BUILDING

A BRIGHT FUTURE

Notice of Annual Meeting of Shareholders
to be held on May 17, 2010
and Management Information Circular

EQUITABLE GROUP INC.

EQUITABLE GROUP INC.

April 5, 2010

Dear Shareholders,

We are pleased to invite you to join our Board of Directors and our Senior Management team for our next annual meeting of shareholders to be held on Monday, May 17, 2010 at 10:00 a.m. (Toronto time), at the TSX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario.

The items of business to be considered and voted upon by shareholders at this meeting are described in the Notice of Meeting and the accompanying Management Information Circular.

Your participation at this meeting is important and we encourage you to exercise your right to vote. If you cannot attend this meeting in person, please use the enclosed form of proxy or voting instruction form to submit your vote prior to the meeting.

Sincerely,

Austin Beutel
Chairman of the Board

Andrew Moor
President and Chief Executive Officer

EQUITABLE GROUP INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Equitable Group Inc. (the "Company") will be held at the TSX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada, on **Monday, May 17, 2010** at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the financial statements of the Company for the year ended December 31, 2009 and the auditors' report thereon;
2. to elect directors;
3. to appoint the auditors and to authorize the directors to fix their remuneration; and
4. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

If you are a shareholder entitled to vote at the meeting but are unable to attend the meeting in person, please complete and return the enclosed form of proxy in the envelope provided or fax it to 416-263-9524 or 1-866-249-7775. To be valid, proxies must be received by the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario, M5J 2Y1, no later than 10:00 a.m. (Toronto time) on Thursday, May 13, 2010.

DATED at Toronto, Ontario this 5th day of April, 2010.

By Order of the Board of Directors

Kimberley Graham
Vice-President, General Counsel
and Corporate Secretary

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EQUITABLE GROUP INC.

MANAGEMENT INFORMATION CIRCULAR

All information is as of April 5, 2010, unless otherwise indicated.

This Management Information Circular ("Circular") is provided in connection with the solicitation of proxies by the management of Equitable Group Inc. (the "Company") for use at the Annual Meeting of Shareholders (the "Meeting") of the Company which will be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and any adjournment thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited personally by officers and directors and other representatives of the Company. The cost of solicitation will be borne by the Company.

PART 1 – VOTING INFORMATION

Who Can Vote?

Holders of the Company's common shares as of April 12, 2010 are entitled to vote at the Meeting. Each common share is entitled to one vote. As of April 5, 2010, there were 14,918,043 common shares outstanding.

Voting in Person

If you are a registered shareholder, you may vote in person at the Meeting on May 17, 2010 by registering with the transfer agent, Computershare Investor Services Inc. ("Computershare"), upon your arrival at the Meeting. Registered shareholders who plan to attend and vote in person at the Meeting should not complete or return the form of proxy.

Voting by Proxy

If you are a registered shareholder and do not plan to attend the Meeting, you can sign the enclosed form of proxy which gives authority to Austin Beutel or Andrew Moor, each a director of the Company, to vote your common shares at the Meeting. **You also have the right to select anyone you want to attend the meeting and vote your shares on your behalf.** Just print the person's name in the blank space on the form of proxy and indicate how you would like your shares voted. In the absence of such directions, your common shares will be voted FOR the election of directors to the Board, and the appointment of KPMG LLP as the auditors of the Company.

The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

At the date of this Circular, management knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment. Common shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the common shareholder on any ballot that may be called for and if the common shareholder specifies a choice with respect to any matter that may be acted upon, the common shares will be voted accordingly.

Proxies are to be returned to Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by fax to 416-263-9524 or 1-866-249-7775 prior to 10:00 a.m. (Toronto time) on Thursday, May 13, 2010 or to the Chairman of the Meeting on the day of the Meeting, at any time prior to the commencement of the Meeting or any adjournment thereof.

Registered shareholders also have the option to vote by telephone by calling toll free at 1-866-732-8683, or by accessing the internet site at *www.investorvote.com*, and following the instructions. Please ensure you have your proxy card with you as it contains the control number (located on the front of the proxy) you will need to identify yourself to the system.

Revocation of Proxies

You may revoke a proxy after you have returned it by completing and signing another form of proxy bearing a later date and delivering it to Computershare at the address or fax number specified above, no later than 10:00 a.m. (Toronto time) on Thursday, May 13, 2010. You may also deliver a written statement to this effect signed by you or your authorized attorney to Kimberley Graham, Vice-President, General Counsel and Corporate Secretary at the registered office of the Company, at any time up to 10:00 a.m. (Toronto time) on Thursday, May 13, 2010 or to the Chairman on the day of the Meeting, prior to its commencement, or any adjournment thereof.

Non-registered Shareholders

Non-registered shareholders are those persons whose shares are registered in the name of an intermediary which is usually a trust company, securities broker, financial institution or other nominee who holds the shares on their behalf. Intermediaries have obligations to forward meeting materials to the non-registered shareholders unless otherwise instructed by the holder.

Non-registered shareholders should follow the directions of their intermediaries with respect to the procedures to be followed for voting. Generally, the intermediaries will provide non-registered shareholders with either:

(i) a voting instruction form for completion and execution by the non-registered shareholder; or

(ii) a form of proxy, executed by the intermediary and restricted to the number of shares beneficially owned by the non-registered shareholder but otherwise not completed.

In either case, the purpose of these procedures is to permit non-registered shareholders to direct the voting of the Company's common shares they beneficially own. Should a non-registered shareholder wish to vote in person at the Meeting, they must insert their own name in the blank space provided on the voting instruction form or form of proxy provided by the intermediary and carefully follow the return instructions. Do not otherwise complete the voting instruction form as your vote will be taken at the Meeting. Please register with the transfer agent, Computershare, upon arrival at the meeting.

Non-registered shareholders also have the option to vote by telephone by calling toll free at 1-866-734-8683 or by accessing the internet site at *www.investorvote.com*, and following the instructions. Please ensure you have your control number (located on the front of the voting instruction form) to identify yourself to the system.

Voting Securities and Principal Holders

To the knowledge of the directors and officers of the Company, as at the date of this Circular, the only persons or companies which beneficially owned, or exercised control or direction over, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the outstanding voting securities of the Company are the following:

Name	Number of common shares	Percentage of outstanding common shares
Emberwood Glen Enterprises Ltd.[1]	2,144,640	14.4%
I.A. Michael Investment Counsel Ltd.[2]	1,762,500	11.8%
Franklin Templeton Investments Corp.[3]	1,748,138	11.7%

(1) Emberwood Glen Enterprises Ltd. is 100% owned by Oakwest Corporation Limited ("Oakwest"). Austin Beutel and Eric Beutel, directors of the Company, exercise control or direction over the common shares of Oakwest. (These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Company). Eric Beutel beneficially owned, or exercised control or direction over, directly or indirectly, an additional 10,000 common shares.

(2) I.A. Michael Investment Counsel Ltd. has indicated that these shares were acquired in the ordinary course of investing activities.

(3) Franklin Templeton Investments Corp. on behalf of its operating division, Bissett Investment Management, has disclaimed any beneficial ownership of these common shares, but as an investment manager it maintains exclusive power to exercise investment control or direction over such shares for its managed accounts.

PART 2 – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2009 and the report of the auditors thereon are included in the 2009 Annual Report, which has been mailed to shareholders with this Circular.

ELECTION OF DIRECTORS

The Company's Articles of Amalgamation provide for the Board of Directors (the "Board") to consist of a minimum of three (3) and a maximum of twelve (12) directors. The Board has set the number of directors to be elected at nine (9). All nominees are presently directors of both the Company and its wholly-owned subsidiary, The Equitable Trust Company ("Equitable Trust").

Each director will be elected to serve until the next Annual Meeting of Shareholders or until a successor is elected or appointed. The nine (9) nominees have established their eligibility and willingness to serve as directors. The persons named in the enclosed form of proxy intend to vote **FOR** the election of the proposed nominees.

The following pages set out the names of proposed nominees for election as directors together with additional information including their principal occupation, whether the nominees are independent, the number and value of common shares and deferred share units ("DSUs") beneficially owned, or over which control or direction is exercised, directly or indirectly, as at December 31, 2009 (where applicable), the committees on which he or she serves, the number of committee meetings and Board meetings he or she attended during the year ended December 31, 2009, and information regarding compensation received as a director during the year.

Director Nominees

Austin Beutel
Toronto, Ontario, Canada
Director Since: January 1, 2004
Independent
Meets Share Ownership Guidelines
Expertise/Experience: Finance and M & A

Austin Beutel is Chairman of Oakwest Corporation Limited, a private investment holding company. He is co-founder and former Chairman of Beutel Goodman and Co. Ltd., an investment management firm. Mr. Beutel holds an M.B.A. from Harvard University, a Bachelor of Commerce degree from McGill University and the Chartered Financial Analyst designation. Mr. Beutel has more than 50 years of business experience.

Public company directorships in the past five years

- Astral Media Inc. (1973-present)
- Accord Financial Corp. (1990-May 5, 2010)
- Aecon Group Inc. (2005-present)
- Opta Minerals Inc. (2006-present)
- O&Y Properties Corporation (1998-2005)

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	9 of 9	2009	$83,957
Corporate Governance Committee (Chair)	2 of 2	2008	$59,375
Equitable Trust's Human Resources and Compensation Committee	3 of 3		

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding requirement
2009	2,144,640[4]	1,011	$45,595,057	$40,000
2008	2,086,640[5]	-	$24,518,020	$25,000

Eric Beutel
Toronto, Ontario, Canada
Director Since: January 1, 2004
Independent
Meets Share Ownership Guidelines
Expertise/Experience: Finance and Real Estate

Eric Beutel is Vice-President of Oakwest Corporation Limited, a private investment holding company. He holds an M.B.A. from the University of Ottawa.

Public company directorships in the past five years

- Liquidation World Inc. (2008-present)
- Seprotech Systems Incorporated (2004-2006)

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	8 of 9	2009	$60,782
Equitable Trust's Investment Committee (Chair)	10 of 10	2008	$27,275

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding requirement
2009	2,154,640[4]	1,011	$45,829,015	$40,000
2008	2,096,640[5]	-	$24,635,520	$25,000

Joseph Dickstein
Toronto, Ontario, Canada

Director Since: January 1, 2004

Independent

Meets Share Ownership Guidelines

Expertise/Experience: Finance

Joseph Dickstein is Vice-Chairman of PPI Financial Group, one of the largest independent life insurance marketing organizations in Canada.

