



**DUNDEE  
CORPORATION**

**MANAGEMENT INFORMATION CIRCULAR**

**SPECIAL MEETING OF HOLDERS OF  
FIRST PREFERENCE SHARES, SERIES 1,  
FIRST PREFERENCE SHARES, SERIES 2,  
CLASS A SUBORDINATE VOTING SHARES AND  
CLASS B COMMON SHARES OF  
DUNDEE CORPORATION**

**January 6, 2011 AT 4:00 P.M.**

**Your Participation is Important – Please Take a Minute to Vote.  
Voting Instructions on Pages 3 and 4.**





December 15, 2010

Dear Shareholder:

You are invited to attend a special meeting of holders of First Preference Shares, Series 1, First Preference Shares, Series 2, Class A Subordinate Voting Shares and Class B Common Shares of Dundee Corporation (the "Corporation") which will be held on January 6, 2011 at 4:00 p.m. (Toronto time) at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario M5X 1J2. At the special meeting, you will be asked to consider and, if deemed advisable, pass a special resolution approving the sale of all of the shares of DundeeWealth Inc. held by the Corporation.

On November 22, 2010, the Corporation, Dundee Capital Corporation, Ned Goodman and David Goodman (collectively, the "Locked-up Shareholders") entered into a lock-up agreement (the "Lock-up Agreement") with The Bank of Nova Scotia ("BNS"). Pursuant to the Lock-up Agreement, BNS agreed to make an offer (the "Offer") for all of the issued and outstanding shares of DundeeWealth Inc. other than the First Preference Shares, Series 1 (the shares subject to the Offer, the "DundeeWealth Shares"). The Corporation and the other Locked-up Shareholders have agreed to deposit all of their DundeeWealth Shares to the Offer, subject to certain conditions, including, in the case of the Corporation, the approval of at least 66 2/3% of the votes cast at the special meeting.

If the Offer is successful, the aggregate consideration that will be paid for each DundeeWealth Common Share, DundeeWealth Special Share, Series C and DundeeWealth Special Share, Series D will be (a) 0.2497 of one BNS common share and (b) at the election of the holder, either (i) 0.2 of one \$25 3.70% 5-year rate reset preferred share of BNS (a "BNS Preferred Share") or (ii) a \$5.00 cash payment, and the aggregate consideration that will be paid for each DundeeWealth First Preference Share, Series X will be (a) 0.2081 of one BNS common share and (b) at the election of the holder, either (i) 0.1667 of one BNS Preferred Share or (ii) a \$4.17 cash payment. The Corporation has agreed to elect to receive Preferred Shares rather than cash. Holders of DundeeWealth Shares will also be entitled to receive a special cash distribution of \$2.00 per DundeeWealth Share, (which DundeeWealth will declare prior to the completion of the Offer) and an equity interest in Dundee Capital Markets, a division of DundeeWealth, which has been valued at approximately \$0.50 per DundeeWealth Share.

The aggregate consideration to be received by each holder of DundeeWealth Shares represents a premium of approximately 17% to the volume weighted average price of DundeeWealth common shares for the 20 consecutive trading days immediately preceding the announcement of the Offer.

BNS mailed the Offer to DundeeWealth shareholders at the same time as the attached notice and management information circular (the "**Circular**") for the Special Meeting was sent to you. **For your reference, enclosed with this Circular, is a copy of the take-over bid circular prepared by BNS and the directors' circular prepared by DundeeWealth Inc., both of which provide further information regarding BNS and the Offer.**

**After careful consideration, the directors of the Corporation have unanimously determined that the sale of the DundeeWealth Shares held by the Corporation pursuant to the Offer is in the best interests of the Corporation and therefore the directors of the Corporation unanimously recommend that you vote FOR the special resolution approving such sale,**

**which is included as Appendix A to the attached Circular. Each of the directors of the Corporation has advised that he will vote shares of the Corporation that he owns or controls FOR the special resolution approving such sale.**

We encourage you to carefully read the information in the attached Circular. Your vote is important. If you do not attend the Special Meeting, please take the time to vote your shares in accordance with the instructions contained in the attached Circular.

Sincerely yours,



Chairman  
Harold (Sonny) Gordon



President and Chief Executive Officer  
Ned Goodman

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# DUNDEE CORPORATION

DUNDEE PLACE  
28<sup>TH</sup> FLOOR  
1 ADELAIDE STREET EAST  
TORONTO, ONTARIO  
M5C 2V9

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a special meeting (the "Meeting") of the holders of First Preference Shares, Series 1, First Preference Shares, Series 2, Class A Subordinate Voting Shares and Class B Common Shares of **DUNDEE CORPORATION** (the "Corporation") will be held at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on January 6, 2011 at 4:00 p.m. (Toronto time):

1. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "Transaction Resolution"), the full text of which is set forth in Appendix A to the accompanying management information circular (the "Circular"), to approve the sale of all of the shares of DundeeWealth Inc. held by the Corporation, in accordance with Section 184 of the *Business Corporations Act* (Ontario), as more particularly described in the Circular; and
2. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

**DATED** at Toronto, Ontario as of the 15<sup>th</sup> day of December, 2010.

**By Order of the Board**

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**Lili Mance, Corporate Secretary**

We ask that you promptly sign, date and return the enclosed form(s) of proxy in the enclosed return envelope if you do not intend to be present at the Meeting. All instruments appointing proxies to be used at the Meeting, or at any adjournment or postponement thereof, must be deposited with Computershare Investor Services Inc. at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, by mail or via facsimile at (416) 263-9524 or 1-866-249-7775 as provided in the Circular prior to 4:00 p.m. (Toronto time) on January 4, 2011, or, in the case of any adjournment or postponement thereof, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting. Instruments appointing proxies not so deposited may not be voted at the Meeting or any adjournment or postponement thereof. See "Appointment and Revocation of Proxies" on page 2 and "Voting by Registered Shareholders" and "Voting by Non-Registered Shareholders" on pages 3 and 4 for voting instructions.

## **MANAGEMENT INFORMATION CIRCULAR**

### **GENERAL PROXY INFORMATION**

#### **SOLICITATION OF PROXIES**

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management and directors of Dundee Corporation (the "Corporation") to be used at the special meeting of holders of Series 1 Preference Shares, Series 2 Preference Shares, Subordinate Voting Shares and Common Shares of the Corporation (the "Meeting") to be held at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on January 6, 2011 at 4:00 p.m. (Toronto time) and at any adjournment or postponement thereof.

The Corporation will bear the cost of soliciting proxies. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by representatives of the Corporation by telephone, electronic mail or by facsimile. None of these individuals will receive extra compensation for such efforts.

#### **INFORMATION CONTAINED IN THIS CIRCULAR**

This Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Shareholders should not construe the contents of this Circular as legal or financial advice and should consult with their own professional advisors in considering the relevant legal, financial and other matters contained in this Circular.

No person is authorized to give any information or to make any representation other than the information and representations contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein after the date of this Circular.

Capitalized terms used herein, where not otherwise defined, have the meaning given to them in Appendix C – "Defined Terms" to this Circular.

#### **NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

Dundee Corporation is a corporation existing under the laws of the Province of Ontario, Canada. The solicitation of proxies and the transactions contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation and, accordingly, this solicitation is not being effected in accordance with such rules. Shareholders should be aware that disclosure requirements under Canadian laws may be different from such requirements under U.S. corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Corporation exists under the laws of the Province of Ontario, that some or all of its officers and directors are not residents of the United States and that all or a substantial portion of its assets may be located outside the United States. You may not be able to sue an Ontario corporation or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel an Ontario corporation and its affiliates to subject themselves to judgment by a U.S. court.

