MCM SPLIT SHARE CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

Meeting to be held at 8:30 a.m.
Wednesday, December 12, 2007
1 First Canadian Place
Suite 6300
100 King Street West
Toronto, Ontario

MCM Split Share Corp.

Standard Life Centre, Suite 2600
121 King Street West Toronto, Ontario
M5H 3T9

November 6, 2007

Dear Shareholders:

You are invited to a Special Meeting (the "Meeting") of holders of Class A Shares and Preferred Shares of MCM Split Share Corp. (the "Company") to be held on December 12, 2007 at 8:30 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B8.

The purpose of the Meeting is to consider and vote upon a special resolution to extend the term of the Company for an additional five years after the scheduled redemption date of February 1, 2008.

Holders of Class A Shares and Preferred Shares will retain their existing annual and monthly retraction rights. In addition, if the extension is approved, shareholders will be given a special retraction right to cause the Company to redeem their Class A Shares and/or Preferred Shares at net asset value on January 31, 2008.

The Company believes that the five-year extension, including the other terms of the reorganization described in the attached information circular, will provide the following benefits to shareholders:

Holders of Class A Shares are expected to benefit from:

(i) a unique, highly leveraged investment in a high quality portfolio of blue-chip North American issuers;

(ii) attractive dividends initially set at approximately 10% of the Class A Share's net asset value; and

(iii) downside protection through the selective use of put options.

Holders of Preferred Shares (which will be renamed "Priority Equity Shares") are expected to benefit from:

(i) fixed, quarterly dividends of 5.50% per annum;

(ii) an attractive five-year term; and

(iii) a portfolio protection plan designed to protect the $15.00 redemption amount of the Priority Equity Shares.

The Company invests in a diversified portfolio consisting principally of common shares issued by corporations selected from the *S&P/TSX 60 Index*. In addition, the Company invests up to 20% of the cost amount of its assets in common shares of companies selected from the *S&P 100 Index*. Having regard to the relative strength of the Canadian dollar and in order to allow for greater potential portfolio diversification, the reorganization will give the Company the flexibility to invest up to 40% of its net assets in shares of companies included in the *S&P 100 Index* (up from 20% currently). The investment manager believes that this change will better position the Company to achieve its investment objectives through the extended term of the Company.

The Company's top 15 holdings as at October 31, 2007 include:

Holding	Percentage of Net Asset Value
EnCana Corp.	6.1%
Toronto-Dominion Bank	5.1%
Royal Bank of Canada	4.9%
Kinross Gold Corp.	4.5%
Imperial Oil Ltd.	4.3%
Goldcorp Inc.	4.0%
Bank of Nova Scotia	4.0%
Sun Life Financial Inc.	3.9%
Suncor Energy Inc.	3.9%
Barrick Gold Corp.	3.5%
Rogers Communications Inc.	3.2%
Thomson Corp.	3.0%
Manulife Financial Corp.	2.8%
Nexen Inc.	2.8%
General Electric Company	2.7%

The reorganization must be approved by a two-thirds majority of votes cast at the Meeting by holders of Class A Shares and Preferred Shares voting separately as a class. Holders of Class A Shares and Preferred Shares should contact their broker and submit a voting instruction form as soon as possible, and in any event no later than 5:00 p.m. (Toronto time) on December 10, 2007. In addition, the extension and reorganization will only be implemented if holders of at least 2,000,000 Class A Shares (approximately 46% of the Class A Shares currently outstanding) elect not to retract their shares under the special retraction right discussed above.

If the reorganization does not proceed, the Company will liquidate the portfolio and redeem the Class A Shares and the Preferred Shares on February 1, 2008 in accordance with the existing terms of the shares.

Attached is a Notice of Special Meeting of Shareholders and an information circular (the "Circular") that contain important information relating to the proposed reorganization. You are urged to read the Circular carefully. If you are in doubt as to how to deal with the matters described in the Circular, you should consult your advisors.