Public company directorships in the past five years

None

Board/Committee Membership	**Attendance**	**Total Compensation**(7)	
	#	**Year**	**Amount**
Board Corporate Governance Committee Equitable Trust's Human Resources and Compensation Committee (Chair)	9 of 9 1 of 1 3 of 3	2009 2008	$55,982 $28,925

Securities held

Year	**Common shares**(1) **(#)**	**DSUs**(2) **(#)**	**Total market value of common shares and DSUs**(3)	**Minimum shareholding requirement**
2009	21,900	1,011	$486,832	$40,000
2008	6,000	-	$70,500	$25,000

Eric Kirzner
Toronto, Ontario, Canada

Director Since: January 1, 2004

Independent

Meets Share Ownership Guidelines

Expertise/Experience: Investment Management and Risk Management

Eric Kirzner is a Professor of Finance and the John H. Watson Chair in Value Investing at the Rotman School of Management at the University of Toronto. Professor Kirzner is also lead external advisor of the Hospitals of Ontario Pension Plan, and a Director of University of Toronto Asset Management Corporation. He holds a Bachelor of Arts degree and an M.B.A. from the University of Toronto.

Public company directorships in the past five years

None

Board/Committee Membership	**Attendance**	**Total Compensation**(7)	
	#	**Year**	**Amount**
Board Audit Committee (Chair) Corporate Governance Committee	9 of 9 5 of 5 1 of 1	2009 2008	$68,982 $39,425

Securities held

Year	**Common shares**(1) **(#)**	**DSUs**(2) **(#)**	**Total market value of common shares and DSUs**(3)	**Minimum shareholding requirement**
2009	2,800	1,011	$80,957	$40,000
2008	3,100	-	$36,425	$25,000

Andrew Moor
Toronto, Ontario, Canada
Director Since: May 17, 2007
Non-independent
Meets Share Ownership Guidelines
Expertise/Experience: Finance

Andrew Moor is President and Chief Executive Officer of the Company and Equitable Trust. Prior to joining the Company, he was the President and Executive Officer of Invis Inc. Mr. Moor holds an M.B.A. from the University of British Columbia and a B.Sc. (Eng.) from the University of London.

Public company directorships in the past five years

- Sleep Country Canada Income Fund (2003-2008)

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	9 of 9	2009	-
Equitable Trust's Investment Committee	9 of 10	2008	-

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding requirement
2009	21,801	-	$463,271	$40,000
2008	19,600	-	$230,300	$25,000

Katherine Rethy
Toronto, Ontario, Canada
Director Since: May 15, 2008
Independent
Meets Share Ownership Guidelines
Expertise/Experience: Law, Corporate Governance and Leadership

Katherine Rethy is a Corporate Director and a Leadership Consultant. She is also President of KAR Development Corp., a real estate investment company. Ms. Rethy is an accomplished senior executive with over 24 years in professional, management and executive roles in Canadian-based global industrial companies. Her most recent corporate role was Senior Vice-President, Global Services with Falconbridge Limited. In 2007, she was inducted into Canada's 100 Most Powerful Women Hall of Fame.

Ms. Rethy received her B.Sc. from the University of Toronto, her LL.B. from the University of Windsor and her M.B.A. from York University. She is also a graduate of the ICD-Rotman Directors Education Program.

Public company directorships in the past five years

- TransForce Income Operating Trust (2003-2007)

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	8 of 9	2009	$ 51,582
Audit Committee	4 of 5	2008	$119,380[6]
Equitable Trust's Human Resources and Compensation Committee	1 of 1		
Corporate Governance Committee	1 of 1		

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding requirement
2009	2,200	1,011	$68,207	$40,000
2008	2,200	-	$25,850	$25,000

Lionel Robins
Toronto, Ontario, Canada

Director Since: January 1, 2004

Independent

Meets Share Ownership Guidelines

Expertise/Experience: Finance

Lionel Robins is President of PFDL Investments Limited, an investment holding company.

Public company directorships in the past five years

None

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	9 of 9	2009	$52,782
Equitable Trust's Human Resources and Compensation Committee	2 of 2	2008	$25,775
Equitable Trust's Investment Committee	5 of 5		
Corporate Governance Committee	1 of 1		

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding Requirement
2009	122,199	1,011	$2,618,186	$40,000
2008	122,199	-	$1,435,838	$25,000

Morris Shohet
Toronto, Ontario, Canada

Director Since: May 11, 2009

Independent

Meets Share Ownership Guidelines

Expertise/Experience: Real estate Investment and Development

Morris Shohet is Principal of The Dorchester Corporation, a real estate investment company.

Mr. Shohet received his B.Eng. degree in Civil Engineering at McGill University, and his M.B.A. from Harvard University.

Public company directorships in the past five years

- Canadian Real Estate Investment Trust (1996-2004)

Board/Committee Membership	Attendance	Total Compensation[7]	
	#	Year	Amount
Board	5 of 7	2009	$43,204
Equitable Trust's Investment Committee	5 of 6	2008	$ -

Securities held

Year	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3]	Minimum shareholding requirement
2009	6,500	1,011	$159,582	$40,000
2008	-	-	-	N/A

Michael Shulman
Toronto, Ontario, Canada

Director Since: January 1, 2004

Independent

Meets Share Ownership Guidelines

Expertise/Experience: Investment Management

Michael Shulman has been President of The Birchwood Group Inc. since 1987, a company which invests in private equity and public securities in North America. He is a Chartered Accountant and the former Chairman of a national firm of chartered accountants.

Public company directorships in the past five years
None

Board/Committee Membership	**Attendance**	**Total Compensation**[7]	
	#	**Year**	**Amount**
Board	9 of 9	2009	$61,182
Audit Committee	5 of 5	2008	$28,275
Equitable Trust's Investment Committee	10 of 10		

Securities held

Year	**Common shares**[1] **(#)**	**DSUs**[2] **(#)**	**Total market value of Common shares and DSUs**[3]	**Minimum shareholding requirement**
2009	25,000	1,011	$552,707	$40,000
2008	25,000	-	$293,750	$25,000

(1) The information as to shares owned or over which control or direction is exercised has been provided by the respective nominees.

(2) Includes 1,000 DSUs which were awarded to the independent directors on May 11, 2009 plus 11 DSUs acquired by way of dividend equivalents during the year ended December 31, 2009.

(3) The value of the common shares is based on the closing trading price of the Company's common shares on the Toronto Stock Exchange ("TSX") on December 31, 2009. The value of the DSUs is based on the volume-weighted average trading price of the Company's common shares on the TSX five days prior to December 31, 2009. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.

(4) Austin Beutel and Eric Beutel beneficially owned, or controlled or directed, directly or indirectly, 2,144,640 Company common shares via Emberwood. Emberwood is 100% owned by Oakwest Corporation Limited ("Oakwest"), and Austin Beutel and Eric Beutel exercise control or direction over the common shares of Oakwest. Eric Beutel beneficially owned, or controlled or directed, directly or indirectly 10,000 Company common shares.

(5) Austin Beutel and Eric Beutel beneficially owned, or controlled or directed, directly or indirectly, 2,086,640, Company common shares via Emberwood. Emberwood is 100% owned by Oakwest Corporation Limited ("Oakwest"), and Austin Beutel and Eric Beutel exercise control or direction over the common shares of Oakwest. Eric Beutel beneficially owned, or controlled or directed, directly or indirectly, 10,000 Company common shares.

(6) Includes an option granted on May 15, 2008 to purchase 25,000 common shares at an exercise price of $21.63. Ms. Rethy was granted this option pursuant to her election to the Board. In 2009 the Board discontinued the practice of granting options to directors.

(7) Includes annual director and committee chair retainers, meeting fees, and the market value of the 1,011 DSUs, inclusive of dividend equivalents, received during the year ended December 31, 2009. The value of the DSUs is based on the volume-weighted average trading price of the Company's common shares on the TSX five days prior to December 31, 2009. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no proposed director:

(a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company that,

  (i) was subject to a cease trade or similar order that was issued while the proposed director was acting in the capacity as a director, CEO or CFO, or

  (ii) was subject to an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "order") that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;

(b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director:

(d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) has been subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Interlocking Directorships

As at the date of this Circular, no two directors serve together on the board of another public company.

Director Compensation

The Corporate Governance Committee is responsible for reviewing the amount and form of director compensation and recommending any changes to director compensation to the Board for approval. The Committee uses data from its comparator group in its review of compensation for directors.

Each non-management director of the Company, other than the Chairman of the Board, receives an annual retainer for serving as a director together with a fee for each Board and Committee meeting attended. Austin Beutel, as Chairman of the Board, receives a fixed annual retainer and no meeting fees. On May 11, 2009, each non-management director was also awarded 1,000 DSUs as part of their compensation. On February 26, 2010, the Board approved the award of 1,000 DSUs to each non-management director to be granted upon their re-election to the Board at the Annual Meeting.

During the year ended December 31, 2009, the annual retainers and meeting fees paid to the non-management directors were as follows:

Type	Amount
Annual Retainer	
Chairman of the Board	$62,500[1]
Director	$20,000
Audit Committee Chair	$15,000
Committee Chair	$ 5,000
Meeting Fees (Board and Committees)	
More than 2 hours in duration	$ 1,200
2 hours or less in duration	$ 600

(1) The retainer paid to the Chairman of the Board is inclusive of all meeting fees.

On May 11, 2009 the Board approved an increase in the non-management director's annual retainer from $12,500 to $20,000.

Amounts paid are in respect of a director's services to both the Company and Equitable Trust. All board and committee meetings of the Company and Equitable Trust are held concurrently. The aggregate maximum amount payable to all directors in any financial year is $500,000.

