant degree upon the contributions of senior management, including William T. Holland, Chief Executive Officer. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of CI, could adversely affect CI's business. CI has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

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 have 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 or 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.

Risks of Significant Redemptions of CI's Assets Under Management

CI earns revenue primarily from management fees earned for advising and managing pools of assets. These revenues depend largely on the value and composition of mutual fund assets under management. The level of assets under management is influenced by three factors: (i) sales; (ii) redemption rates; and (iii) investment performance. Sales and

redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors. Recent market volatility has contributed to redemptions and diminished sales for participants in the Canadian wealth management industry.

Changes in Tax Laws

The planned introduction of Harmonized Sales Tax (HST) will combine the Goods and Services Tax (GST) and Provincial Sales Tax (PST) into a single sales tax. This will effectively subject investment fund management fees to provincial taxation for the first time. Increased taxation of investment fund management fees could result in changes to current fee structures or negatively impact the ability of investment funds, including CI, to retain investors. This could adversely impact the competitiveness of the investment fund industry as compared to other products or services that are not subject to GST and will not be subject to HST.

Administration Vulnerability and Error

The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of the CI to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of the CI. There can be no assurances that the CI's systems will operate or that the CI will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster, or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of the CI could have a material adverse effect on its business, financial condition and operating results. CI may also experience losses in connection with employee errors. Although expenses incurred by CI in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

Sufficiency of Insurance

Members of CI maintain various types of insurance which may include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, agents' insurance and general commercial liability insurance. There can be no assurance that a claim or claims will not exceed the limits of available insurance coverage, that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost or that any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgment against any member of CI in excess of available coverage could have a material adverse effect on CI both in terms of damages awarded and the impact on the reputation of CI.

Regulation of CI

Certain subsidiaries of CI are heavily regulated in 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 as well as impose additional disclosure requirements on CI products and services. 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 directors, 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.

Leverage and Restrictive Covenants

The ability of CI to pay dividends or make other payments is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of CI and its subsidiaries (including CI's credit facility). The degree to which CI is leveraged could have important consequences to shareholders, including: CI's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; CI may be unable to refinance indebtedness on terms acceptable to it or at all; and a significant portion of CI's cash flow from operations may be dedicated to the payment of the principal and interest on its indebtedness, thereby reducing the funds available for future operations. The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in CI's credit facility could result in a default which, if not cured or waived, could result in a termination of dividends by CI and permit acceleration of the relevant indebtedness. If the indebtedness under CI's current credit facility were to be accelerated, there can be no assurance that CI's assets would be sufficient to repay in full that indebtedness. In addition, CI's current credit facility matures no later than the fourth anniversary thereof (unless the bank elects to extend the term at its annual renewal). There can be no assurance that future borrowings or equity financing will be available to CI, or available on acceptable terms, in an amount sufficient to fund CI's needs.

Fluctuation of Cash Dividends

Although CI intends to distribute some portion of the income it earns, there can be no assurance regarding the amount of cash dividends distributed upstream from its subsidiaries. The actual amount of dividends paid depends upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of CI. Dividends are not guaranteed and will fluctuate with the performance of the business.

Share Price Risk

Share price risk arises from the potential adverse impact on CI's earnings due to movements in CI's share price. CI's equity-based compensation liability is directly affected by fluctuations in CI's share price. CI's senior management actively

manages equity risk by employing a number of techniques. This includes closely monitoring fluctuations in CI's share price and purchasing CI shares at optimal times on the open market for the trust created solely for the purposes of holding CI shares for CI's equity-based compensation. As well, CI has in the past entered into total return swap transactions to mitigate its exposure to the price of CI shares and the resulting fluctuations in its equity-based compensation. The effect of a $1.00 change in CI's share price at December 31, 2009 would have resulted in a change of approximately $3.9 million in equity-based compensation.

Commitment of Financial Advisors and Other Key Personnel

The market for financial advisors is extremely competitive and is increasingly characterized by frequent movement by financial advisors among different firms. Individual financial advisors of AWM have regular direct contact with clients, which can lead to a strong and personal client relationship based on the client's trust in the individual financial advisor. The loss of a significant number of financial advisors could lead to the loss of client accounts which could have a material adverse effect on the results of operations and prospects of AWM, and, in turn, the CI. Although AWM uses or has used a combination of competitive compensation structures and equity with vesting provisions as a means of seeking to retain financial advisors, there can be no assurance that financial advisors will remain with AWM.