If you wish to continue your investment in the Company after February 1, 2008, you should submit a voting instruction form prior to 5:00 p.m. (Toronto time) on December 10, 2007 voting in favour of the special resolution. All holders of Class A Shares and Preferred Shares are encouraged to attend the Meeting.

The Board of Directors of the Company has determined that the proposed reorganization is in the best interests of the Company and of the holders of Class A Shares and Preferred Shares. Accordingly, the Board of Directors recommends that holders of Class A Shares and Preferred Shares vote in favour of the special resolution to be considered at the Meeting.

Sincerely,

JOHN P. MULVIHILL
President and Chief Executive Officer

TABLE OF CONTENTS

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that a Special Meeting (the "Meeting") of holders of class A shares ("Class A Shares") and preferred shares ("Preferred Shares") of MCM Split Share Corp. (the "Company") will be held on December 12, 2007 at 8:30 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B8 for the following purposes:

1. To consider and, if thought advisable, approve a special resolution (the "Special Resolution") to:

   (a) in respect of both classes of shares:

      (i) extend the ultimate redemption date of the Class A Shares and the Preferred Shares for an additional term of five years;

      (ii) provide holders of Class A Shares and Preferred Shares with a special retraction right (the "Special Retraction Right") to enable such holders to redeem their shares on January 31, 2008 on the same terms that would have applied had the Company redeemed all Class A Shares and Preferred Shares in accordance with the existing terms of the shares; and

      (iii) change the Company's investment restrictions to permit the Company to invest up to a maximum of 40% of its net assets in common shares issued by companies selected from the *S&P 100 Index* and to eliminate the rating agency requirements originally adopted with respect to portfolio investments because the Priority Equity Shares will not be rated;

   (b) in respect of the Class A Shares:

      (i) acknowledge that the Company proposes to pay dividends on the Class A Shares in an amount initially targeted to be approximately 10% of the net asset value of a Class A Share;

      (ii) authorize the Company to pay a service fee on the Class A Shares of 0.40% per annum of the value of the Class A Shares; and

      (iii) in connection with the Special Retraction Right, in order to maintain the same number of Class A Shares and Priority Equity Shares outstanding, authorize the Company to consolidate the Class A Shares;

   (c) in respect of the Preferred Shares:

      (i) change the name of the Preferred Shares to "Priority Equity Shares";

      (ii) adopt a portfolio protection plan for holders of Priority Equity Shares;

      (iii) set the dividend rate on the Priority Equity Shares at 5.50% per annum on the $15.00 original issue price and eliminate the capital gains gross-up portion of the dividend entitlement;

      (iv) in connection with the Special Retraction Right, in order to maintain the same number of Class A Shares and Priority Equity Shares outstanding, provide the Company with the ability to redeem such shares on a pro rata basis; and

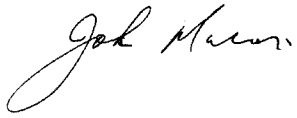
   (d) make other changes consequential to the foregoing,

   all as more fully described in the accompanying Circular.

2. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

DATED at Toronto, Ontario as of the 6th day of November, 2007.

BY ORDER OF THE BOARD



JOHN P. MULVIHILL
Chairman and President

Note: Reference should be made to the accompanying Circular for details of the above matters. If you are unable to be present in person at the Meeting, you are requested to complete and sign the enclosed voting instruction form and to return it in the enclosed envelope provided for that purpose.

THE COMPANY

MCM Split Share Corp. (the "Company") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 1997. The Company completed its initial public offering in February 1998. The Company's outstanding Class A Shares and Preferred Shares are listed on the Toronto Stock Exchange under the symbols MUH.A and MUH.PR.A., respectively. The manager of the Company is Mulvihill Fund Services Inc. ("Mulvihill") and the investment manager is Mulvihill Capital Management Inc. ("MCM"). Mulvihill is a wholly-owned subsidiary of MCM. The principal office of each of the Company, Mulvihill and MCM, is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

For further information relating to the Company, see "Appendix II — Additional Information Regarding Management of the Company".