Deferred Share Unit Plan

The Deferred Share Unit Plan was established in 2009 to enhance the Company's ability to attract and retain high quality individuals to serve as members of the Board and to promote a further alignment of interests between the independent directors and the Company's shareholders. Under the Plan, notional units are allocated to an non-management director from time to time by the Board on the recommendation of the Corporate Governance Committee. The number of DSUs granted is based on the market value of the Company's common shares on the date of issuance. DSUs are only redeemable when an individual ceases to be a director (the "Separation Date") and must be redeemed for cash no later than the end of the first calendar year commencing after the Separation Date. On redemption of a DSU, a director is entitled to a payment equal to the number of DSUs multiplied by the volume-weighted average trading price of the common shares of the Company on the TSX for the five trading days prior to the Separation Date. In the event of any stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification or any other change in the capital of the Company affecting its common shares, the Company will make, with respect to the number of DSUs outstanding under the DSU Plan, any proportionate adjustment as it considers appropriate to reflect that change. A director will be credited with additional DSUs whenever a cash dividend is declared by the Company. The DSUs do not entitle the holder to voting or other shareholder rights. The DSU Plan is administered by the Board.

During the year ending December 31, 2009, there were 8,084 DSUs issued and outstanding under the DSU Plan. Total accruals for DSUs allocated to directors under the DSU Plan during the year was $171,700.

Director Share Ownership

To align directors' interests with those of shareholders, each director is required to hold Company common shares and/or deferred share units with a market value equal to two times the director's annual retainer within one year of joining the Board. As at the date of this Circular, all directors met this requirement.

Director Compensation Table

The following table shows compensation paid to the non-management directors during the year ended December 31, 2009.

Name	Fees earned[1] ($)	Share-based awards (DSUs)[2] ($)	All other compensation ($)	Total ($)
Paul Alofs[3]	7,533	0	0	7,533
Austin Beutel	62,500	21,457	0	83,957
Eric Beutel	39,325	21,457	0	60,782
Joseph Dickstein	34,525	21,457	0	55,982
Eric Kirzner	47,525	21,457	0	68,982
Katherine Rethy	30,125	21,457	0	51,582
Lionel Robins	31,325	21,457	0	52,782
Morris Shohet	21,747	21,457	0	43,204[4]
Michael Shulman	39,725	21,457	0	61,182
TOTAL	314,330	171,656	0	485,986

(1) These amounts include all fees payable in cash for services as a director, including annual director and committee chair retainers and meeting fees.
(2) Each non-management director was awarded 1,000 DSUs on May 11, 2009 and received an additional 11 DSUs by way of dividend equivalents during the year ended December 31, 2009. The value shown is based on the volume-weighted average trading price of the Company's common shares on the TSX for the five days prior to December 31, 2009. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.
(3) Mr. Alofs retired from the Board of the Company and Equitable Trust on May 11, 2009.
(4) Mr. Shohet was elected to the Board on May 11, 2009. His total compensation received includes fees for attending committee meetings as an invitee during the year.

Outstanding Option-based and Share-based Awards

The following table shows all option and DSU awards outstanding as at December 31, 2009 to the non-management directors. No options have been granted to directors since May 2008 and all further grants of options were permanently discontinued in 2009.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised options[2] ($)	Number of DSUs [3] (#)	Market or pay-out value of DSUs[4] ($)
Austin Beutel	NIL	N/A	NIL	NIL	1,011	21,457
Eric Beutel	NIL	N/A	NIL	NIL	1,011	21,457
Joseph Dickstein	NIL	N/A	NIL	NIL	1,011	21,457
Eric Kirzner	NIL	N/A	NIL	NIL	1,011	21,457
Katherine Rethy	25,000[1]	21.63	May 15, 2013	0	1,011	21,457
Lionel Robins	NIL	N/A	NIL	NIL	1,011	21,457
Morris Shohet	NIL	N/A	NIL	NIL	1,011	21,457
Michael Shulman	NIL	N/A	NIL	NIL	1,011	21,457

(1) Katherine Rethy was granted 25,000 options on May 15, 2008 pursuant to her election to the Board. The exercise price of the options is $21.63. The options vest at the rate of 20% on each anniversary date of the grant over a five-year period. The valuation methodology used to determine the fair value of options and the accounting fair value is the same.

(2) The value shown for the unexercised option was out-of-the-money at December 31, 2009. This value is based on the difference between the closing price of the Company's common shares on December 31, 2009 on the TSX ($21.25) and the exercise price of the options.

(3) Includes 1000 DSUs awarded to each non-management director on May 11, 2009 plus 11 dividend equivalents credited during the year ended December 31, 2009.

(4) The fair value of the DSUs is based on the volume-weighted average trading price of the Company's common shares on the TSX five days prior to December 31, 2009 plus DSUs acquired by way of dividend equivalents during the year ended December 31, 2009. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.

Outstanding Option-based Awards – Value Vested or Earned During the Year

The following table shows the value of Katherine Rethy's option-based award that vested during for the year ended December 31, 2009. Ms. Rethy is the only non-management director to have outstanding options.

Name	Options vested during the year (#)	Option-based awards – value vested during the year ($)	Options exercised during the year (#)	Exercise price ($)	Expiry date
Katherine Rethy	5,000	0	0	21.63	May 15, 2013

Meeting Attendance

The table below lists the Board and Committee meetings held during the year ended December 31, 2009 and the number of meetings attended by each director.

	Board (9 meetings)		Audit Committee (5 meetings)		Corporate Governance Committee (2 meetings)		Human Resources & Compensation Committee (3 meetings)		Investment Committee (10 meetings)		Total
	#	%	#	%	#	%	#	%	#	%	%
Paul Alofs[(1)]	2/2	100	-	-	1/1	100	-	-	-	-	100
Austin Beutel	9/9	100	-	-	2/2	100	3/3	100	-	-	100
Eric Beutel	8/9	89	-	-	-	-	-	-	10/10	100	95
Joseph Dickstein	9/9	100	-	-	1/1	100	3/3	100	-	-	100
Eric Kirzner[(2)]	9/9	100	5/5	100	1/1	100	-	-	-	-	100
Andrew Moor	9/9	100	-	-	-	-	-	-	9/10	90	95
Katherine Rethy[(3)]	8/9	89	4/5	80	1/1	100	1/1	100	-	-	88
Lionel Robins[(4)]	9/9	100	-	-	1/1	100	2/2	100	5/5	100	100
Morris Shohet[(5)]	5/7	71	1/1	100	1/1	100	1/1	100	5/6	83	81
Michael Shulman	9/9	100	5/5	100	-	-	-	-	10/10	100	100

(1) Mr. Alofs served as a director of the Company until May 11, 2009.
(2) Mr. Kirzner was appointed to the Corporate Governance Committee on May 11, 2009.
(3) Ms. Rethy ceased to be a member of Equitable Trust's Human Resources and Compensation Committee and was appointed to the Corporate Governance Committee on May 11, 2009.
(4) Mr. Robins ceased to be a member of Equitable Trust's Investment Committee and the Corporate Governance Committee and was appointed to Equitable Trust's Human Resources and Compensation Committee on May 11, 2009.
(5) Mr. Shohet was elected a Director of the Company and appointed a member of Equitable Trust's Investment Committee on May 11, 2009. He attended one meeting each of the Audit Committee, the Corporate Governance Committee and Equitable Trust's Human Resources and Compensation Committee during 2009 as part of his orientation to the Board. He also attended one meeting of Equitable Trust's Investment Committee as an invited guest prior to his election to the Board.

Directors' and Officers' Insurance

The Company has purchased at its expense liability insurance for the benefit of its directors and officers in the amount of $20 million. For the year ending March 31, 2010, the premium for such coverage was $149,880. The Company's deductible is $200,000 in respect of any one claim.

APPOINTMENT OF AUDITORS

KPMG LLP has served continuously as the Company's auditors since 2004 and as Equitable Trust's auditors since 2002. The persons named in the accompanying form of proxy intend to vote **FOR** the reappointment of KPMG LLP, Chartered Accountants, as auditors of the Company to hold office until the close of the next Annual Meeting of Shareholders at such remuneration as may be fixed by the directors of the Company.

Auditors' Fees

Fees paid to KPMG LLP for the years ended December 31, 2009 and December 31, 2008 were as follows:

Category	2009	2008
Audit Fees	**$345,000**	$342,000
Audit–Related Fees	**$150,500**	$178,500
Tax Fees	**$9,000**	$9,000
All Other Fees	**$16,500**	-
Total	**$521,000**	$529,500

Further details on the auditors' fees are provided on page 15 of the Company's Annual Information Form dated February 24, 2010, which is available on the Company's website at www.equitablegroupinc.com and on SEDAR at www.sedar.com.

PART 3 – EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Human Resources and Compensation Committee (the "HR Committee") is responsible for reviewing and recommending for approval the compensation arrangements of the President and CEO. The HR Committee is also charged with approving the compensation arrangements of the executive officers reporting to the President and CEO. The HR Committee ensures that total compensation paid to all executive officers is fair and reasonable and consistent with the Company's compensation philosophy.

All members of the HR Committee are "independent" within the meaning of the CSA rules.

Executive Compensation Philosophy

The Company recognizes the importance of remuneration in attracting, motivating, and retaining highly qualified executive officers critical to the success of the Company. In establishing its compensation structure, the Company is committed to paying for performance that is aligned with the business strategy of the Company to drive business performance, reward prudent management of a financial institution, be competitive and maximize long-term shareholder value.

The Company's compensation program aims at providing median competitive annual compensation based on corporate, departmental and individual achievement of established objectives, with a greater percentage of the executive officers' compensation, as compared to other employees of the Company, being at risk. An executive's performance is assessed against key financial, risk, strategic and operational measures that are aligned with the Company's business strategy and objectives.

In particular, the Company's compensation program is designed to incent the following:

1. effective teamwork amongst the executive officers in executing strategic and tactical priorities;
2. the creation of a culture of exceptional service to the Company's customers and business partners;
3. the efficient use of economic and regulatory capital in all aspects of the Company's operations;
4. adherence to risk management policies and guidelines;

5. prudent management actions to maintain the integrity of the institution for shareholders, depositors, customers, employees and regulatory and government bodies; and
6. the delivery of strong financial performance.

Benchmarking

The competitive market for executive talent is drawn from various businesses within the financial services industry. The Company regularly reviews elements of compensation and compensation levels based on market research, intelligence, HR consultants, trends and competitive practices obtained through participation in various compensation surveys. For benchmarking purposes, the Committee periodically reviews the compensation for comparable positions in companies of similar size and scope of operations with which the Company would compete for executive talent. The companies included in the comparator group are Home Capital Group Inc., Canadian Western Bank, First National Financial LP and AGF Management Limited. The remuneration practices and compensation levels of the comparator group are analyzed and reviewed by the HR Committee giving consideration to the Company's financial targets, past performance and the prevailing business environment. Actual compensation is measured against the benchmark data but is driven by an executive's performance.