**THE PROPOSED TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) NOR HAS THE SEC PASSED UPON THE FAIRNESS OR MERITS OF THE PROPOSED TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## **FORWARD-LOOKING STATEMENTS**

This Circular contains statements that constitute “forward-looking statements” within the meaning of applicable securities legislation, including, but not limited to, statements relating to the results and the potential benefits expected to be achieved from the completion of the transactions contemplated by the Transaction Resolution, including the potential opportunities and prospects of the Corporation. The forward-looking information in this Circular is presented for the purpose of providing disclosure of the Corporation’s current expectations, having regard to its current plans and proposals, and such information may not be appropriate for other purposes. Forward-looking statements may also include statements regarding the Corporation’s future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not statements of historical fact. This Circular uses words such as “may”, “would”, “could”, “should”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “outlook”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking statements. Any such forward-looking statements are based on information currently available to the Corporation, and are based on assumptions and analyses made by the Corporation in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Corporation believes are appropriate in the circumstances. However, whether actual results and developments will conform with such expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond the Corporation’s control, and the effects of which can be difficult to predict, including, without limitation, risks, assumptions and uncertainties related to: the consummation of the Proposed Transaction, including Shareholders’ approval, the satisfaction or waiver of the conditions precedent to completion of the Proposed Transaction; the market value and trading price of the BNS Shares and BNS Preferred Shares; and other factors set out in this Circular and in the Corporation’s annual information form dated March 31, 2010 for the year ended December 31, 2009 and subsequent filings made with securities commissions in Canada. In evaluating any forward-looking statements in this Circular, the Corporation cautions readers not to place undue reliance on any forward-looking statements. Readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by the Corporation’s forward-looking statements. Unless otherwise required by applicable securities laws, the Corporation does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this Circular to reflect subsequent information, events, results or circumstances or otherwise.

## **APPOINTMENT AND REVOCATION OF PROXIES**

**THE PERSONS NAMED IN THE FORM(S) OF PROXY ACCOMPANYING THIS CIRCULAR ARE DIRECTORS AND EXECUTIVE OFFICERS OF THE CORPORATION. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER), OTHER THAN THE PERSONS NAMED IN SUCH FORM(S) OF PROXY, TO ATTEND AND ACT FOR AND ON BEHALF OF SUCH SHAREHOLDER AT THE MEETING AND AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF. SUCH RIGHT MAY BE EXERCISED BY EITHER INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN THE FORM(S) OF PROXY, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY OR PROXIES TO COMPUTERSHARE PRIOR TO 4:00 P.M. (TORONTO TIME) ON JANUARY 4, 2011, OR, IN THE CASE OF ANY ADJOURNMENT OR POSTPONEMENT THEREOF, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) PRIOR TO THE TIME OF SUCH ADJOURNED OR POSTPONED MEETING.**

A Shareholder cannot appoint a person to vote his or her Shares other than the persons whose names are printed on the form(s) of proxy if the Shareholder decides to vote by telephone or the internet.

It is important to ensure that any other person that is appointed by a Shareholder as his, her or its proxyholder attends the Meeting and is aware of such appointment as such Shareholder's proxyholder. Proxyholders should present themselves to a representative of Computershare at the Meeting.

Any Shareholder who executes and delivers a proxy in the manner specified herein may revoke it at any time prior to use by: (i) depositing an instrument in writing that is signed by the Shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature by such Shareholder or by transmitting an instrument by telephonic or electronic means that is signed by electronic signature of such Shareholder, either at the registered office of the Corporation or with Computershare, at any time up to and including the last business day preceding the Meeting or any adjournment or postponement thereof; (ii) depositing such instrument in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law. See also "Voting by Non-Registered Shareholders" below with respect to the revocation of a proxy by a non-registered Shareholder.

## **VOTING BY REGISTERED SHAREHOLDERS**

### **Voting by Proxy**

Depending on whether you hold Series 1 Preference Shares, Series 2 Preference Shares, Subordinate Voting Shares and/or Common Shares, you will receive a separate form of proxy in respect of your holding of each class or series of such Shares.

Registered Shareholders can vote their Shares by proxy in the following four ways:

- by telephone, by calling the separate telephone number set out in the enclosed form(s) of proxy from a touch-tone phone and following the instructions set out on such form(s) of proxy (the required access code being the control number on such form(s) of proxy);
- on the Internet, at [www.investorvote.com](http://www.investorvote.com) by following the instructions set out on the enclosed form(s) of proxy (the required access code being the control number on such form(s) of proxy);
- by mail, by completing, dating and signing the enclosed form(s) of proxy and returning such form(s) of proxy to Computershare (at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1) in the envelope enclosed with this Circular; or
- by facsimile, by completing, dating and signing the enclosed form(s) of proxy and forwarding such form(s) of proxy by fax to Computershare at (416) 263-9524 or 1-866-249-7775.

**Proxies must be received by Computershare no later than 4:00 p.m. (Toronto time) on January 4, 2011 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.**

### **Voting by Attendance at the Meeting**

Registered Shareholders who intend to vote their Shares in person at the Meeting should not complete or return their form(s) of proxy, but rather should present themselves to a representative of Computershare at the Meeting.

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

Non-registered Shareholders are Shareholders who do not hold Shares in their own name, but whose Shares are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker or other financial institution).

### **Voting by Providing Instructions to Intermediaries**

Non-registered Shareholders will receive separate voting instruction forms in respect of their holding of each of the Series 1 Preference Shares, Series 2 Preference Shares, Subordinate Voting Shares and/or Common Shares.

Non-registered Shareholders should follow the directions of their intermediaries or relevant service provider with respect to the procedures for voting their Shares. These procedures generally allow voting in the following four ways:

- by telephone at 1-800-474-7493 by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- on the Internet at [www.proxyvote.com](http://www.proxyvote.com) by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- by mail, by following the instructions found on the enclosed voting instruction form(s); or
- by facsimile, by following the instructions found on the enclosed voting instruction form(s).

**Non-registered Shareholders must not use the facsimile number or send the form(s) of proxy to the mailing address of Computershare provided in this Circular, as these are reserved for registered Shareholders and should instead use the information provided by the intermediary. If a non-registered Shareholder of the Corporation who has voted his, her or its Shares by following the directions of the intermediary wishes to revoke his, her or its vote, such Shareholder must contact his, her or its intermediary to determine the procedure to be followed.**

**Proxies must be received prior to 4:00 p.m. (Toronto time) on January 4, 2011 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.**

### **Voting by Attendance at the Meeting**

The Corporation does not have access to the names and shareholdings of its non-registered Shareholders. Therefore, if a non-registered Shareholder wishes to attend the Meeting and vote in person at the Meeting, he or she should insert his or her own name in the space provided on the voting instruction form or request for voting instructions sent to the non-registered Shareholder by or on behalf of the intermediary and then follow the instructions provided by the intermediary to appoint such Shareholder as a proxyholder. **As the non-registered Shareholder will be attending the Meeting in person, he or she should not otherwise complete the voting instruction form(s) or request for voting instructions sent by the intermediary.** Any non-registered Shareholder who instructs the intermediary to appoint such Shareholder as proxyholder should present themselves to a representative of Computershare at the Meeting.

## **EXERCISE OF DISCRETION BY PROXYHOLDERS**

All properly executed proxies, not previously revoked, will be voted on any ballot taken at the Meeting in accordance with the instructions of the Shareholders contained therein. **MANAGEMENT PROXIES CONTAINING NO INSTRUCTIONS REGARDING VOTING IN RESPECT OF THE MATTERS SPECIFIED THEREIN WILL BE VOTED IN FAVOUR OF SUCH MATTERS. IN THE EVENT, NOT CURRENTLY ANTICIPATED, THAT ANY OTHER MATTER IS PROPERLY BROUGHT BEFORE THE MEETING, OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF, AND IS SUBMITTED TO A VOTE, THE PROXY MAY BE VOTED IN ACCORDANCE WITH THE JUDGMENT OF THE PERSONS NAMED THEREIN. THE PROXY ALSO CONFERS DISCRETIONARY AUTHORITY IN RESPECT OF AMENDMENTS TO, OR VARIATIONS IN, ALL MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.**

## **RECORD DATE AND SHAREHOLDERS ENTITLED TO VOTE**

The Board of Directors have fixed December 7, 2010 as the record date (the "Record Date") for the determination of Shareholders of the Corporation entitled to receive notice of and to vote at the Meeting. Only Shareholders of record at the close of business on such Record Date will be entitled to vote at the Meeting, or at any adjournment or postponement thereof.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As of December 7, 2010, there were 6,000,000 Series 1 Preference Shares, 5,200,000 Series 2 Preference Shares, 67,598,969 Subordinate Voting Shares and 3,119,269 Common Shares issued and outstanding. Each Series 1 Preference Share, each Series 2 Preference Share and each Subordinate Voting Share has the right to one vote, and each Common Share has the right to 100 votes, on each matter to be voted on at the Meeting. The Series 1 Preference Shares represent an aggregate of 1.54% of the outstanding votes, the Series 2 Preference Shares represent an aggregate of 1.33% of the outstanding votes, the Subordinate Voting Shares represent an aggregate of 17.30% of the outstanding votes and the Common Shares represent an aggregate of 79.83% of the outstanding votes.