On February 24, 1998, the Company completed its initial public offering of 4,750,000 Class A Shares at a price of $15.00 per Class A Share and 4,750,000 Preferred Shares at a price of $15.00 per Preferred Share. On November 30, 2004, the Company completed a follow-on offering of 1,860,000 Class A Shares at a price of $9.75 per Class A Share and 1,860,000 Preferred Shares at a price of $15.65 per Preferred Share. There are currently 4,325,619 Class A Shares and 4,325,619 Preferred Shares outstanding.

The final redemption date for the Class A Shares and Preferred Shares of the Company is February 1, 2008, and the Company proposes to implement a reorganization ("Reorganization") which will allow shareholders to retain their investment in the Company for up to an additional five years. As part of the Reorganization, the Preferred Shares will be renamed the "Priority Equity Shares" and the Company will adopt a portfolio protection plan for the benefit of the holders of such shares. The dividend entitlement of the shares will remain unchanged at 5.50% per annum (on the $15.00 original issue price). Class A Shareholders will benefit from a unique, highly leveraged investment in a blue-chip portfolio of North American issuers and will receive dividends initially targeted to be an amount approximately equal to 10% per annum on the net asset value of the Class A Shares. The Company believes that the Reorganization will allow shareholders to maintain their investment in the Company for up to a further five years and better position the Company to achieve its investment objectives through the extended term of the shares.

INVESTMENT OBJECTIVES AND STRATEGY OF THE COMPANY

Investment Objectives

The Company's current investment objectives are:

(a) to provide holders of Preferred Shares with cumulative preferential quarterly cash dividends in the amount of $0.20625 per share;

(b) to provide holders of Class A Shares of the Company with quarterly cash dividends equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Portfolio in any year, net of applicable expenses, taxes and any available loss carry-forwards, exceed the amount of dividends paid on the Preferred Shares; and

(c) to return the original issue price of the Class A Shares and the Preferred Shares to shareholders at the time of redemption of such shares on February 1, 2008.

Changes to Investment Objectives

Under the Reorganization, the Company's investment objectives with respect to the Priority Equity Shares will remain the same. With respect to the Class A Shares, the Company's investment objective will be to pay quarterly dividends in an amount initially targeted to be 10% per annum of the net asset value of the Class A Shares from time to time. Finally, the Company's final redemption date will be extended to February 1, 2013.

Investment Strategy

The Company invests its net assets in a diversified portfolio consisting principally of common shares issued by some or all of a group of corporations selected from among those included in the *S&P/TSX 60 Index* (the "Canadian Universe"). In addition, the Company may invest up to 20% of the cost amount of its assets in common shares issued by corporations selected from the *S&P 100 Index* (the "U.S. Universe"). Under the Reorganization, given the relative strength of the Canadian dollar and in order to allow for greater potential portfolio diversification, the Company proposes to change this restriction so that it will be permitted to invest up to a maximum of 40% of its net assets in the U.S. Universe. The shares selected and held by the Company from among the Canadian Universe and the U.S. Universe are collectively referred to as the "Portfolio".

To generate additional returns above the dividend income earned on the Portfolio, the Company, from time to time, writes covered call options in respect of all or part of the securities in the Portfolio and cash covered put options on securities in which the Company is permitted to invest. The writing of call and put options is managed by MCM in a manner consistent with the investment objectives of the Company. The individual securities within the Portfolio which are subject to call options and the terms of such options will vary from time to time, based on MCM's assessment of the market. Additionally, the Company may use put options to preserve the value of the Portfolio where appropriate. Currently, 40% of the Portfolio is hedged with put options.

The Company may also, from time to time, utilize cash equivalents to provide cover in respect of cash covered put options, which is intended to generate additional returns and reduce the net cost of acquiring the securities subject to the put options.

MCM may hedge its foreign currency exposure to protect the Company's net asset value from a decline in value as a result of such currency exposure. Currently 100% of the Company's foreign currency exposure is hedged. However, MCM has the discretion to determine from time to time the extent to which the Company's exposure to such foreign currencies is hedged.