Total Direct Compensation

Total direct compensation is structured so that a significant portion of the compensation executives receive is pay "at risk" and varies in accordance with the level and nature of an executive's position within the Company.

In determining total direct compensation for the executive officers, the HR Committee considers the following when setting and adjusting compensation levels:

- competitive compensation data;
- individual skills;
- experience; and
- difficulty in achieving individual, departmental and corporate performance objectives.

The Company targets total direct compensation at the median of competitive information. The HR Committee uses a median competitive guideline for determining the quantum of each compensation element and resulting targeted total direct compensation for the Company's executive officers, including the Named Executive Officers ("NEOs") set out in this Circular. As there is no single representative peer group, judgment is applied in determining the total direct compensation. Actual compensation will fluctuate above and below this target level based on absolute and relative business performance results, market conditions and executive hiring negotiations. Overall, the Committee is of the view that the pay levels and design structures are appropriate and responsible.

Review Process

The HR Committee reviews the President and CEO's compensation annually and recommends it for approval to the Board. The HR Committee reviews and approves the compensation for the other executive officers, including the remaining NEOs.

Elements of Compensation

The Company's compensation program consists of the following four elements:

(i) base salary;
(ii) short-term incentive in the form of an annual cash bonus;
(iii) long-term incentive in the form of stock options; and
(iv) benefits.

Short and long-term incentives are performance-based incentives and represent compensation that is "at risk". Payment of such incentives to the executive officers, including the NEOs, is dependent upon Company and individual performance.

Base Salary

In determining the base salary of executive officers, the Company's primary goal is to ensure that the competencies, experience and responsibility required for a particular role are recognized. In making such determination, the Company remains cognizant of the median base salary of its comparator group. Base salaries are reviewed annually and adjusted, as appropriate, based on the above as well as on general market conditions, competitive pay information, and individual and company performance. Significant changes to an executive officer's mandate may also result in changes to base salary. In 2009, base salary increases for the NEOs averaged 2.8% as compared to 3.5% for the Company as a whole.

Short-Term Incentive

The Company provides a short-term incentive in the form of an annual cash bonus for all of its executive officers and employees. The Company believes this element of compensation helps to motivate executive officers and employees to achieve key short-term corporate objectives. This element of compensation is considered "at risk" as it is tied directly to the achievement of financial, corporate and strategic objectives relating to the implementation of the Company's business strategy, and the individual's personal objectives.

The HR Committee has the discretionary authority to determine if short-term incentive awards will be paid in any given year and if so, the amount that will be made available under this incentive pay program. In making its determination, the HR Committee considers both quantitative and qualitative data on business performance and the successful implementation of the Company's strategic initiatives. While there is no specific formula to measure an executive's performance against corporate objectives, the NEO's performance is evaluated against the achievement of his or her performance objectives which are set to align with and meet the corporate objectives.

At the beginning of each year, the HR Committee establishes performance objectives for the President and CEO, which are based on the Company's strategic, financial, operational and risk objectives, and recommends them for approval by the Board. The performance objectives for the remaining NEOs are reviewed and approved by the President and CEO in consultation with each NEO. The objectives vary based on roles and responsibilities, and are generally expected to be measurable and achievable over the course of the year.

The HR Committee evaluates the President and CEO's performance against the pre-determined objectives which are based on quantitative and qualitative factors, each weighted to reflect its comparative importance. The HR Committee will also consider compensation paid to other chief executive officers in the Company's comparator group and the increases granted to other executive officers within the Company. The HR Committee will then recommend the President and CEO's compensation awards to the Board for approval.

For the remaining NEOs, bonuses are based on a percentage of their base salary which is annually reviewed. In assessing personal performance against the objectives set for each executive officer, an overall rating is determined based on a weighting of each objective together with consideration of the individual's overall contribution to the Company. In assessing overall performance, consideration is also given to any intervening events that may have arisen, over the course of the year, which had an impact on the executive officer's ability to meet his or her original objectives, as well as any new objectives that were mutually agreed upon during the year. The annual bonus to be paid to each executive officer, other than the President and CEO, is reviewed and approved by the HR Committee based on the President and CEO's assessment of each executive officer's overall performance.

Long-Term Incentive

The Company provides a long-term incentive in the form of options granted under the Company's Share Option Plan (the "Option Plan"). This element of compensation is also considered "at risk". The Company believes this component of compensation enhances its' ability to attract, motivate and retain employees instrumental to the Company's success. As such, option grants may be made to new executive officers at the time of their employment as an additional incentive and/or annually to existing officers as a continuing incentive to build shareholder value and to provide executive officers with an opportunity to build, over time, a meaningful economic stake in the Company.

In determining the number of options to be granted to any executive officer or employee, the HR Committee considers a number of factors including; the number and term of any previously granted options, the position level of the executive officer or employee, the responsibilities associated with such position level and the overall performance of the executive officer or employee as assessed by the President and CEO. Once a determination is made, the HR Committee submits its recommendation to the Board for modification or approval. Details on the Option Plan are set out on page 24 of this Circular.

Benefits

Executive officers receive the same benefits as all employees, including medical and dental care plans and life, disability and accident insurance.

The Company does not have a pension plan for its executive officers and employees. All employees, including the NEOs, are eligible to participate in the Company's Group Registered Retirement Savings Plan ("RRSP") and Deferred Profit Sharing Plan ("DPSP") (collectively the "Plan"). Up until December 31, 2009 the Company made contributions of up to 2.5% of annual salary per year to the DPSP during the first five years of employment and up to 5% after five years of employment. Effective January 1, 2010 the Company's contributions to the DPSP increased to a maximum of 3.5% and 6%, respectively. The Company's contributions vest after two years of Plan membership. In the event of termination within the two-year period of Plan membership, the Company's unvested contributions under the DPSP are returned to the Company. The Company does not provide any additional or supplemental pensions, retirement allowances or similar benefits to any executive officers.

Compensation Consultant

Towers Watson was engaged by the Company to report to the HR Committee, as outside compensation experts, on the Financial Stability Forum's principles for sound compensation practices released in April, 2009 and how such principles are to be considered when reviewing the design and operation of the Company's compensation program and its implementation. Towers Watson was also engaged to provide market data on comparative compensation levels of compensation for directors. Towers Watson's fees for the year ending December 31, 2009 regarding such services were $11,000.

2009 COMPENSATION AWARDS

The total amount of the 2009 short term incentive pool was approved by the HR Committee in November 2009. The approval of the HR Committee was based primarily on the Company's strong earnings performance and overall corporate performance at the end of its third quarter together with the expected financial performance for the year ending December 31, 2009. In making their determination, the HR Committee gave specific consideration to management's success in improving net interest margins, meeting budget measured principally by earnings per share ("EPS") and controlling non-interest expenses within planned levels.

The maximum bonus entitlements for each NEO in 2009 based on a percentage of base salary was as follows:

President and CEO	100%
Senior Vice-President, Finance and Chief Financial Officer	70%
Senior Vice-President, Credit and Chief Risk Officer	70%
Vice-President, Mortgage Services	25%
Assistant Vice-President, Commercial Mortgage Origination	25%

Andrew Moor, President and CEO

All President and CEO compensation decisions are made by the Board based on the recommendation of the HR Committee.

In November 2008, the Board approved an increase in Mr. Moor's base salary for 2009 from $500,000 to $517,500. The increase reflected Mr. Moor's achievements as set by the Board for the 2008 fiscal year, and was determined to be competitive with salaries for comparable positions in companies included in the comparator group.

For the year ending December 31, 2009, Mr. Moor was entitled to a cash bonus of up to 100% of his base salary. The HR Committee considered Mr. Moor's performance in light of the Company's corporate and financial performance and determined that he had met substantially all of his objectives which included; management of credit and liquidity risk, achieving budgeted EPS, improved operational efficiencies, and strengthening the management team. Accordingly, the HR Committee recommended and the Board approved a performance bonus of $517,500 for Mr. Moor, representing 100% of his base salary.

The HR Committee also recommended to the Board the number of options to be granted to the President and CEO. This recommendation was based on the same criteria as those used for the all executive officers. For the year ended December 31, 2009, Mr. Moor was granted 40,000 options. The estimated value of this grant was $197,200.

In December 2009, the Board approved an amendment to Mr. Moor's employment agreement to better align his compensation with the Financial Stability Forum's principles for sound compensation practices. Under the terms of this amendment, Mr. Moor is entitled to a maximum annual bonus of 100% of his base salary, the specific amount to be determined by the HR Committee based on agreed objectives rather than a fixed formula, and presented to the Board for approval. The approved annual bonus is to be paid out in cash over three years, with one third paid out on the same date as the other NEOs receive their annual bonuses for the year in which the bonus is awarded, and the remaining two thirds satisfied by payments made over the following two years; one-third being satisfied in each of such years. Each one-third payment is satisfied by a calculation which aligns the deferred payment to the Company's performance during such period based on a number of components including the price of the Company's common shares and the aggregate dividend payments.

John Ayanoglou, Senior Vice-President, Finance and Chief Financial Officer

Mr. Ayanoglou's 2009 objectives included assisting in the development of various strategic initiatives, maintaining high standards of transparency and capitalizing on funding opportunities. Under Mr. Ayanoglou's leadership, the Company successfully completed a public offering of preferred shares in September 2009, thereby strengthening the Company's Tier 1 regulatory capital position. In addition, the redemption of Equitable Trust's outstanding Series 5 Subordinated Debentures and the raising of Tier 2 regulatory capital through the issuance by the Company of a new class of subordinated debentures, Series 8 were also successfully completed under his leadership. Mr. Ayanoglou also oversaw the implementation of the Company's new financial reporting system.

In determining Mr. Ayanoglou's compensation, the HR Committee considered the performance evaluation and compensation recommendations provided by the President and CEO. The Committee approved a performance bonus of $147,000, representing 62% of Mr. Ayanoglou's base salary, and the grant of 12,500 options.