Mr. Ned Goodman, the President and Chief Executive Officer of the Corporation, owns in aggregate, directly or indirectly, 3,086,583 Common Shares and 2,212,879 Subordinate Voting Shares. These holdings represent 99.0% of the Common Shares and 3.3% of the Subordinate Voting Shares and, collectively, a 79.6% voting interest.

Jodamada Corporation, a private company owned by the adult children of Mr. Ned Goodman, owns in aggregate 6,784,906 Subordinate Voting Shares, representing 10.04% of the Subordinate Voting Shares and a 1.74% voting interest.

Harbour Advisors, a business unit of CI Investments Inc., holds 12,024,400 Subordinate Voting Shares, representing 17.8% of the Subordinate Voting Shares and a 3.1% voting interest.

Other than as set out above, to the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of outstanding securities of the Corporation, entitled to vote at the Meeting.

## **BUSINESS OF THE MEETING**

At the Meeting, holders of Series 1 Preference Shares, holders of Series 2 Preference Shares, holders of Subordinate Voting Shares and holders of Common Shares, will be asked to vote to approve the Transaction Resolution, as provided under Section 184 of the OBCA, which requires that the Transaction Resolution be approved by at least 66 2/3% of the votes cast by the holders of Series 1 Preference

Shares, Series 2 Preference Shares, Subordinate Voting Shares and Common Shares, voting together, present in person or represented by proxy at the Meeting.

## **INFORMATION REGARDING THE PROPOSED TRANSACTION**

### **Background to the Proposed Transaction**

The following is a summary of events that preceded the public announcement of the Proposed Transaction.

In conjunction with the sale by DundeeWealth to BNS of Dundee Bank of Canada and of equity shares representing approximately 18% of DundeeWealth, the Corporation, DCC (a wholly-owned subsidiary of the Corporation) and BNS entered into the Shareholders' Agreement which provided, among other things, that:

- the Corporation was not permitted to solicit a sale of its DundeeWealth Shares or an Acquisition Proposal unless the Corporation first offered such DundeeWealth Shares to BNS;
- the Corporation would notify BNS if an unsolicited offer for the Corporation's DundeeWealth Shares was made by a third party and the Corporation would provide BNS with information in a timely manner regarding any negotiations relating thereto;
- if an unsolicited offer for the Corporation's DundeeWealth Shares was made and the Corporation was willing to accept such offer, the Corporation would give BNS 5 business days to match such offer and the Corporation would sell to BNS if it so matched;
- if DundeeWealth issued more securities, BNS and the Corporation would use their best efforts to ensure that they were each entitled to acquire such number of additional securities of DundeeWealth as was necessary to maintain their respective proportionate voting and equity ownership interests in DundeeWealth in effect at the time at which such additional securities were issued; and
- BNS was not permitted to acquire additional securities of DundeeWealth that would result in the ownership by BNS of more than 20% of the outstanding voting and equity shares of DundeeWealth at any time, unless an Acquisition Proposal by a third party was announced.

From time to time prior to November 22, 2010, the Corporation considered various transactions to realize the value of its DundeeWealth investment, including:

- a sale of its DundeeWealth Shares to BNS;
- a bid by the Corporation for all outstanding shares of DundeeWealth not owned by the Corporation;
- a merger of DundeeWealth with a third party; and
- a substantial acquisition by DundeeWealth using its shares as consideration.

In July, 2010, the Corporation, through its Chief Executive Officer, and senior executives of BNS commenced a series of discussions and negotiations regarding a potential sale of the Corporation's DundeeWealth Shares to BNS, which focused on three primary issues: the price for the DundeeWealth Shares, payment of a cash dividend to DundeeWealth Shareholders (as it was not optimal for BNS to buy the cash), and a spinout of Dundee Capital Markets (which was not a core asset for BNS). In August, 2010, the Corporation and BNS requested that DundeeWealth strike the Special Committee and that a

financial advisor commence the background work necessary for an independent valuation to support the acquisition of DundeeWealth Shares by an insider.

On November 12, 2010, DundeeWealth was approached by an investment dealer concerning an unsolicited third party expression of interest to acquire the Corporation's DundeeWealth Shares. This expression of interest was reported to the Corporation and presented to the Board of Directors. DundeeWealth apprised its Special Committee of the expression of interest. The Special Committee was also advised that, at such time, the terms of the expression of interest were not acceptable to the Corporation, and the Corporation was of the view that the need for dialogue or other communication between the Corporation and the Special Committee regarding the terms of the expression of interest or the Corporation's discussions with BNS was not required because of the uncertainty regarding the outcome.

In accordance with the Shareholders' Agreement, the Corporation notified BNS of the existence of the expression of interest. On November 16, 2010, the Corporation's Chief Executive Officer met with BNS and advised that the unsolicited third party expression of interest was not yet an offer that the Corporation was willing to accept, and, as required by the Shareholders' Agreement, provided BNS with a copy of the third party's indicative term sheet. The Corporation's Chief Executive Officer advised BNS that the execution risk with respect to the potential third party transaction was high and, as a result, there were serious concerns about the Corporation accepting such third party offer. Moreover, as the decision to consider a sale of the DundeeWealth Shares was driven by the long term view of the effects of competition from Canadian chartered banks, the only logical purchaser for such DundeeWealth Shares would be BNS. BNS invited the Corporation's Chief Executive Officer to provide to BNS the terms of an offer that would be acceptable to the Corporation, consistent with the right of first offer provisions in the Shareholders' Agreement.

On November 17, 2010, the Corporation provided BNS with the terms on which the Corporation would be willing to negotiate the sale of its DundeeWealth Shares to BNS.

Late on November 19, 2010, a term sheet from BNS was delivered to the Corporation, outlining the basis upon which BNS proposed to acquire the Corporation's DundeeWealth Shares. Over the succeeding three day period, the Corporation and BNS, together with their respective advisors, and the Special Committee and its advisors, negotiated the BNS term sheet and definitive documentation.

Late on November 21, 2010, the Board of Directors met and considered the terms of the proposed transaction with BNS. The Board of Directors received the views of the Corporation's management, as well as the benefit of advice from financial and legal advisors, and was advised of the views expressed by DundeeWealth's financial and legal advisors. After due deliberation, the Board of Directors unanimously approved the terms on which it would sell its DundeeWealth Shares, subject to Dundee Shareholder Approval, unanimously decided to recommend that Shareholders of the Corporation approve the Proposed Transaction and instructed management to call a meeting of the Corporation's Shareholders and proceed with the settlement of definitive agreements relating to, and implementation of, the Proposed Transaction.

Definitive documentation was concluded early in the morning on November 22, 2010 and a public announcement was made before the opening of the TSX on that date.

### **Recommendation of the Board of Directors**

For the reasons discussed below under "Reasons for the Proposed Transaction", the Board of Directors of the Corporation has unanimously determined that the Proposed Transaction is in the best interests of the Corporation. Accordingly, the Board of Directors unanimously recommends that Shareholders vote in favour of the Transaction Resolution.

## Reasons for the Proposed Transaction

In making its determination and recommendation, the Board of Directors relied upon legal, financial and other advice and information received during the course of its deliberations. The following is a summary of the principal factors that the Board of Directors considered in making its determination and recommendation:

- *Competitive Landscape:* competition, consolidation and maturity of the Canadian wealth management industry and, in particular, DundeeWealth's position as an independent wealth management company in an environment increasingly marked by competition, consolidation and ownership by Canadian chartered banks;
- *Attractive Price:* the consideration to be received by the Corporation under the Offer would represent a premium of approximately 17% to the volume weighted average price of the DundeeWealth Common Shares on the TSX for the twenty consecutive trading days immediately preceding November 22, 2010, the date upon which the Proposed Transaction was announced;
- *Shareholders' Agreement:* any opportunity to sell DundeeWealth Shares is subject to the Shareholders' Agreement, including BNS' right to match third party offers;
- *Support of Largest Shareholder:* the largest shareholder of the Corporation was supportive of the Proposed Transaction and entered into the Lock-up Agreement, discussed in further detail below;
- *Fairness Opinion of Financial Advisor for DundeeWealth's Special Committee:* the Board of Directors was advised that the Special Committee would receive an opinion from its financial advisor confirming that the consideration under the Offer is fair, from a financial point of view, to the minority shareholders of DundeeWealth;
- *High Likelihood of Completion:* the terms of the Offer were reasonable and subject to limited conditions precedent to closing; and
- *Liquidity and Volatility:* BNS Shares are, generally, more liquid and exhibit less price volatility than DundeeWealth Shares.