The success of the CI is also dependent upon, among other things, the skills and expertise of its human resources including the management and investment personnel and its personnel with skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These individuals play an important role in developing, implementing, operating, managing and distributing the CI's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to the CI's performance. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products have increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increase observed in other industries and the rest of the labour market. CI believes that it has the resources necessary for the operation of the CI's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could adversely affect CI's business.

Capital Requirements

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require the CI to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by the CI may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of CI to expand or even maintain its present level of business, which could have a material adverse effect on CI's business, results of operations, financial condition and prospects.

Risks Specific to the Common Shares

Unpredictability and Volatility of Market Price

Shares of a publicly traded company do not necessarily trade at values determined by reference to the underlying value of the business. The prices at which the common shares of the Corporation will trade cannot be predicted. The market price of CI's common shares could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The market price for the common shares may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of CI.

Dilution

Pursuant to its articles of incorporation, as amended, the Corporation is authorized to issue an unlimited number of common shares for the consideration and on those terms and conditions as are established by the Directors without the approval of any shareholders. Any further issuance of common shares may dilute the interests of existing shareholders.

Changes in Legislation and Administrative Policy

There can be no assurance that certain laws applicable to CI and its subsidiaries, including income tax laws, will not be changed in a manner that could adversely affect the value of CI. In addition, there can be no assurance that the administrative policies and assessing practices of the Canada Revenue Agency will not be changed in a manner that adversely affects the holders of common shares. CI may also be affected by changes in regulatory requirements, or other taxes in Canada or foreign jurisdictions. Such changes could, depending on their nature, benefit or adversely affect CI.

Risk Specific to the Debentures

Changes in Creditworthiness

This is no assurance that the creditworthiness of CI or that any credit rating assigned to the debentures will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market price or value and the liquidity of the debentures.

Market Value Risk

Prevailing interest rates will affect the market value of the debentures. The price or market value of the debentures will decline as prevailing interest rates for comparable securities rise. CI may choose to redeem debentures from time to time, in accordance with its rights, including when prevailing interest rates are lower than the yield borne by the debentures. If prevailing rates are lower at the time of redemption, a holder may not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the debentures being redeemed.

Liquidity Risk

The debentures constitute a new issue of securities with no established trading market. In addition, the debentures are not listed on any exchange. As a result, the trading market for the debentures may not be active or liquid. There can be no assurance that an active market for the debentures will develop or be sustained or that holders of the debentures will be able to sell their debentures at any particular price or at all.

Ranking of the Debentures

The debentures are unsecured obligations of CI and certain of its subsidiaries and are not secured by any of their assets. Therefore, holders of secured indebtedness of CI or of its subsidiaries will have a claim on the assets securing such indebtedness that ranks in priority to the claims of holders of the debentures and will have a claim that ranks equally with the claims of holders of debentures to the extent that such security is insufficient to satisfy the secured indebtedness. Furthermore, although covenants given by CI or its subsidiaries in certain agreements may restrict incurring secured indebtedness, such indebtedness may, subject to certain conditions, be incurred.

Information Regarding Guarantors

The payment of the principal, interest and premium, if any, on the debentures is unconditionally guaranteed by CI Investments and United [the "Guarantors"], each wholly-owned subsidiaries of CI, and may be guaranteed by certain other subsidiaries of CI.

The following tables provide unaudited consolidated financial information for CI and its Guarantor and non-guarantor subsidiaries for the periods identified below, presented with a separate column for : (i) CI; (ii) CI Investments and United, being current Guarantor Subsidiaries, on a combined basis, (iii) the non-guarantor subsidiaries of CI on a combined basis [the "Other Subsidiaries"); (iv) consolidating adjustments; and (v) the total consolidated amounts.

STATEMENT OF INCOME DATA FOR THE THREE MONTHS ENDED DECEMBER 31 *(unaudited)*

	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	–	–	294.9	265.0	60.0	46.7	(21.4)	(22.7)	333.5	289.0
Income from continuing operations	(4.0)	(11.0)	117.0	65.4	2.7	(3.0)	0.1	0.6	115.8	52.0
Net income	(4.0)	(11.0)	117.0	65.4	4.9	(1.9)	0.1	0.7	118.0	53.2

STATEMENT OF INCOME DATA FOR THE YEAR ENDED DECEMBER 31 *(unaudited)*

	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	–	–	1,077.6	1,219.8	222.3	244.8	(81.4)	(98.4)	1,218.5	1,366.2
Income from continuing operations	(24.4)	(45.0)	310.6	495.5	9.8	-	0.2	0.7	296.2	451.2
Net income	(24.4)	(45.0)	310.6	495.5	(41.6)	(5.8)	0.2	0.7	244.8	445.4