William Edmunds, Senior Vice-President, Credit and Chief Risk Officer of Equitable Trust

Mr. Edmunds' 2009 objectives focused on the prudent management of the Company's credit risk. To this end, Mr. Edmunds led the reduction of the aggregated risk in the mortgage portfolio which included decreasing the floating rate mortgage book. Under Mr. Edmunds' leadership, there was continued development of prudent lending practices and enhanced approaches to measuring and managing risk in the Company's mortgage portfolio. 2009 presented challenges which impacted Mr. Edmunds' area and which were resolved in a manner which limited the Company's exposure. In addition to meeting the challenges of 2009, Mr. Edmunds' efforts resulted in the Company realizing significant margin improvements. The strength of the credit team in both the Single Family Residential and Commercial Lending businesses can be attributed to Mr. Edmunds' leadership.

In determining Mr. Edmunds' compensation, the HR Committee considered the performance evaluation and compensation recommendation provided by the President and CEO. The Committee approved a performance bonus of $147,000, representing 62% of Mr. Edmunds' base salary, and the grant of 12,500 options.

David Downie, Assistant Vice-President, Commercial Mortgage – Broker Services of Equitable Trust

Throughout 2009, Mr. Downie made the successful transition from an originator for the Company, compensated through commission, to becoming a member of the Company's senior management team and a leader in the Company's Commercial Mortgage – Broker Services group which has grown under his leadership. Mr. Downie has focussed on enhancing the Company's visibility within the Commercial Mortgage Broker community which, together with his growing team, continues to result in improvements in the Company's long term capability in the commercial mortgage area, resulting in greater profitability for the Company.

In determining Mr. Downie's compensation, the HR Committee considered the performance evaluation and compensation recommendation provided by the President and CEO. The Committee approved a performance bonus of $50,000, representing 23.3% of Mr. Downie's base salary, and the grant of 5,000 options.

Kimberly Kukulowicz, Vice-President, Mortgage Services of Equitable Trust

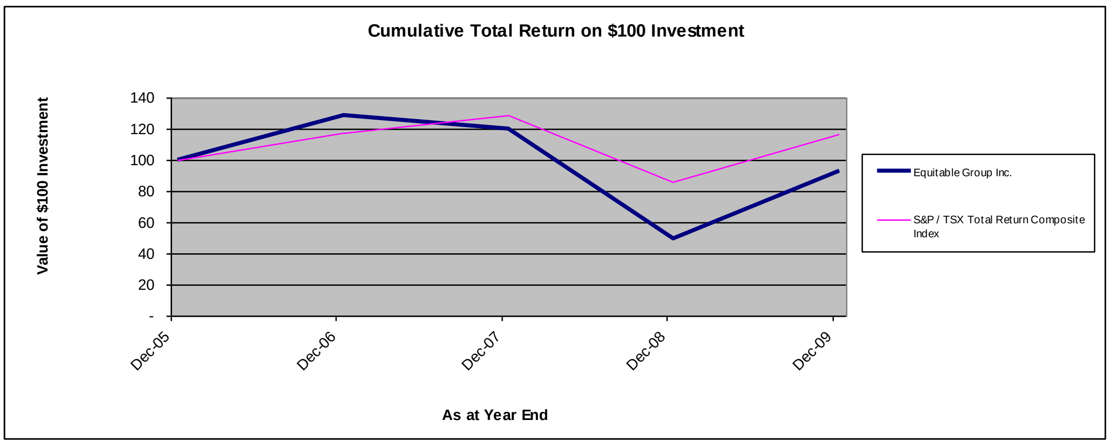
Ms. Kukulowicz' collection efforts were critical to the Company's success in 2009 as they resulted in minimized credit losses in a challenging economic climate. Throughout the year, Ms. Kukulowicz launched several significant initiatives that were focused on enhancing service productivity and improving processes through streamlining and automation, specifically in the area of renewals for the Single Family Residential and Commercial Mortgage - Broker Services businesses. These efforts translated into greater profitability for the Company.

In determining Ms. Kukulowicz' compensation, the HR Committee considered the performance evaluation and compensation recommendation provided by the President and CEO. The Committee approved a performance bonus of $40,000, representing 23.6% of Ms. Kukulowicz' base salary, and the grant of 5,000 options.

There have been no significant changes to the Company's compensation program since the end of the Company's most recently completed financial year.

Performance Graph

The following graph shows the cumulative total shareholder return for $100 invested in the Company's common shares over the last five years against the cumulative total shareholder return of the S&P/TSX Composite Index, assuming the reinvestment of all dividends.



	30-Dec-05	29-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09
Equitable Group Inc.	142.86	183.70	171.36	71.26	132.34
S&P / TSX Total Return Composite Index	135.34	158.70	174.31	116.78	157.71

The trend shown by the above graph is a steady increase in the cumulative shareholder return from 2005 to the second quarter of 2007, followed by a rapid decline which continued until the end of 2008. 2009 saw a return to a steady increase in cumulative shareholder return. The trend in the Company's compensation to the NEOs has generally followed the trend in the performance graph as option positions began to rise. The options granted in 2008 are "in-the-money" as the strike price is currently below the current market price of the Company's common shares. Those options granted prior to 2008 remain "out-of-the-money".

The HR Committee is of the view that the market price of the Company's common shares during the last financial year has been predominantly affected by external factors over which the Company has no control and does not reflect the performance of the Company, given the record increase in revenues and earnings during that period and more importantly, given the fact that the Company has continued to meet or exceed its financial targets. Bonuses paid to NEOs in 2009 were generally higher than those paid in 2008 as a reflection of the Company restraining growth in base salary increases, and having the potential to reward more discretionary bonuses.

SUMMARY COMPENSATION TABLE

The following table summarizes the aggregate compensation paid by the Company to the President and CEO, the Senior Vice-President, Finance and Chief Financial Officer and to the three other most highly compensated executive officers of the Company and Equitable Trust ("NEOs") whose salary and bonus received for the financial year ended December 31, 2009 was greater than $150,000.

Name and principal position	Year	Salary ($)	Option-based awards[11] ($)	Non-equity Incentive Plan Compensation ($) Annual incentive plans ($)	Non-equity Incentive Plan Compensation ($) Long-term incentive plans ($)	Pension value[12] ($)	Total compensation[13] ($)
Andrew Moor President and Chief Executive Officer	2009 2008 2007	517,500 500,000 396,000[2]	148,000 52,500 1,188,700[3]	517,500[1] 400,000 198,000	- - -	11,000 9,375 -	1,194,000 961,875 1,782,700
John Ayanoglou Senior Vice-President, Finance and Chief Financial Officer	2009 2008	236,800 142,300[4]	46,250 178,100	147,000 75,000	- -	5,920 -	435,970 395,400
William Edmunds Senior Vice-President, Credit and Chief Risk Officer of Equitable Trust	2009 2008 2007	236,800 228,800 110,000[5]	46,250 35,000 204,000	147,000 120,000 39,000	- - -	5,920 4,290 -	435,970 388,090 353,000
David Downie Assistant Vice-President, Commercial Mortgage-Broker Services of Equitable Trust	2009 2008	215,000[6] 25,800[7]	18,500 52,500[8]	50,000[9] 459,300[10]	- -	5,892 15,351	289,392 552,951
Kimberly Kukulowicz Vice-President, Mortgage Services of Equitable Trust	2009 2008 2007	169,500 167,500 163,900	18,500 8,750 -	40,000 30,000 18,000	- - -	8,477 6,281 -	236,477 212,531 181,900

(1) Andrew Moor was awarded a performance bonus for 2009 in the amount of $517,500. Pursuant to the terms of the Amendment to his Employment Agreement made as of December 7, 2009, and more particularly described on page 18 of this Circular, Mr. Moor received $172,500 representing one third of his 2009 annual bonus, with the remaining two thirds being deferred over the next two years. Each one-third cash payment is satisfied by payment of a deferred amount calculated in accordance with the terms of the Amendment.

(2) Mr. Moor's 2007 salary represents his annual salary of $475,000 pro-rated from his employment date to December 31, 2007.

(3) Mr. Moor received a one-time grant of 150,000 options on March 1, 2007 in accordance with the terms of his employment agreement.

(4) John Ayanoglou was appointed Senior Vice-President, Finance and Chief Financial Officer of the Company effective May 19, 2008. His 2008 salary represents his annual salary of $228,800 pro-rated from his employment date to December 31, 2008.

(5) William Edmunds was appointed Senior Vice-President, Credit and Chief Risk Officer of Equitable Trust on July 3, 2007. His 2007 salary represents his annual salary of $220,000 pro-rated from his employment date to December 31, 2007.

(6) Pursuant to the terms of David Downie's employment agreement made as of November 1, 2008, Mr. Downie was entitled to a base salary of $215,000 for the year ending December 31, 2009.
(7) The base salary reported for Mr. Downie in 2008 was pro-rated from November 1, 2008 at his then annual rate of $215,000.
(8) Mr. Downie was awarded 30,000 options in 2008 for retention purposes.
(9) This does not include $1,000 awarded as a ten-year anniversary bonus.
(10) Prior to October 31, 2008, David Downie had a variable compensation arrangement with the Company which was based on mortgage origination volumes and margins achieved on such originations. In 2008, Mr. Downie earned $459,300 under this arrangement.
(11) The valuation methodology used to determine the fair value of options and the accounting fair value is the same. The weighted average fair value of each option granted in 2009 is $3.70.
(12) The Company's contribution to the NEO's Deferred Profit Sharing Plan.
(13) The value of perquisites and benefits for each NEO does not exceed the lesser of $50,000 and 10% of the total annual salary and bonus.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

The following table shows all options that were granted to the NEOs during the year ended December 31, 2009 plus all unexercised options that are outstanding as at December 31, 2009. The Company has not granted any share-based awards to date.

Name	Date of grant	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiry date	Value of unexercised options[1] ($)
Andrew Moor	March 1, 2007	150,000	34.49	March 1, 2012	0
	December 7, 2007	30,000	28.63	December 7, 2012	0
	November 25, 2008	30,000	11.55	November 25, 2013	291,000
	December 7, 2009	40,000	20.60	December 7, 2015	26,000
John Ayanoglou	May 1, 2008	30,000	20.90	May 1, 2013	10,500
	November 25, 2008	12,000	11.55	November 25, 2013	116,400
	December 7, 2009	12,500	20.60	December 7, 2015	8,125
William Edmunds	August 1, 2007	30,000	31.75	August 1, 2012	0
	November 25, 2008	20,000	11.55	November 25, 2013	194,000
	December 7, 2009	12,500	20.60	December 7, 2015	8,125
David Downie	November 25, 2008	30,000	11.55	November 25, 2013	291,000
	December 7, 2009	5,000	20.60	December 7, 2015	3,250
Kimberly Kukulowicz	November 25, 2008	5,000	11.55	November 25, 2013	48,500
	December 7, 2009	5,000	20.60	December 7, 2015	3,250

(1) The value of unexercised "in-the-money" options as at December 31, 2009 (some of which have not yet vested) is determined by multiplying the number of unexercised options held by each NEO as at December 31, 2009 by the difference between the closing price of the Company's common shares on the TSX on December 31, 2009 ($21.25) and the exercise price of such options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of option-based awards that vested in the year ended December 31, 2009, and the annual short-term incentive/cash bonus that was awarded to NEOs for the year then ended.