The foregoing summary of the factors considered by the Board of Directors is not intended to be exhaustive. In reaching the determination to approve and recommend the Proposed Transaction to the Shareholders, the Board of Directors did not assign any relative or specific weight to the factors that were considered, but individual directors may have given different weight to these factors.

## Intentions of the Corporation's Directors and Officers

The directors and officers of the Corporation (including Mr. Ned Goodman and Mr. David Goodman), who beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 5,090,641 Subordinate Voting Shares, 3,087,456 Common Shares and 2,655 Series 2 Preference Shares as at December 7, 2010, which represent approximately 7.53% of the outstanding Subordinate Voting Shares, 99.0% of the outstanding Common Shares and 0.05% of the outstanding Series 2 Preferred Shares, have indicated that they intend to vote in favour of the Transaction Resolution.

## Summary of the Offer

BNS has agreed to make a take-over bid for all DundeeWealth Shares in consideration of:

- (a) (i) 0.2497 of one BNS Share; and
  - (ii) at the election of the holder, either \$5.00 in cash, or 0.2 of one BNS Preferred Share,for each DundeeWealth Common Share, Special Share, Series C and Special Share, Series D; and
- (b) (i) 0.2081 of one BNS Share; and
  - (ii) at the election of the holder, either \$4.17 in cash, or 0.1667 of one BNS Preferred Share,for each First Preference Share, Series X.

The Corporation has agreed to elect to receive BNS Preferred Shares rather than cash.

In addition, as a condition of the Offer, each DundeeWealth Shareholder will receive (i) the DundeeWealth Special Distribution, and (ii) an equity interest in Dundee Capital Markets pursuant to the Spinout Transaction, which has been valued at approximately \$0.50 per DundeeWealth Share.

The aggregate value of the Proposed Transaction to DundeeWealth Shareholders is approximately \$21.00 per DundeeWealth Share, representing an overall equity value for DundeeWealth of approximately \$3.2 billion. The aggregate consideration to be received by DundeeWealth Shareholders represents a premium of approximately 17% to the volume weighted average price of the DundeeWealth Common Shares on the TSX for the 20 consecutive trading days immediately preceding November 22, 2010, the date upon which the Offer was announced.

BNS has agreed to take up and pay for the Locked-up Shares deposited under the Offer upon satisfaction or waiver of the conditions set forth in the Lock-up Agreement.

## Lock-up Agreement

The Corporation, DCC, Ned Goodman, David Goodman and BNS have entered into the Lock-up Agreement pursuant to which, and subject to the conditions set forth therein (including obtaining the Dundee Shareholder Approval), BNS has agreed to make the Offer and the Locked-up Shareholders (including the Corporation) have irrevocably agreed to deposit the Locked-Up Shares with the depository under the Offer. The material terms and provisions of the Lock-up Agreement are summarized below. This summary is qualified in its entirety by the terms of the Lock-up Agreement, a copy of which was filed under the Corporation's profile on SEDAR on December 1, 2010.

### *Agreement to Deposit*

Subject to the satisfaction of the conditions set forth in the Lock-up Agreement and summarized below under the heading "Conditions in Favour of the Locked-up Shareholders", the Corporation and the other Locked-up Shareholders have agreed to take all necessary actions to deposit, or cause to be deposited, their respective Locked-up Shares with the depository under the Offer and not to withdraw, or take any action in connection with a withdrawal of, the Locked-up Shares from the Offer, except in accordance with the Lock-up Agreement.

### *Conditions in Favour of BNS under the Lock-up Agreement*

BNS has the right to withdraw the Offer (or, if permitted to, extend the Offer to postpone taking up and paying for any of the DundeeWealth Shares deposited by the Locked-up Shareholders under the Offer) and will not be not required to take up, purchase or pay for any of the DundeeWealth Shares deposited by the Locked-up Shareholders under the Offer unless all of the following conditions are satisfied or waived by BNS at or prior to the Expiry Time:

- the Appropriate Regulatory Approvals have been obtained on terms satisfactory to BNS, acting reasonably;
- BNS has determined in its reasonable judgment that: (a) no act, action, suit or proceeding has been taken, commenced or threatened before or by any Governmental Entity or by any elected or appointed public official or private Person (including any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of Law; and (b) no Law has been proposed, enacted, promulgated or applied, in either case: (i) to cease trade, enjoin, prohibit or impose material and adverse limitations, damages or conditions on the purchase by or the sale to BNS of the Locked-up Shares or the right of BNS to own or exercise full rights of ownership of the Locked-up Shares; (ii) which, if the Offer were consummated, would reasonably be expected to have a Material Adverse Effect with respect to DundeeWealth; or (iii) that would prohibit or limit the ownership or operation by BNS of any material portion of the business or assets of DundeeWealth or compel BNS to dispose of any material portion of the business or assets of DundeeWealth as a result of the Offer (or any Compulsory Acquisition or Subsequent Acquisition Transaction);
- BNS has not become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any DundeeWealth Public Document filed by or on behalf of DundeeWealth with any securities regulatory authority;
- all representations and warranties of DundeeWealth set forth in the Support Agreement are true and correct, unless the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not constitute a Material Adverse Effect with respect to DundeeWealth;
- DundeeWealth has complied with all covenants and obligations in all material respects that it is required to comply with under the Support Agreement at or prior to the Expiry Time, unless the failure of DundeeWealth to comply with such covenants or obligations, individually or in the aggregate, would not constitute a Material Adverse Effect with respect to DundeeWealth;
- all representations and warranties of the Locked-up Shareholders set forth in the Lock-up Agreement are true and correct in all material respects, as if made on and as of the Expiry Time (except to the extent that such representations and warranties speak to an earlier date, in which event such representations and warranties are true and correct as of such earlier date);
- the Locked-up Shareholders have complied in all material respects with all covenants set forth in the Lock-up Agreement that they are required to comply with at or before the Expiry Time;
- a Material Adverse Effect has not occurred with respect to DundeeWealth;
- DundeeWealth has made arrangements to complete the Spinout Transaction or an alternative transaction satisfactory to BNS, acting reasonably, and has declared the DundeeWealth Special Distribution;

- the Dundee Shareholder Approval has been obtained and the Board of Directors of the Corporation has not determined, subsequent to such Dundee Shareholder Approval, not to proceed with the sale of the Locked-up Shares;
- the Locked-up Shares have been validly deposited, and not withdrawn, by the Locked-up Shareholders under the Offer; and
- the Lock-up Agreement has not been terminated, and no event has occurred that, with notice or lapse of time or both, gives BNS the right to terminate the Lock-up Agreement.

#### *Conditions in Favour of the Locked-up Shareholders*

The Locked-up Shareholders will not be obligated to complete the Proposed Transaction unless the following conditions are satisfied or waived by the Locked-up Shareholders at or prior to the Expiry Time:

- no (i) act, action, suit or proceeding has been taken, commenced or threatened before or by any Governmental Entity or by any elected or appointed public official or private Person (including any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of Law and (ii) Law has been enacted, issued, promulgated or applied, in either case, to cease trade, enjoin, prohibit or impose material and adverse limitations, damages, consequences or conditions on the sale of the Locked-up Shares to BNS;
- none of the Locked-up Shareholders has become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any BNS Public Document filed by or on behalf of BNS with any securities regulatory authority;
- DundeeWealth has made arrangements to complete the Spinout Transaction or an alternative transaction satisfactory to the Corporation, acting reasonably, and DundeeWealth has declared the DundeeWealth Special Distribution; and
- the Dundee Shareholder Approval has been received.