BALANCE SHEET DATA FOR THE YEAR ENDED DECEMBER 31 *(unaudited)*

	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Current assets	701.3	1,204.9	121.4	123.0	187.2	610.4	(713.3)	(1,202.1)	296.6	736.2
Non-current assets	1,381.2	1,114.7	2,453.0	2,570.8	48.8	115.7	(1,173.2)	(923.3)	2,709.8	2,877.9
Current liabilities	79.2	187.7	798.6	1,223.0	175.1	611.5	(699.8)	(1,173.8)	353.1	848.4
Non-current liabilities	668.0	812.0	394.8	355.9	–	–	(20.4)	(3.9)	1,042.4	1,164.0

Related Party Transactions

CI entered into transactions related to the advisory and distribution of its mutual funds with Bank of Nova Scotia ("Scotiabank"). These transactions were in the normal course of operations and were recorded at the agreed upon exchange amounts. During the year ended December 31, 2009, CI incurred charges for deferred sales commissions of $2.4 million and trailer fees of $5.9 million that were paid or payable to Scotiabank. The balance payable to Scotiabank as at December 31, 2009 of $0.6 million is included in accounts payable and accrued liabilities.

Scotiabank is the provider of and administrative agent for CI's revolving credit facility. As at December 31, 2009, CI had drawn $129.0 million against this facility (versus $999.4 million at December 31, 2008) in the form of bankers' acceptances ($129.0 million compared to $990.0 million at December 31, 2008) and a prime rate loan (nil versus $9.4 million at December 31, 2008). During the year ended December 31, 2009, interest, standby and stamping fees of $25.4 million was recorded as interest expense.

On December 16, 2009, Scotiabank and Blackmont acted as an agents in offering CI's debentures for sale. As an agent, Scotiabank received $0.5 million and Blackmont received $0.1 million. These amounts have been netted against long-term debt and will be amortized using the effective interest method over the term of the debentures. Also, on December 16, 2009, CI entered into an interest rate swap agreement with Scotiabank as described in *note* 7.

During 2008, CI provided a demand loan to one of its managed funds pursuant to a promissory note agreement. The loan facility was for a maximum of $50 million and interest is calculated at market rates. As at December 31, 2008,

$32.6 million was outstanding, including accrued interest, and was included in accounts receivable and prepaid expenses. The loan was repaid in 2009. During the year ended December 31, 2009, interest of $0.6 million was recorded and included in other income.

Share Capital

As at December 31, 2009, CI had 291,821,114 shares outstanding.

At December 31, 2009, 6.4 million options to purchase shares were outstanding, of which 1.1 million options were exercisable.

Contractual Obligations

The table that follows summarizes CI's contractual obligations at December 31, 2009.

PAYMENTS DUE BY PERIOD

(millions)	Total	Less than 1 year	2	3	4	5	5 or more years
Credit facility	$129.0	$8.1	$32.2	$88.7	–	–	–
Debentures	550.0	–	100.0	250.0	–	200.0	–
Preferred shares issued by subsidiary	20.7	20.7	–	–	–	–	–
Operating leases	112.3	11.5	7.2	9.2	8.4	7.5	68.5
Total	$812.0	$40.3	$139.4	$347.9	$8.4	$207.5	$68.5

Significant 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 included in CI's 2009 Annual Report. CI carries significant goodwill and intangible assets on its balance sheet. CI uses valuation models that use estimates of future market returns and sales and redemptions of investment products as the primary determinants of fair value. CI also uses a valuation approach based on a multiple of assets under administration for the Asset Administration Segment. The multiple used by CI reflects recent transactions and research reports by independent equity research analysts. CI has reassessed these key variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate, whereas estimates of future market returns are less likely to do so. The models are most sensitive to current levels of assets under management and administration as well as estimates of future market returns. While these balances are not currently impaired, a decline of 20% in the fair value of certain models may result in an impairment of goodwill or other intangibles recorded on the balance sheet.

Changes In Significant Accounting Policies

Goodwill and Intangible Assets

On January 1, 2009, CI adopted retrospectively, CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Section

3064 provides revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of Section 3064 did not have a material impact on the financial position or results of operations of CI.

Credit Risk and Fair Value

Effective January 1, 2009, CI adopted retrospectively without restatement, CICA Emerging Issues Committee Abstract EIC-173, *Credit Risk and the Fair Value of Financial Assets and Liabilities*. EIC-173 requires CI's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of CI.