Name	Option-based awards – value vested during the year[1] ($)	Non-equity incentive plan compensation –value earned during the year ($)
Andrew Moor	55,500	517,500
John Ayanoglou	22,200	147,000
William Edmunds	37,000	147,000
David Downie	55,500	50,000
Kimberly Kukulowicz	9,250	40,000

(1) The value of option-based awards vested in the year ended December 31, 2009 is determined by multiplying the number of options vested during the year by the difference between the closing price of the Company's common shares on the TSX on the date of vesting and the exercise price of "in-the-money" options.

The following table shows the portion of option-based awards that have been granted to the NEOs that vested in the year ended December 31, 2009.

Name	Options vested during the year (#)	Options exercised during the year (#)	Exercise price ($)	Expiry date
Andrew Moor	30,000 6,000 6,000 -	NIL NIL NIL -	34.49 28.63 11.55 20.60	March 1, 2012 December 7, 2012 November 25, 2013 December 7, 2015
John Ayanoglou	6,000 2,400 -	NIL NIL -	20.90 11.55 20.60	May 1, 2013 November 25, 2013 December 7, 2015
William Edmunds	6,000 4,000 -	NIL NIL -	31.75 11.55 20.60	August 1, 2012 November 25, 2013 December 7, 2015
David Downie	6,000 -	NIL -	11.55 20.60	November 25, 2013 December 7, 2015
Kimberly Kukulowicz	1,000 -	NIL -	11.55 20.60	November 25, 2013 December 7, 2015

Securities Authorized for Issuance under Equity Compensation Plans

The following table lists the number of common shares to be issued upon the exercise of outstanding options under the Option Plan, the weighted-average exercise price of the outstanding options, and the number of securities remaining for future issuance under the Plan as at December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options (#)	Weighted-average price of outstanding options ($)	Number of securities remaining available for future issuance under equity compensation plans[1] (#)
Equity compensation plans approved by securityholders	814,750	23.71	675,635

(1) Based on the maximum number of common shares reserved for issuance under the Option Plan upon the exercise of stock options of 1,490,385.

The Option Plan was established for the purpose of attracting, motivating and retaining employees instrumental to the Company's success. It also serves as a continuing incentive to build shareholder value and to provide executive officers and employees with an opportunity to build, over time, a meaningful economic stake in the Company.

Options are granted at an exercise price equal to the closing price of the Company's common shares on the TSX on the day preceding the grant. Each option, unless earlier terminated, expires on the date determined by the Board at the time of grant of such option, but in any event, no later than 10 years after the date of such grant. Prior to 2009, options were granted with a five-year term and vested 20% per year commencing on the first anniversary date of the grant. In 2009, the Board granted options for a six-year term which vest over a period of five years. Options may be exercised in whole or in part before the expiration date set by the Board at the time of the grant. Should the expiry date occur during a blackout period or within the 10 business days immediately following a blackout period imposed by the Company, the expiry date will be automatically extended for 10 business days after the last day of the blackout period.

The Option Plan is a rolling plan whereby any exercise, cancellation or expiration of Options will allow for additional new grants under the Option Plan. The Option Plan provides for the granting of options to certain directors, officers, full-time employees and consultants of the Company and Equitable Trust. Options are regularly granted to executive officers and selected employees in conjunction with other compensation awards. The Board discontinued granting options to the non-management directors in 2009.

If an option holder resigns, retires or is terminated, all vested options remain exercisable for a period of 30 days unless otherwise determined by the Board; all unexercised and non-vested options will be forfeited on the departure date. The Board shall provide the terms and conditions of any accelerated vesting of options. In the event of an option holder's death, the legal representative of the option holder must exercise the vested portion of the option on the earlier of (i) the expiry date of the option and (ii) one year after the date of death, unless otherwise determined by the Board. In the event of a change of control, all options held become exercisable. Options cannot be transferred, pledged or assigned, subject to the right to transfer options to an option holder or held by a wholly owned holding company of the option holder at the time it ceases to be wholly owned by the option holder. The Company does not provide any financial assistance to facilitate the purchase of common shares on the exercise of options.

In accordance with amendment procedures approved by the holders of the common shares on May 11, 2009, the Board may make certain amendments without prior shareholder approval. The directors may also, subject to certain conditions, amend particular features of granted options, such as the mechanics of grant, vesting, exercise and early expiry. Certain amendments to the Option Plan cannot be made without shareholder approval. They include:

(a) an increase in the maximum number or percentage of the issued and outstanding common shares of the Company that may be reserved for issuance under the Option Plan ;

(b) a reduction in the exercise price of options or any cancellation and reissuance of options at a lower exercise price to the same person;
(c) an extension of the expiry date of an option held by insiders; and
(d) any change to the class of eligible recipients that may be granted options.

The number of common shares issuable to insiders at any time, or within any one-year period shall not exceed 10% of the total number of common shares issued and outstanding. During the financial year ended December 31, 2009, the Board granted to the Company's insiders a total of 109,500 options, representing 0.7% of the total number of outstanding common shares on a non-diluted basis, of which 75,000 or 0.5% were granted to the NEOs.

The number of common shares reserved for an insider during any one-year period shall not exceed 5% of the total number of issued and outstanding common shares. During the year ended December 31, 2009, the maximum number of common shares issued to an insider pursuant to options granted was 40,000 common shares, representing 0.3% of the total number of outstanding common shares on a non-diluted basis.

As of the date of this Circular, there were 803,150 common shares issuable pursuant to options granted, representing 5.4**%** of the total number of outstanding common shares.

Under the Company's policy on insiders and prohibited transactions on Company securities, no director, officer or employee of the Company shall knowingly sell, directly or indirectly, a security of the Company if such person does not own or has not fully paid for the security (commonly referred to as "short selling") and knowingly, directly or indirectly, buy or sell a call or put in respect of a security of the Company.

Defined Contribution Plan Table

The following table shows details concerning RRSP and DPSP contributions for each NEO as at December 31, 2009.

Name	Accumulated value at start of year ($)	Compensatory[(1)] ($)	Non-compensatory[(2)] ($)	Accumulated value at year-end ($)
Andrew Moor	18,852	11,000	13,093	42,945
John Ayanoglou	-	5,920	5,970	11,890
William Edmunds	10,875	5,920	16,752	33,547
David Downie	28,492	5,892	14,765	49,149
Kimberly Kukulowicz	10,824	8,477	12,889	32,190

(1) Company's contribution to the NEO's DPSP which may in some cases not be fully vested.
(2) NEO's contribution to the Group RRSP and interest earned on Company's and NEO's contributions.

TERMINATION AND CHANGE OF CONTROL

Andrew Moor, John Ayanoglou and William Edmunds are the only NEOs with employment agreements with the Company which include detailed provisions relating to payments and other obligations arising on the termination of their employment.

Pursuant to the terms of the Company's Option Plan, all unvested options would vest immediately upon a change of control.

Andrew Moor

Andrew Moor entered into an employment agreement with the Company effective March 1, 2007. Amendments to this agreement were recommended by the HR Committee and approved by the Board on December 7, 2009 (see "2009 Compensation Awards – President and CEO" on page 18 of this Circular). The Agreement as amended is referred to as the "Employment Agreement".

Termination with Cause / Death

Upon termination of employment with cause or as a result of death, Mr. Moor or his estate would be entitled to receive accrued and unpaid base salary, accrued and outstanding vacation pay, and any payments owed under the Company's benefit programs up to the date of termination/death.

In the event any bonus amount previously granted and deferred remains unpaid at the date of termination/death, the cash amount of the deferred bonus shall be satisfied in accordance with the terms of his Agreement and the calculations provided therein. In the event of death, a performance bonus equal to the average of the performance bonus of the immediately preceding 3 years (or number of years of employment if less than 3 years) to the number of days in that fiscal year up until the date of death will be paid. In calculating the average of the performance bonus, if any bonus amount of a granted bonus previously granted has been deferred, the cash value of such deferred amount shall be calculated in accordance with the terms of the Employment Agreement and included in the relevant year's bonus calculation for determining the average performance bonus.

Termination without Cause

If termination occurs prior to the fifth anniversary of the commencement of employment, Mr. Moor would receive salary continuance in an amount equal to his annual base salary at the date of termination together with the average performance bonus of the immediately preceding 3 years (or number of years of employment if employment if less than 3 years) , accrued and outstanding vacation pay plus continued coverage under the Company's benefit programs for a period of the lesser of 12 months and re-employment. Should any deferred bonus amount remain unpaid on the date of termination, such amount will be determined in accordance with the terms of the Employment Agreement and shall be included in the calculation of the average performance bonus described above. Upon full-time permanent re-employment, Mr. Moor would be entitled to receive a lump sum payment equal to 50% of the salary continuance for the remainder of the 12 month period. At any time during salary continuance, Mr. Moor may request a lump sum payment equal to 50% of salary continuance for the remainder of the 12 months. If this option is exercised, all other benefits cease. Upon termination without cause, all vested options together with all unvested options that would vest on the next anniversary date of the grant would be exercisable within 30 days of termination.

If termination occurs on or after the fifth anniversary of the commencement of employment, Mr. Moor's salary continuance would increase by one additional month for each year of employment up to a maximum of 24 months together with the continuation of the Company's benefit programs for the same period. In addition, all vested options plus those that would have vested on the next anniversary date of the grant would become immediately exercisable.

In addition to the amounts described above, from and after the first anniversary of commencement of employment, the vested amount of any granted options plus those options that would have vested on the next anniversary date of the grant of option, after the date of termination, are exercisable within 30 days of the date of termination.