#### *Covenants of the Locked-up Shareholders*

Pursuant to the terms of the Lock-up Agreement, each of the Locked-up Shareholders has agreed, on his or on its own behalf, among other things, that until the earlier of (i) the expiry or termination of the Offer, or (ii) the withdrawal of the Locked-up Shares held by the Locked-up Shareholders, under the Offer:

- it or he, as applicable, will not grant or agree to grant to any third party any proxy or other right to the Locked-up Shares or make any other arrangement with respect to the right to vote or any other right relating to its or his Locked-up Shares;
- except to the extent permitted under the Lock-up Agreement, it or he will not authorize or permit any representative retained by it or him to take any action of any kind which may in any way adversely affect or delay the completion of the Offer;
- it or he, as applicable, will immediately cease and cause to be terminated any existing discussions with any parties (other than BNS) with respect to any Acquisition Proposal;
- it or he, as applicable, will not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, make, solicit, initiate or encourage inquiries from or submission of

proposals or offers from any other Person relating to an Acquisition Proposal, or participate in any discussions or negotiations regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing; but for greater certainty, the foregoing will not apply to the Spinout Transaction;

- if it or he, as applicable, receives an Acquisition Proposal (including an offer or invitation to enter into discussions), it or he will forthwith notify BNS in writing and provide to BNS all relevant details relating thereto, including, without limitation, the price proposed to be paid in connection with such Acquisition Proposal or offer, the form of consideration to be paid and the identity of the offeror;
- it or he, as applicable, will use reasonable efforts as a shareholder of DundeeWealth to do, or cause to be done, all things necessary, proper or advisable under applicable Law, to consummate the transactions contemplated by the Lock-up Agreement, the Offer and the Support Agreement, including using reasonable efforts to (i) support the Offer, (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by the Corporation or DCC under any federal, provincial or foreign Law or regulations with respect to the Lock-up Agreement or the Offer, (iii) lift or rescind any injunction or restraining order or other order adversely affecting the Corporation's ability to consummate the transactions contemplated by the Lock-up Agreement or by the Offer, and (iv) fulfill all conditions and satisfy all provisions of the Lock-up Agreement and the Offer applicable to such Person;
- except as expressly contemplated in the Lock-up Agreement to the contrary, it or he will exercise voting rights attaching to the Locked-up Shares and otherwise use reasonable efforts to oppose any proposed action by DundeeWealth, DundeeWealth's Shareholders, any of DundeeWealth's subsidiaries or any other person (i) in respect of any amalgamation, merger, sale of DundeeWealth's or its affiliates' or associates' assets, take-over bid, plan of arrangement, reorganization, recapitalization, shareholder rights plan, liquidation or winding-up of, reverse take-over or other business combination or similar transaction involving, DundeeWealth or any of its subsidiaries, other than the Spinout Transaction, (ii) which might reasonably be regarded as being directed towards or likely to prevent or delay the take up of and payment for the Locked-up Shares deposited under the Offer, the successful completion of the Offer or the other transactions provided for in the Support Agreement, or (iii) which could result in a Material Adverse Effect on DundeeWealth;
- it or he, as applicable, will not sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any of its or his, as applicable, Locked-up Shares to any person, entity or group or agree to do any of the foregoing; and
- it or he, as applicable, will take all such steps as are required to ensure that, at the time at which BNS takes up and pays for the DundeeWealth Shares pursuant to the Offer, its or his Locked-up Shares will be owned beneficially and of record by it or him, as applicable, with a good and marketable title thereto, free and clear of all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges and encumbrances of any nature or kind whatsoever; and, other than the Shareholders' Agreement in the case of the Corporation, it or he, as applicable, will not be subject to any shareholders' agreements, voting trust or similar agreements or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming a shareholders' agreement, voting trust or other agreement affecting its or his Locked-up Shares or its or his ability to exercise all ownership rights thereto, including the voting of any such shares, other than pursuant to the Lock-up Agreement.

Mr. Ned Goodman and Mr. David Goodman have agreed to vote any Shares of the Corporation which they own or control in favour of the Transaction Resolution.

The Corporation intends to amalgamate with DCC prior to the Effective Date. However, if such amalgamation does not occur prior to the Effective Date, the Corporation has agreed that, subject to

obtaining the Dundee Shareholder Approval, it will cause a shareholder's resolution to be passed by the Corporation, as sole shareholder of DCC, approving the sale of DCC's Locked-up Shares to BNS.

The Corporation has agreed that on the Effective Date, it will transfer to BNS all of its rights, title and interest to the trademarks used in the operation of the businesses of DundeeWealth, other than (a) the "DundeeWealth" name, which the Corporation will grant DundeeWealth and BNS a royalty-free license to use in their mutual fund manufacturing or mutual fund distribution businesses until the earlier of the third anniversary of the Effective Date and the date on which BNS ceases to use such name, and (b) all business names that include the word "Goodman" that are currently used in the businesses of DundeeWealth, which the Corporation will grant DundeeWealth a royalty-free license to use for a transitional period after the Effective Date provided that DundeeWealth ceases to use the names as soon as practicable, and provided that in no event shall such transitional period exceed a period of one year.

#### *Representations and Warranties of the Locked-Up Shareholders*

Each of the Locked-Up Shareholders has made representations and warranties in the Lock-up Agreement in respect of the following matters, among others, (i) ownership of the Locked-up Shares; (ii) authority relative to the Lock-up Agreement and enforceability of the Lock-up Agreement; (iii) absence of breach of constating documents or Law; (iv) absence of any agreement, option or right to the acquisition or transfer or any of the Locked-up Shares; (v) that its Locked-up Shares are the only securities of DundeeWealth held by it or him; (vi) it or he has no claim against DundeeWealth or any of its subsidiaries at the date of the Lock-up Agreement and will not have any claim against DundeeWealth or any of its subsidiaries by reason of the entering into of the Lock-up Agreement; and (vii) residency.

#### *Representations and Warranties of BNS*

BNS has made representations and warranties in the Lock-up Agreement in respect of the following matters, among others, (i) organization; (ii) authority relative to the Lock-up Agreement and the Offer; (iii) each BNS Share will (when delivered to the Corporation and DCC as consideration for the Locked-up Shares) be duly authorized and issued as a fully paid and non-assessable share in the capital of BNS; and (iv) absence of breach of constating documents and Law.

#### *Termination*

The Lock-up Agreement may be terminated at any time upon the occurrence of any of the following events: (i) by mutual written consent of the Corporation, DCC and BNS; (ii) by the Corporation and DCC, if BNS has not taken up and paid for the Locked-up Shares by the Outside Date; (iii) by BNS, if any condition of the Offer described under "Conditions in Favour of BNS under the Lock-up Agreement" is not satisfied by the Outside Date or waived by BNS; (iv) by BNS, if any Locked-up Shareholder has materially breached the Lock-up Agreement; or (v) by any Locked-up Shareholder, if BNS has materially breached the Lock-up Agreement.

#### *Non-Competition, Non-Solicitation and Confidentiality Agreements*

The Corporation, Ned Goodman and David Goodman will each sign a Non-Competition, Non-Solicitation and Confidentiality Agreement with BNS on the Effective Date. The Non-Competition, Non-Solicitation and Confidentiality Agreements follow the same forms, which are appended to the Lock-up Agreement, except that the Corporation is responsible for its own actions as well as the actions of its affiliates (as defined in the OBCA).

Each of the Corporation, Ned Goodman and David Goodman will agree that it or he will not: (i) be engaged in any manner as an employee, director, officer, contractor, salesperson, consultant, advisor, principal, agent, member or proprietor in any business which competes with the DundeeWealth Business; and (ii) advise, invest or otherwise have any other financial or other interest in or in respect of any Person that carries on any business which competes with the DundeeWealth Business, subject to an exception

for holding up to 5% of the issued shares of a public company listed on any recognized stock exchange or traded on any *bona fide* "over the counter" market provided that the party is not actively involved in the management of such public company. The Corporation and Ned Goodman will be subject to these non-competition obligations for three years from the Effective Date and David Goodman will be subject to these non-competition obligations throughout his employment or engagement with DundeeWealth or BNS plus one year thereafter (subject to a minimum of three years from the Effective Date).

Each of the Corporation, Ned Goodman and David Goodman has agreed to non-solicitation obligations in respect of employees, contractors, salespersons, or consultants engaged in the DundeeWealth Business for two years following the Effective Date and agreed not to cause any actions which are intended to damage the relationship between DundeeWealth or BNS and their respective customers in the DundeeWealth Business.

Upon the Effective Date, the Corporation and DCC agreed to immediately cease to use the name "DundeeWealth", or any variations thereof or as part of any acronyms, for any business purpose and will not grant to any Person (other than BNS in accordance with the Lock-up Agreement) any right to use such name, except for filings and other documents required by Law.

Each of the Corporation, Ned Goodman and David Goodman has also agreed that, in addition to any other relief to which BNS or DundeeWealth may become entitled in respect of any breach, BNS or DundeeWealth shall be entitled to interim and permanent injunctive relief, specific performance and other equitable remedies.

#### *Spinout Transaction*

Pursuant to the Support Agreement, DundeeWealth has agreed to complete the Spinout Transaction. The parties to the Lock-up Agreement have agreed that, upon mutual consent, not to be unreasonably withheld, an alternative transaction to sell the assets of the Dundee Capital Markets division of DundeeWealth and distribute the sale proceeds may occur in lieu of the Spinout Transaction.