Embedded Derivatives

In April 2009, the Canadian Accounting Standards Board ["AcSB"] posted a typescript to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, amending paragraph A32(g) to include a new paragraph A32(g)(ii) regarding when an embedded prepayment option is closely related to a host debt instrument. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted. CI adopted the amendments retrospectively, in 2009. The adoption of these amendments did not have a material impact on the financial position or results of operations of CI.

Financial Instrument Disclosures

In June 2009, the AcSB amended CICA Handbook Section 3862, *Financial Instruments – Disclosures*, adopting the amendments to IFRS 7, *Financial Instruments: Disclosures*, issued in March 2009. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The amendments to Section 3862 require enhanced disclosures about fair value measurements, including the relative reliability of inputs used in the measurement, and about the liquidity risk, of financial instruments.

All financial instruments recognized at fair value in the consolidated balance sheet are classified into three fair value hierarchy levels as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

CI adopted the amendments for the 2009 annual financial statements. These amendments resulted in additional disclosures in the notes to the consolidated financial statements *[see notes 11 and 12]*, but did not have an impact on the financial position or results of operations of CI.

Financial Instrument Classification

In August 2009, the AcSB amended CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3025, *Impaired Loans*, to converge with international accounting standards IAS 39, *Financial Instruments: Recognition and Measurement*, by changing the categories into which debt instruments are required or permitted to be classified, permitting reclassification of financial assets from held-for-trading and available-for-sale categories into the loans and receivables category, and specifying the circumstances in which such transfers can be made and the accounting for those transfers. The amendments are effective for annual financial statements beginning on or after November 1, 2008. CI adopted the amendments in the fourth quarter of 2009, with effective application to January 1, 2009. The adoption of this standard did not have an impact on the financial position or results of operations of CI.

Future Accounting Changes

Canadian Accounting Pronouncements

In January 2009, the CICA issued the following Handbook Sections, applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption of these Sections is permitted; however, all Sections must be adopted concurrently. CI is currently evaluating the impact the adoption of these new standards will have on its financial position and results of operations.

i. Section 1582 – *Business Combinations* was issued replacing Section 1581 – *Business Combinations* harmonizing the Canadian standards with International Financial Reporting Standard ["IFRS"] 3, *Business Combinations*.

ii. Section 1601– *Consolidated Financial Statements* was issued replacing Section 1600, *Consolidated Financial Statements* and establishes the standards for preparing consolidated financial statements.

iii. Section 1602 – *Non-Controlling Interests* specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity.

International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB"), recently confirmed that effective January 1, 2011, all publicly listed companies will be required to prepare interim and annual financial reports in accordance with International Financial Reporting Standards ("IFRS"). These standards will replace Canadian generally accepted accounting principles ("GAAP"). CI is developing a comprehensive plan to assess the impact the changeover to IFRS in 2011 will have on its financial statements. In February 2008, the AcSB confirmed that all Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. CI will adopt IFRS for the year beginning January 1, 2011 and will present the interim and annual consolidated financial statements including comparative 2010 financial statements in accordance with IFRS.

CI has developed a transition plan for the changeover to IFRS. During 2009, CI completed its assessment of the differences between IFRS and Canadian GAAP. CI is currently in the process of assessing the impact IFRS has on accounting policies and implementation decisions; information technology and data systems; financial statement presentation and disclosures; internal control over financial reporting; disclosure controls and procedures and business

activities including the impact on debt covenants. Following this assessment, an implementation plan will be developed to transition CI's financial reporting process, including internal controls and information systems to IFRS. CI is also in the process of documenting the impact of each of the IFRS standards and the alternatives available upon adoption. The impact these differences may have on the financial results has not yet been determined and will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. In 2010, CI will prepare its opening balance sheet and internally report its financial results in accordance with IFRS in preparation for adoption on January 1, 2011.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, have designed and evaluated the effectiveness of CI's disclosure controls and procedures as at December 31, 2009. They have concluded that they are reasonably assured these Internal Controls over Financial Reporting ("ICFR") and Disclosure Controls and Procedures ("DC&P"), as defined in National 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.

The CEO and CFO have designed or caused the design of ICFR and DC&P. The COSO framework was used to assist the CEO and CFO in the evaluation of CI's ICFR. The CEO and CFO used various tools to evaluate ICFR and DC&P which included interaction with key control systems, review of policy and procedure documentation, observation or re-performance of control procedures. There were no reportable deficiencies or material weaknesses identified during the evaluation process. For the year ended December 31, 2009, there were no changes to ICFR.

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.