As partial consideration for the foregoing payments, Mr. Moor has agreed not to solicit customers of the Company for a period of 12 months and employees of the Company for 24 months following termination of their employment with the Company. In addition, he has agreed not to (i) compete, directly or indirectly, with the business of the Company for a period of one year following termination of his employment for any reason, and (ii) use or disclose any confidential information of the Company at all times during and after termination of his employment with the Company.

Change of Control

Upon a change of ownership or control of the Company or Equitable Trust, Mr. Moor will receive that portion of any bonus amount previously granted and deferred. The cash amount to be received will be calculated in accordance with the terms of the Employment Agreement.

Upon a change of ownership or control of the Company or Equitable Trust, all unvested options held by Mr. Moor would vest immediately.

John Ayanoglou and William Edmunds

Termination with Cause / Death

Upon termination with cause or as a result of death, Mr. Ayanoglou and Mr. Edmunds (or their respective estates, as the case may be) are not entitled to any payment of compensation other than accrued and unpaid base salary, accrued and outstanding vacation pay and any payments owed under the Company's benefit programs to the date of termination/death.

Termination without Cause

If termination occurs prior to the fifth anniversary of Mr. Ayanoglou's or Mr. Edmunds' commencement of employment, each would receive his annual base salary as the date of termination and his average performance bonus for the immediately preceding 3 years (or period of employment if less than 3 years) to the number of days in that fiscal year up until the date of termination, accrued and outstanding vacation up until the date of termination and continued coverage under the Company's benefit programs for a period of 12 months. Upon full-time permanent re-employment, each would be entitled to receive a lump sum payment equal to 50% of the salary continuance for the remainder of the 12 month period. At any time during salary continuance, either may request a lump sum payment equal to 50% of salary continuance for the remainder of the 12 months. If this option is exercised, all other benefits cease.

If termination occurs on or after the fifth anniversary of the commencement of employment, Mr. Ayanoglou's and Mr. Edmunds' salary continuance would increase by one additional month for each year of employment up to a maximum of 24 months together with the continuation of the Company's benefit programs for the same period. In addition, all vested options plus those that would have vested on the next anniversary date of the grant would become immediately exercisable.

In addition to the amounts described above, from and after the first anniversary of grant of options, the vested amount of any granted options plus those options that would have vested on the next anniversary date of the grant would become immediately exercisable. Termination during the third and subsequent years after a grant of options would result in the accelerated vesting of all options that would otherwise vest on the next two anniversary dates of that grant.

As partial consideration for the foregoing entitlements, both Mr. Ayanoglou and Mr. Edmunds have each agreed not to solicit customers of the Company for a period of 12 months and employees of the Company for 24 months following termination of their employment with the Company. In addition, each have agreed not to (i) compete, directly or indirectly, with the business of the Company for a maximum period of one year following termination of employment for any reason, and (ii) use or disclose any confidential information of the Company at all times during and subject to the termination of their employment with the Company.

Change of Control

If a change of ownership or control of the Company or Equitable Trust occurs, on or before the second anniversary of commencement of employment with the Company, which meaningfully diminishes their role within the Company and results in their resignation, each would be entitled to receive his annual base salary together with his average performance bonus for the preceding 2 years (or period of employment if less than 2 years), accrued and outstanding vacation pay to the date of termination and continued coverage under the Company's benefit programs for a period of 12 months.

Upon a change of ownership or control of the Company or Equitable Trust, any unvested options held by either of them would vest immediately.

David Downie and Kimberly Kukulowicz

David Downie and Kimberly Kukulowicz each have standard employment agreements with the Company which would entitle them to such payments available under common law upon their termination.

Change of Control

Upon a change of control, all unvested options held by them would vest immediately.

Termination and Change of Control Benefits

The following table shows the estimated incremental payments that would be paid to each NEO following the termination of their employment or change of control, assuming the triggering event took place on December 31, 2009:

Event	Andrew Moor ($)	John Ayanoglou ($)	William Edmunds ($)	David Downie ($)	Kimberly Kukulowicz ($)
Termination with Cause/ Death					
• Severance	345,000[(1)]	-	-	-	-
• Options[(2)]	58,200	25,380	38,800	58,200	9,700
• Other[(3)]	10,577	12,195	-	5,536	-
Termination without Cause					
• Severance[(4)]	889,306	347,800	338,800	N/A	N/A
• Options	121,600[(5)]	50,760[(6)]	77,600[(7)]	N/A	N/A
• Other[(3)]	10,577	12,195	-	N/A	N/A
Change of Control					
• Severance	345,000[(9)]	347,800[(10)]	-	N/A	N/A
• Options[(8)]	317,000	135,025	202,125	294,250	51,750
• Other[(3)]	-	12,195	-	-	-

(1) The deferred portion of the performance bonus granted on December 7, 2009 calculated in accordance with Mr. Moor's Employment Agreement. The full amount of Mr. Moor's 2009 performance bonus was $517,500, one-third of which was paid out in December 2009 and two-thirds was deferred in accordance with his Employment Agreement.

(2) Includes amount of vested options held by NEO as at December 31, 2009. The value of the options is the difference between the closing price of the common shares on December 31, 2009 on the TSX ($21.25) and the exercise price of the option.

(3) Includes accrued and outstanding vacation pay to the date of termination/change of ownership or control of Company. It does not include payments required under the Company's benefit programs as such amounts are not determinable.

(4) Includes 2009 base salary and average performance bonus for NEO's period of employment. Mr. Moor's severance includes the deferred portion of the performance bonus granted on December 7, 2009 calculated in accordance with Mr. Moor's Employment Agreement.

(5) Includes all vested options together with all unvested options that would vest on the next anniversary date of the grant would be exercisable.

(6) Pursuant to Mr. Ayanoglou's Employment Agreement, only those options granted in May 2008 and November 2008 and vested on the respective anniversary dates in 2009 and 2010 are included.

(7) Pursuant to Mr. Edmunds' Employment Agreement, only those options granted in August 2007 and vested on the anniversary date in 2008, 2009, 2010, and 2011, and those options granted in November 2008 and vested on the anniversary date in 2009 and 2010 are included.

(8) Under the terms of the Share Option Plan, all unvested options held become immediately exercisable upon a change of control. The value of the options is the difference between the closing price of the common shares on December 31, 2009 on the TSX ($21.25) and the exercise price of the options.

(9) Pursuant to Mr. Moor's Employment Agreement, Mr. Moor will receive the deferred portion of his 2009 performance bonus.

[10] Pursuant to Mr. Ayanoglou's Employment Agreement, he would receive his 2009 base salary plus average performance bonus granted in 2008 and 2009.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, there was no outstanding indebtedness to the Company or Equitable Trust incurred by any current or former director, executive officer, employee or proposed nominees for election as a director of the Company in connection with the purchase of securities of the Company or any other indebtedness. There was no outstanding indebtedness incurred by any of such individuals to another entity that was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or Equitable Trust.

PART 4 - CORPORATE GOVERNANCE PRACTICES

The Company and the Board recognize that sound corporate governance practices contribute to the effective management of the Company, the achievement of strategic and operational plans and objectives, and to the protection of its employees and shareholders. The Company's approach to corporate governance has been and continues to be in compliance with applicable Canadian securities legislation. The Corporate Governance Committee regularly reviews the Company's corporate governance practices and considers any changes necessary to maintain or enhance the Company's governance policies and practices.

Board of Directors

The Corporate Governance Committee annually reviews the independence of each Director against the definition of "independence" in the CSA Rules. Based on the information received from each director, the Corporate Governance Committee has determined that all directors standing for election to the Board on May 17, 2010 are independent with the exception of Andrew Moor as a result of his position as President and CEO of the Company and Equitable Trust.

Additional information relating to each director standing for election, including other public company boards on which they serve and their attendance records for all Board and Committee meetings, can be found in this Circular.

Board Meetings

The Board held nine meetings in 2009. The independent directors hold meetings as a matter of routine after each regularly scheduled Board meeting. There were 7 meetings of the independent directors during 2009. With the exception of Equitable Trust's Investment Committee, Board Committees are composed entirely of independent directors. Each year, members of the Board attend an all-day strategy session with management to discuss and approve the Company's strategic plan.

Independent Chair

The Chairman of the Board is a non-executive director and is independent within the meaning of CSA rules. He also serves as Chair of the Corporate Governance Committee and is a member of Equitable Trust's Human Resources and Compensation Committee. The Board annually reviews and approves the mandate for the non-executive Chairman of the Board whose responsibilities include, but are not limited to, providing leadership to the Board, approving the agendas for all Board meetings, presiding at all Board meetings and meetings of independent directors, ensuring regular evaluations of the Board and individual directors, and ensuring the provision of timely and accurate information to directors.

Board Mandate

The mandate of the Board sets out the Board's role, duties and responsibilities. Such duties include approving the Company's strategic plan, corporate financial objectives and operating budgets, overseeing risk management, and approving the President and CEO's compensation. The mandate is annually reviewed by the Corporate Governance Committee and approved by the Board. A copy of the mandate is attached to this Circular as Schedule "A".

Position Descriptions

The Board has developed position descriptions for the non-executive Chairman of the Board, a Committee Chair and the President and CEO. All position descriptions are reviewed and approved on an annual basis.

Director Orientation and Continuing Education

The Corporate Governance Committee oversees the orientation of new directors to ensure they fully understand the role of the Board, its committees and their responsibilities as directors. New directors meet with the Chair to discuss board processes and dynamics and the governance framework, and with the President and CEO and other members of the senior management team to discuss Company strategy, performance, the regulatory framework and other issues facing the Company. New directors are also provided with orientation materials consisting of the Board's mandate, committee terms of reference, compliance requirements for directors, corporate policies, minutes from recent board and committee meetings, the Company's strategic plan for the most recent fiscal year and other relevant corporate and business information concerning the Company. New directors are also invited to attend a full set of committee meetings.

Directors are expected to attend all board and committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

Directors are kept informed of new and changing regulations and on matters which may impact the Company's operations through reports presented at the quarterly Board meetings. As well, each committee delivers a report to the Board on its work after each committee meeting. The President and CEO provides periodic updates to the Board on matters affecting the Company. Directors are provided with periodic presentations by senior management on new and changing regulatory requirements as well as emerging best practices. During 2009, the Audit Committee attended an information session on the new regulations for Anti-Money Laundering and Anti-Terrorist Financing, and received quarterly progress reports on the work that Management had undertaken to prepare the Company to adopt International Financial Reporting Standards. In November 2009, a presentation on the Financial Stability Forum's Principles for Sound Compensation Practices was provided to Equitable Trust's Human Resources and Compensation Committee.