A copy of the BNS Take-over Bid Circular, which contains further information regarding the Spinout Transaction, is enclosed herewith for informational purposes only.

#### **Support Agreement**

BNS and DundeeWealth entered into the Support Agreement on November 22, 2010 pursuant to which, among other things, BNS agreed to make, and the board of directors of DundeeWealth agreed to support, the Offer, and DundeeWealth agreed to declare the DundeeWealth Special Distribution and consummate the Spinout Transaction, all subject to the terms and conditions set forth therein.

A copy of the BNS Take-over Bid Circular, which contains a summary of the material terms and conditions of the Support Agreement, is enclosed herewith for informational purposes only.

#### **PRINCIPAL EFFECTS OF THE PROPOSED TRANSACTION**

If the Transaction Resolution is approved by the Shareholders and the other conditions of closing set out in the Lock-up Agreement are satisfied or waived by the applicable parties:

- BNS will acquire all of the Locked-up Shares owned directly and indirectly by the Corporation;
- The Corporation will directly or indirectly, receive 18,599,030 BNS Common Shares and 14,897,209 BNS Preferred Shares. Based upon the volume weighted average price of the BNS Common Shares on the TSX for the 20 consecutive trading days immediately preceding November 22, 2010, the date upon which the Proposed Transaction was announced, and the redemption value of the BNS

Preferred Shares, the aggregate consideration would have a value to the Corporation of approximately \$1.4 billion; and

- the Non-Competition Agreements will be executed by each of the Corporation, DCC, Ned Goodman and David Goodman. See “Lock-up Agreement – Non-Competition Agreements”.

## **INFORMATION CONCERNING THE BANK OF NOVA SCOTIA**

Shareholders are invited to review the following disclosure documents with respect to BNS, which are available at [www.sedar.com](http://www.sedar.com):

- (a) BNS’ annual information form dated December 3, 2010 for the year ended October 31, 2010;
- (b) BNS’ management proxy circular attached to the notice of meeting dated February 9, 2010, prepared in connection with BNS’ annual meeting of shareholders held on April 8, 2010;
- (c) BNS’ consolidated balance sheets as at October 31, 2010 and 2009 and the consolidated statements of income, changes in shareholders’ equity, comprehensive income and cash flows for each of the years in the three-year period ended October 31, 2010, together with the auditors’ report thereon;
- (d) BNS’ management’s discussion and analysis of financial condition and results of operations for the year ended October 31, 2010;
- (e) BNS’ material change report dated September 13, 2010, in respect of changes to BNS’ organizational structure and executive management team; and
- (f) BNS’ material change report dated November 24, 2010, in respect of the Offer and the Support Agreement.

For informational purposes only, the BNS Take-Over Bid Circular is enclosed herewith.

While the BNS Take-Over Bid Circular is enclosed with this Circular and Shareholders are invited to review the documents referred to above, the Corporation and its directors are not responsible for the contents of the BNS Take-Over Bid Circular or any of the other documents referred to above, and the Corporation expressly disclaims any responsibility or liability therefor. The BNS Take-Over Bid Circular and the other documents referred to above are expressly excluded from, and are not incorporated by reference into, this Circular.

## **INFORMATION CONCERNING DUNDEEWALTH**

For informational purposes only, the DundeeWealth directors’ circular dated as of December 15, 2010, which has been filed with the various securities commissions or similar authorities in Canada, has been enclosed herewith.

While the DundeeWealth directors’ circular is enclosed with this Circular, the Corporation and its directors are not responsible for the contents of such document and the Corporation expressly disclaims any responsibility or liability therefor. The DundeeWealth directors’ circular is expressly excluded from, and is not incorporated by reference into, this Circular.

## DISSENT RIGHTS

The following description of the rights of dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of the Shares held by such Shareholder and is qualified in its entirety by reference to the full text of section 185 of the OBCA, which is attached to this Circular as Appendix B. A registered Shareholder who intends to exercise the right of dissent should carefully consider and comply with the provisions of section 185 of the OBCA. Failure to strictly comply with the provisions of section 185 of the OBCA, and to adhere to the procedures established therein, will result in the loss of all rights thereunder.

A registered Shareholder is entitled to dissent from the Transaction Resolution in the manner provided in section 185 of the OBCA. If the Transaction Resolution becomes effective, a registered Shareholder who complies with section 185 of the OBCA will be entitled to be paid by the Corporation the fair value of the Shares held by such dissenting Shareholder, determined as of the close of business on the day before the Transaction Resolution was adopted.

**A Shareholder who wishes to exercise dissent rights must send a written objection to the Transaction Resolution (a “Dissent Notice”) to the Corporation and the Dissent Notice must be received by the Corporation at or prior to the Meeting. Only registered Shareholders are entitled to exercise dissent rights.**

The filing of a Dissent Notice does not deprive a registered holder of Shares of the right to vote; however, the OBCA provides that a holder of Shares who has submitted a Dissent Notice and who votes in favour of the Transaction Resolution will no longer be considered a dissenting Shareholder with respect to the Shares voted in favour of the Transaction Resolution. A vote against the Transaction Resolution does not constitute a Dissent Notice. In addition, the execution or exercise of a proxy does not constitute a Dissent Notice. Under the OBCA, there is no right of partial dissent and, accordingly, a dissenting Shareholder may only dissent with respect to all Shares held on behalf of any one beneficial owner that are registered in the name of the dissenting Shareholder.

The Corporation is required, within 10 days after the Shareholders adopt the Transaction Resolution, to send to each registered Shareholder who has filed a Dissent Notice, notice that the Transaction Resolution has been adopted, but such notice is not required to be sent to any registered Shareholder who voted for the Transaction Resolution or who has withdrawn such Dissent Notice.

A dissenting Shareholder must, within 20 days after the receipt of notice that the Transaction Resolution has been adopted or, if the dissenting Shareholder does not receive such notice, within 20 days after the dissenting Shareholder learns that the Transaction Resolution has been adopted, send to the Corporation a written notice (a “Payment Demand”) containing the name and address of the dissenting Shareholder, the number of Shares in respect of which the dissenting Shareholder dissents and a demand for payment of the fair value of such Shares. Within 30 days after a Payment Demand has been sent, the dissenting Shareholder must send to the Corporation or Computershare the certificates representing the Shares in respect of which such Payment Demand was made. A dissenting Shareholder who fails to send the certificates representing the Shares in respect of which the Dissent Right has been exercised has no right to make a claim for dissent under section 185 of the OBCA. The Corporation or Computershare will endorse on share certificates received from a dissenting Shareholder a notice that the holder is a dissenting Shareholder and will forthwith return the share certificates to the dissenting Shareholder.

Except as otherwise provided pursuant to section 185 of the OBCA, upon sending a Payment Demand to the Corporation, a dissenting Shareholder ceases to have any rights as a holder of Shares, other than the right to be paid the fair value of the Shares in respect of which such Payment Demand was made.

The Corporation is required, not more than seven days after the later of (i) the Effective Date and (ii) the date on which it receives the Payment Demand of a dissenting Shareholder, to send to each dissenting Shareholder who has sent a Payment Demand a written offer to pay (an “Offer to Pay”) an amount considered by the Board of Directors to be the fair value thereof, for the Shares in respect of which such

Payment Demand was made, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay made to dissenting Shareholders in respect of the Proposed Transaction must be on the same terms. The Corporation is required to pay for the Shares of a dissenting Shareholder within 10 days after an Offer to Pay has been accepted by a dissenting Shareholder, but any such Offer to Pay lapses if the Corporation does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If the Corporation fails to make an Offer to Pay for the Shares of a dissenting Shareholder, or if a dissenting Shareholder fails to accept an offer that has been made within 30 days after such Offer to Pay has been made, the Corporation may, within 50 days after the Effective Date or within such further period as the Ontario Superior Court may allow, apply to the Ontario Superior Court to fix a fair value for the Shares of dissenting Shareholders. If the Corporation fails to apply to the Ontario Superior Court, a dissenting Shareholder may apply to the Ontario Superior Court for the same purpose within a further period of 20 days or within such further period as the Ontario Superior Court may allow. A dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to the Ontario Superior Court, all dissenting Shareholders whose Shares have not been purchased by the Corporation will be joined as parties and bound by the decision of the Ontario Superior Court and the Corporation will be required to notify each affected dissenting Shareholder of the date, place and consequences of the application and of the right of such dissenting Shareholder to appear and be heard in person or by counsel. Upon any such application to the Ontario Superior Court, the Ontario Superior Court may determine whether any person is a dissenting Shareholder who should be joined as a party and the Ontario Superior Court will then fix a fair value for the Shares of all dissenting Shareholders. The final order of the Ontario Superior Court will be rendered against the Corporation in favour of each dissenting Shareholder and for the amount of the fair value of each dissenting Shareholder's Shares as fixed by the Ontario Superior Court. The Ontario Superior Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting Shareholder from the Effective Date until the date of payment.