Ethical Business Conduct

The Company's Code of Conduct (the "Code") provides guidance on ethical issues and behaviour, and sets out mechanisms for reporting unethical conduct. The Code applies to all directors, officers and employees of the Company. Each year all directors, officers and employees must sign an acknowledgement that they understand and have complied with the Code.

The Board monitors compliance with the Code through Equitable Trust's Corporate Governance and Conduct Review Committee which receives an annual confirmation on compliance with the Code. Any waivers to the Code must be granted by the Board. There were no waivers granted in 2009.

The Code also includes an addendum dealing specifically with matters of particular director concern, such as conflict of interest. If and when such a matter arises the director will declare him or herself as having a conflict of interest and will not participate in the discussions and any vote on that matter. Through the annual director's Questionnaires, directors are asked to identify other business relationships and other companies or entities with which they have relationships. These responses assist the Board and management in identifying conflict of interest situations in advance.

A copy of the Code is available on SEDAR www.sedar.com.

The Company also has in place a Whistleblower Policy to address the reporting, retention and treatment of complaints and concerns regarding questionable accounting or auditing matters. Any complaints and concerns raised under this policy are brought to the attention of the Chief Compliance Officer and reported to the Chair of the Audit Committee. The Board has also adopted a written Disclosure Control Policy to deal with the timely dissemination of all material information. This policy contains guidance for determining what information is material and how it is to be disclosed to avoid selective disclosure and to ensure wide dissemination. The Board, through its committees, reviews and approves the contents of major disclosure documents, including interim and annual consolidated financial statements, Management's Discussion and Analysis, the Annual Information Form and this Circular.

Nomination of Directors

The Corporate Governance Committee is composed entirely of independent directors and is responsible for identifying and considering prospective candidates to be appointed to the Board or elected by the shareholders. The Committee maintains a matrix setting out the desired skills and competencies the Board should possess in order to fulfill its many responsibilities. The Committee identifies any gaps in the Board's composition and seeks candidates to fill those gaps. The matrix will be reviewed annually and updated as appropriate to ensure the Board has the appropriate mix of skills and experience in order to meet its current and long-term needs.

The Committee invites suggestion for potential candidates from other directors. In making recommendations to the Board, the Committee considers (i) the competencies and skills considered necessary for the Board, as a whole, to possess, (ii) the competencies and skills of each existing director, and (iii) the appropriate size of the Board to ensure it meets the demands of Board and Committee work. Potential candidates are interviewed by the Chair and one other member of the Committee to determine his or her suitability before a formal offer is made and a recommendation made to the Board.

The maximum number of directors permitted by the Company's Articles is twelve (12). The Board has determined that it is in the best interests of the Company to maintain a smaller board which is currently set at nine (9) directors. The Corporate Governance Committee recommends changes in size of the board when appropriate. The Board fixes its number before each annual meeting of shareholders, and has the ability to increase or decrease its size between annual meetings.

Majority Voting

The Board has adopted a policy regarding majority voting for the election of directors. Under this policy, shareholders are able to vote in favour of, or withhold from voting for, each director nominee. If the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the shares voted and withheld, the nominee will submit his or her resignation promptly after the meeting for the Corporate Governance Committee's consideration. The Committee will make a recommendation to the Board after reviewing the matter, and the Board's decision to accept or reject the resignation will be disclosed to the public. The nominee will not participate in any Committee or Board deliberations in considering the resignation. The policy does not apply in circumstances involving contested director elections.

Compensation

The Corporate Governance Committee, which is composed of 4 independent directors, is charged with the responsibility for reviewing and making recommendations to the Board regarding the adequacy and form of compensation for its independent directors to ensure it adequately reflects the responsibilities and risks involved in being an effective director. The Committee has the authority to retain any compensation consultant to assist in determining board compensation. In 2009, the Company engaged Towers Watson to collect market data for director compensation matters. More detailed disclosure of board compensation is provided in this Circular.

Equitable Trust's HR Committee has the responsibility for overseeing executive compensation, including that of the President and CEO, with a view to effectively align compensation with the Financial Stability Forum's Principles for

Sound Compensation Practices. This Committee is composed entirely of independent directors and has the following responsibilities:

- reviewing and recommending for Board approval the corporate goals and objectives relevant to President and CEO's compensation;
- evaluating the President and CEO's performance in light of those corporate goals and objectives, and recommending to the Board for approval the President and CEO's base salary, cash bonus and equity compensation based on this evaluation;
- reviewing executive employment agreements;
- reviewing and making recommendations to the Board of Equitable Trust regarding any equity-based or other incentive compensation plans;
- approving the compensation arrangements of Equitable Trust's other executive officers; and
- approving the compensation discussion and analysis.

The Committee also has the power to retain consultants or advisors as it may deem necessary or advisable to carry out its responsibilities. More specific disclosure of executive compensation starts on page 14 of this Circular.

Board Committees

The Company's Board has established an Audit Committee and a Corporate Governance Committee, both of which are composed entirely of independent directors. The mandate of the Audit Committee is attached as Schedule "A" to the Company's Annual Information Form dated February 24, 2010 which has been filed on SEDAR at www.sedar.com. Duties of the Corporate Governance Committee include reviewing the mandates of the Board, the non-executive chair, the committee chairs and the CEO; directors' minimum shareholding requirements; director compensation; director orientation and continuing education programs; director nomination process; reviewing the competencies and skills of the Board; evaluating overall Board effectiveness and approving this Statement of Corporate Governance Practices.

Equitable Trust's Board has established four Committees: the Audit Committee, the Investment Committee, the Human Resources and Compensation Committee and the Corporate Governance and Conduct Review Committee. The mandate of the Corporate Governance and Conduct Review Committee is the same as the mandate of the Company's Corporate Governance Committee with the exception of the following additional responsibilities:

- reviewing related party transactions;
- monitoring procedures for conflicts of interest, confidential information, disclosure of information and handling of customer complaints, and being satisfied that the procedures are being adhered to; and
- ensuring all directors, officers and employees comply with the Code by way of an annual written acknowledgement.

The Investment Committee is responsible for:

- monitoring the Company's overall credit, interest rate and liquidity risks as set out in Equitable Trust's Internal Capital Adequacy Assessment Process, as well as market risks;
- reviewing policies for managing these risks and reports demonstrating compliance with the risk management policies;
- establishing appropriate lending limits for the Company and the President and CEO for approval by the Board;
- reviewing the mortgage portfolio and risk tolerance;
- reviewing the general reserve; and
- reviewing the securities portfolio and monitoring the Company's investment practices.

Assessments

On an annual basis the Corporate Governance Committee assesses the effectiveness and performance of both the Board and its Committees by way of a feedback survey. The Chair of the Corporate Governance Committee collects and summarizes the feedback and reports the results to the Committee for discussion and then to the full Board. Any required changes to Board and Committee processes are considered by the Board and feedback is provided to Management as appropriate. The results of the 2009 assessment were discussed with the Corporate Governance Committee and the Board in December, 2009.

PART 5 – OTHER INFORMATION

ADDITIONAL INFORMATION

Additional information relating to the Company can be obtained from its website at www.equitablegroupinc.com or on SEDAR at www.sedar.com. Financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2009, included in the Annual Report.

Copies of the information referred to in this section may be obtained upon request from the Corporate Secretary of the Company at its head office, 30 St. Clair Avenue West, Suite 700, Toronto, Ontario M4V 3A1 or by e-mail at corporatesecretary@equitablegroupinc.com.

DIRECTORS' APPROVAL

The Board has approved the content and mailing of this Circular.

Kimberley Graham
Vice-President, General Counsel and Corporate Secretary
Toronto, Ontario
April 5, 2010

Schedule "A"

Board of Directors' Mandate

A. Role and Responsibility

The Board of Directors is responsible for providing independent oversight of the management of the business and affairs of the Company. The Board of Directors is responsible for the protection and enhancement of shareholder value and shall, either directly or through its Committees, be responsible for performing the duties set out in this Mandate and such other duties as may be necessary or appropriate in order to fulfill its stewardship responsibilities.

B. Duties

Strategic Planning

The Board shall:

- review the Company's strategic planning process and annually approve a strategic plan which includes assessment of the opportunities and risks of the Company's business.
- review and approve the Internal Capital Adequacy Assessment Process.
- review and approve annual financial and capital plans.
- monitor the Company's performance against the strategic, financial and capital plans.
- review and approve the Company's activities related to capital expenditures over $50,000 and debt/equity issues.

Risk Management

The Board shall:

- review, and if advisable, approve the Company's risk appetite statement and review management's assessment of the risk profile.
- ensure processes are in place to identify the principal business risks and review key policies and practices, particularly in the areas of credit, interest rate, liquidity, operational and reputational risk, and ensure the implementation of appropriate systems to manage these risks.
- oversee the implementation of a comprehensive legislative compliance management program.
- ensure there are appropriate oversight functions independent of management.

Internal Controls

The Board shall:

- oversee and monitor the integrity of the Company's internal control and management information systems and audit procedures, and receive assurances on a regular basis that these systems are designed and operating effectively.
- review and approve the financial statements and related disclosures prior to their release.

Succession Planning and Human Resource Management

The Board shall:

- oversee the Company's succession planning process including the appointment, training, monitoring, development and evaluation of the Chief Executive Officer and other senior management.
- oversee the Company's approach to executive compensation.
- define the role and responsibilities of the Chief Executive Officer.
- review the establishment of annual performance targets and the annual performance evaluation and compensation of the Chief Executive Officer.
- to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior management and that the Chief Executive Officer and other senior management create a culture of integrity throughout the Company.

Corporate Governance

The Board shall:

- with the assistance of the Corporate Governance Committee, review the Company's approach to corporate governance, including its governance principles and guidelines and undertake regular evaluation of the Board, its Committees and individual Directors.
- review annually the form of compensation of Directors and the membership and mandates for both the Board and its Committees.
- ensure there is an ongoing, effective process in place for ensuring adherence to the Code of Conduct.

Communication and Public Disclosure

The Board shall:

- oversee the implementation of measures for receiving feedback from the Company's shareholders.
- with the assistance of the Audit Committee, review and approve the Company's Disclosure Control Policy.