## **INTEREST OF DIRECTORS AND OFFICERS IN THE PROPOSED TRANSACTION**

Except as otherwise set out in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or officer who has held office since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted upon at the Meeting.

The ultimate controlling shareholder of the Corporation is Mr. Ned Goodman. Mr. Goodman indirectly owns 2,212,879 Subordinate Voting Shares and 3,086,583 Common Shares, representing approximately 79.6% of the votes attached to any class of outstanding securities of the Corporation, entitled to vote at the Meeting. Mr. Goodman is the founder of the Corporation and DundeeWealth, Chairman of the DundeeWealth board of directors and the President and Chief Executive Officer, and a director of the Corporation.

Pursuant to the terms of a change of control agreement effective May 5, 2009, between DundeeWealth and Mr. David Goodman, the President and Chief Executive Officer of DundeeWealth, Mr. David Goodman is entitled to receive compensation on the Effective Date. Details of the terms of such compensation are described in the DundeeWealth directors' circular dated December 15, 2010, which is enclosed herewith for informational purposes only.

## **AUDITORS**

The Corporation's auditors are PricewaterhouseCoopers LLP. The Corporation's financial statements for the financial year ended December 31, 2009, have been audited by PricewaterhouseCoopers LLP.

## **ADDITIONAL INFORMATION AVAILABLE**

This Circular, as well as the Corporation's consolidated financial statements as at and for the year ended December 31, 2009, annual information form, interim consolidated financial statements as at and for the nine months ended September 30, 2010 and other information regarding the Corporation, is posted on its website at [www.dundecorporation.com](http://www.dundecorporation.com) and can be accessed through SEDAR at [www.sedar.com](http://www.sedar.com).

A copy of all public documents will be made available without charge to a Shareholder of the Corporation, upon request to the Secretary of the Corporation at [investor@dundecorporation.com](mailto:investor@dundecorporation.com).

## **GENERAL INFORMATION**

The information contained in this Circular is given as of December 7, 2010, except as otherwise indicated. The contents of this Circular and the delivery thereof to the Shareholders of the Corporation have been approved by the directors of the Corporation.

**By Order of the Board**



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**Lili Mance**  
Corporate Secretary

December 15, 2010

**APPENDIX A**  
**TRANSACTION RESOLUTION**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The sale by the Corporation to The Bank of Nova Scotia ("**BNS**") of all of the shares of DundeeWealth Inc. held by the Corporation, pursuant to the terms of the lock-up agreement (the "**Lock-up Agreement**") among BNS, the Corporation, Dundee Capital Corporation, Mr. Ned Goodman and Mr. David Goodman dated November 21, 2010 (as it may be or may have been amended in accordance with its terms), is hereby authorized and approved.
2. The Lock-up Agreement is hereby confirmed, ratified and approved.
3. Notwithstanding the approval of the holders (the "**Shareholders**") of First Preference Shares, Series 1, First Preference Shares, Series 2, Class A Subordinate Voting Shares and Class B Common Shares of the Corporation, the directors of the Corporation are hereby authorized and empowered, at their discretion, without further notice to, or approval of, the Shareholders of the Corporation, to amend the Lock-up Agreement; and (b) subject to the terms of the Lock-up Agreement, not to proceed with the transactions contemplated by the Lock-up Agreement.
4. Any two officers or directors of the Corporation are hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, and to deliver or cause to be delivered all such other documents, agreements, instruments and certificates and to perform or cause to be performed all such other acts and things as in such directors' or officers' opinion may be necessary or desirable to give full effect to this special resolution and the transactions contemplated by the Lock-up Agreement, such determination to be conclusively evidenced by the execution and delivery of such document, instrument, agreement or certificate or the doing of any such act.

**APPENDIX B**  
**DISSENT RIGHTS**

Section 185 of the *Business Corporations Act* (Ontario)

**Rights of dissenting shareholders**

**185.** (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

**Idem**

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

**One class of shares**

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

**Exception**

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

**Shareholder's right to be paid fair value**

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the

shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

### **No partial dissent**

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

### **Objection**

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

### **Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

### **Notice of adoption of resolution**

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

### **Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

### **Demand for payment of fair value**

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

### **Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

### **Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

### **Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

### **Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

### **Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

### **Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

### **Idem**

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

### **Application to court to fix fair value**

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

#### **Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

#### **Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

#### **Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

#### **Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

#### **Parties joined**

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

#### **Idem**

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

#### **Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

### **Final order**

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

### **Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

### **Where corporation unable to pay**

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

### **Idem**

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

### **Idem**

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

### **Court order**

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

### **Commission may appear**

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

**APPENDIX C**  
**DEFINED TERMS**

“**Affiliate**” has the meaning given to such term in the *Securities Act* (Ontario);

“**Acquisition Proposal**” means (A) any acquisition or purchase, direct or indirect, of: (1) the assets of DundeeWealth and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of DundeeWealth and its subsidiaries, taken as a whole, or which contribute 20% or more of the consolidated revenue of DundeeWealth and its subsidiaries, taken as a whole, or (2) 20% or more of any voting or equity securities of DundeeWealth or any one or more of its subsidiaries that, individually or in the aggregate, contribute 20% or more of the consolidated revenues or constitute 20% or more of the consolidated assets of DundeeWealth and its subsidiaries, taken as a whole; (B) any take-over bid, tender offer or exchange offer that, if consummated, would result in such person or group of persons beneficially owning 20% or more of any class of voting or equity securities of DundeeWealth; or (C) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving DundeeWealth and/or any of its subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or revenues, as applicable, of DundeeWealth and its subsidiaries, taken as a whole;

“**Appropriate Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities required in connection with the commencement of the Offer or the consummation of the Offer, and including without limiting the generality of the foregoing, the Competition Act Approval;

“**BNS**” means The Bank of Nova Scotia;

“**BNS Preferred Share**” means one \$25 principal amount 3.70% five year rate reset preferred share in the capital of BNS, having the terms and conditions set out in Schedule “A” to the Lock-up Agreement;

“**BNS Public Documents**” means all forms, reports, schedules, statements and other documents required to be filed by BNS since January 1, 2008 on SEDAR;

“**BNS Share**” means one common share of BNS;

“**BNS Take-Over Bid Circular**” means the take-over bid circular of BNS dated December 15, 2010 in connection with the Offer;

“**Board of Directors**” or “**Board**” means the board of directors of the Corporation;

“**Business Day**” means any day of the week, other than a Saturday, a Sunday or a statutory or civic holiday observed in Toronto, Ontario;

“**Circular**” means this management information circular, together with the notice of the Meeting and cover letter accompanying such management information circular;

“**Common Shares**” means the class B common shares in the capital of the Corporation;

“**Competition Act Approval**” means that the Commissioner of Competition: (a) shall have issued an advance ruling certificate under Section 102(1) of the *Competition Act* (Canada) in respect of the transactions contemplated by the Support Agreement, or (b) the applicable waiting period under section 123 of the *Competition Act* (Canada) shall have expired or been terminated by the Commissioner of Competition, or the obligation to submit a notification shall have been waived under paragraph 113(c) of

the *Competition Act* (Canada), and the Commissioner of Competition shall have issued a no-action letter under section 92 of the *Competition Act* (Canada);

“**Compulsory Acquisition**” has the meaning given to such term in the Support Agreement;

“**Computershare**” means Computershare Investor Services Inc.;

“**Corporation**” means Dundee Corporation;

“**DCC**” means Dundee Capital Corporation, a wholly-owned subsidiary of the Corporation;

“**Dundee Shareholder Approval**” means the approval by Shareholders, by way of special resolution, of the Proposed Transaction;

“**DundeeWealth**” means DundeeWealth Inc.;

“**DundeeWealth Business**” means

- (a) the retail mutual fund business, including the creation, distribution, and/or management (including sub-advisory) of retail mutual funds, being comprised of open-end mutual funds governed by National Instrument 81-102, ETFs, insurance guaranteed mutual funds (commonly called segregated funds) and PPNs linked to any open-end fund;
- (b) the management of individual segregated managed accounts in a manner substantially similar to the business currently conducted by the Dundee Investment Counsel Division of DundeeWealth (formerly, Goldman Private Wealth Management);
- (c) the mutual fund advisory business, being the sale of mutual funds and other products as described above by licensed advisors (but excluding the Investment Industry Regulatory Organization of Canada advisors in Dundee Capital Markets); and
- (d) the insurance brokerage business,

in each case carried on from time to time in Canada by or on behalf of DundeeWealth;

“**DundeeWealth Common Shares**” means the common shares in the capital of DundeeWealth;

“**DundeeWealth Public Documents**” means all forms, reports, schedules, statements and other documents required to be filed by DundeeWealth since January 1, 2008 on SEDAR;

“**DundeeWealth Shareholders**” means the holders of outstanding DundeeWealth Shares;

“**DundeeWealth Shares**” means all of the issued and outstanding shares in the capital of DundeeWealth, other than DundeeWealth First Preference Shares, Series 1;

“**DundeeWealth Special Distribution**” means a special cash distribution in the amount of \$2.00 per DundeeWealth Share, which will be declared by DundeeWealth prior to the Effective Date and payable to DundeeWealth Shareholders of record as of the Business Day immediately prior to the Effective Date;

“**Effective Date**” means the date on which BNS takes up and pays for the Locked-up Shares;

“**Expiry Time**” means 12:01 a.m. (Toronto time) on the 36th calendar day after the date that the Offer is first commenced within the meaning of the *Securities Act* (Ontario), subject to BNS’ right to extend from time to time the period during which the DundeeWealth Shares may be deposited under the Offer;

**“Governmental Entity”** means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any self-regulatory authority, including the TSX, the TSX-V, the Montreal Exchange, Mutual Fund Dealers Association, FDA Investment Industry Regulatory Organization of Canada, Financial Industry Regulatory Authority and each Canadian provincial insurance council (or equivalent); or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

**“Laws”** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law, orders, ordinances, judgments, decrees, guidelines, policies or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity and the term “applicable” with respect to such Laws and in a context that refers to one or more parties, means such Laws as are applicable to such party or its business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the party or parties or its or their business, undertaking, property or securities;

**“Locked-up Shareholders”** means the Corporation, DCC and the Principal Shareholders;

**“Locked-up Shares”** means the aggregate of all DundeeWealth Shares held, directly and indirectly, by the Locked-up Shareholders and any DundeeWealth Shares acquired by the Locked-up Shareholders subsequent to the date of the Lock-up Agreement, and includes all shares or other securities which such Locked-up Shares may be converted into, exchanged for or otherwise changed into pursuant to any merger, reorganization, amalgamation or other business combination involving DundeeWealth prior to the acquisition of the Locked-up Shares by BNS, and also includes any and all distributions of cash, securities or other property made on such Locked-up Shares on or after the date of the Lock-up Agreement, other than Permitted Distributions;

**“Lock-up Agreement”** means the lock-up agreement between BNS and the Locked-up Shareholders, dated November 22, 2010, including all schedules, amendments thereto and restatements thereof;

**“Material Adverse Effect”** when used in connection with DundeeWealth or BNS (each for the purposes of this definition, a “Party”), means any one or more changes, effects, events, occurrences or states of fact, either individually or in the aggregate, that is, or would reasonably be expected to be, material and adverse to the assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, results of operations, capital, property, obligations (whether absolute, accrued, conditional or otherwise), financial condition of a Party and its subsidiaries taken as a whole, other than changes, effects, events, occurrences or states of fact consisting of, resulting from or arising in connection with:

- (i) the public announcement of the execution of the Support Agreement or the Proposed Transaction or the performance of any obligations under the Lock-up Agreement or the Support Agreement;
- (ii) general economic, financial, currency exchange, securities or commodity market conditions in Canada or the United States;
- (iii) changes generally affecting the mutual fund or wealth management business in one or more countries or geographic markets where a Party or any of its subsidiaries operates or conducts business;
- (iv) any change in applicable Laws, regulations or Canadian generally accepted accounting principles, including those set out in the Handbook of the Canadian Institute of Chartered Accountants, applied on a consistent basis;

(v) any natural disaster; or

(vi) any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism,

except, in the case of clauses (iii), (iv), (v) and (vi), to the extent any such change, effect, event, occurrence or state of fact has had a materially disproportionate effect on a Party and its subsidiaries, taken as a whole, compared to other comparable Persons of similar size operating in the mutual fund or wealth management business in one or more countries in geographic markets so affected;

**"Meeting"** means the special meeting of the Shareholders to be held on January 6, 2011, including any adjournment or postponement thereof, called to consider, and if deemed advisable approve, the Transaction Resolution;

**"Non-Competition, Non-Solicitation and Confidentiality Agreements"** means the non-competition, non-solicitation and confidentiality agreements in the forms appended to the Lock-up Agreement;

**"OBCA"** means the *Business Corporations Act* (Ontario);

**"Offer"** means the offer made by BNS to purchase by way of take-over bid the DundeeWealth Shares, as more particularly described in the BNS Take-Over Bid Circular;

**"Outside Date"** means April 30, 2011, subject to the right of either BNS or DundeeWealth to postpone the Outside Date on no more than two occasions by a period of 30 days if (A) any of the Appropriate Regulatory Approvals has not been obtained, (B) an action, suit or proceeding has been taken, commenced or threatened before or by any Governmental Entity to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or sale to BNS of DundeeWealth Shares or the rights of BNS to own or exercise full rights of ownership of DundeeWealth Shares, or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction or which would have such an effect and the party electing to postpone the Outside Date, if that party is a party to such action, suit or proceeding, is diligently contesting it, or (C) DundeeWealth has not completed the Spinout Transaction, by giving written notice to the other party to such effect no later than 5:00 p.m. (Toronto time) on the date that is five days prior to the then current Outside Date, or such other date as may be agreed to by BNS and DundeeWealth;

**"Permitted Distributions"** means (a) the DundeeWealth Special Distribution, (b) any distribution in connection with the Spinout Transaction, (b) monthly cash dividends on the DundeeWealth Common Shares and Special Shares, Series C, Special Shares Series D and Special Shares, Series F in the capital of DundeeWealth in accordance with the revised dividend policy of DundeeWealth announced on November 4, 2010 and (d) quarterly cash dividends on the First Preference Shares, Series X and First Preference Shares, Series 1 in the capital of DundeeWealth;

**"Person"** includes an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrator, legal representative, government entity, or any other entity, whether or not having legal status;

**"Principal Shareholders"** means Mr. Ned Goodman and Mr. David Goodman;

**"Proposed Transaction"** means the sale of the Corporation's DundeeWealth Shares;

**"Record Date"** means December 7, 2010;

**"SEC"** means the U.S. Securities and Exchange Commission;

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval, a filing system developed for the Canadian Securities Administrators and accessible at [www.sedar.com](http://www.sedar.com);

**“Series 1 Preference Shares”** means the First Preference Shares, Series 1 in the capital of the Corporation;

**“Series 2 Preference Shares”** means the First Preference Shares, Series 2 in the capital of the Corporation;

**“Shareholders”** means the holders of Shares;

**“Shareholders’ Agreement”** means the shareholders’ agreement dated as of September 28, 2007, between the Corporation, DCC and BNS, setting out their respective rights and interests as shareholders of DundeeWealth;

**“Shares”** means, collectively, the Series 1 Preference Shares, the Series 2 Preference Shares, the Subordinate Voting Shares and the Common Shares;

**“Special Committee”** means the special committee of independent directors of DundeeWealth;

**“Spinout Transaction”** means the transfer of DundeeWealth’s capital markets business, currently conducted primarily through Dundee Securities Corporation and operating under the Dundee Capital Markets brand, to all holders of DundeeWealth Shares on the terms and conditions set forth in Schedule “B” attached to the Support Agreement;

**“Subordinate Voting Shares”** means the class A subordinate voting shares in the capital of the Corporation;

**“Subsequent Acquisition Transaction”** has the meaning given to such term in the Support Agreement;

**“Support Agreement”** means the support agreement dated November 22, 2010 between BNS and DundeeWealth;

**“Transaction Resolution”** means the special resolution of the Shareholders to be considered at the Meeting, substantially in the form of Appendix A to this Circular; and

**“TSX”** means the Toronto Stock Exchange.