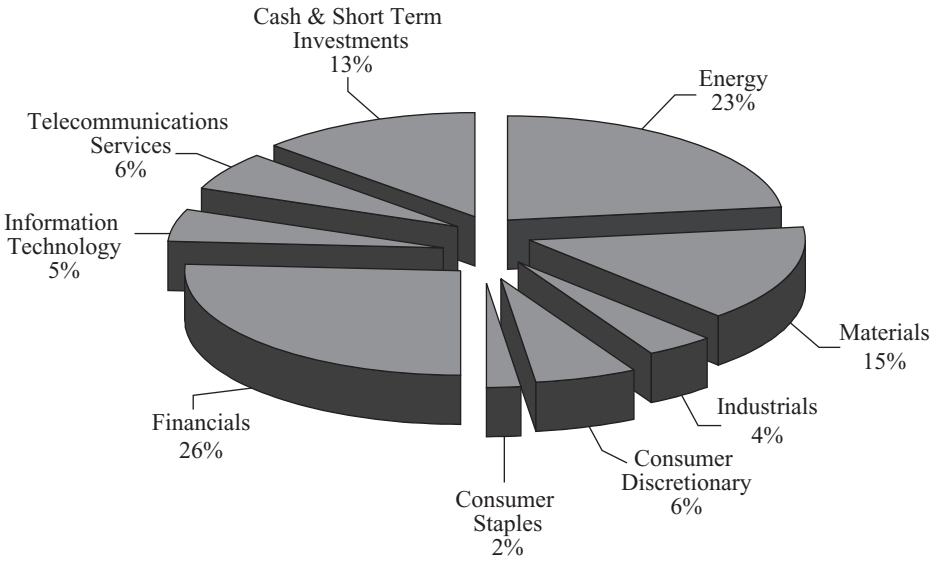
From time to time, the Portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province or the government of United States or other cash equivalents with a rating of at least R-1 (mid) by the DBRS or the equivalent rating from another approved rating organization.

PORTFOLIO INVESTMENTS

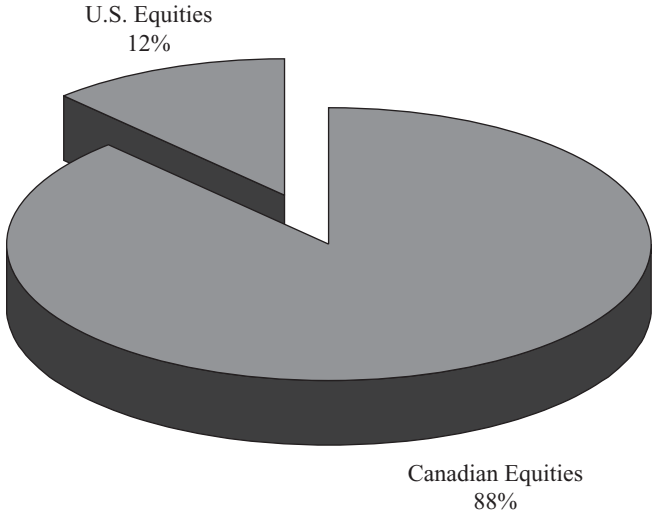
The Company invests its net assets in accordance with the Company's investment objectives, strategy and criteria. To enhance returns to the Company, MCM may adjust the composition of, and relative weighting within, the Portfolio from time to time.

A breakdown of the asset mix in the Company's Portfolio as of October 31, 2007 is as follows:

Sector Allocation



Geographic Allocation



Current Portfolio

As of October 31, 2007, the top 15 holdings of the Company were as follows:

Holding	Percentage of Net Asset Value
EnCana Corp.	6.1%
Toronto-Dominion Bank	5.1%
Royal Bank of Canada	4.9%
Kinross Gold Corp.	4.5%
Imperial Oil Ltd.	4.3%
Goldcorp Inc.	4.0%
Bank of Nova Scotia	4.0%
Sun Life Financial Inc.	3.9%
Suncor Energy Inc.	3.9%
Barrick Gold Corp.	3.5%
Rogers Communications Inc.	3.2%
Thomson Corp.	3.0%
Manulife Financial Corp.	2.8%
Nexen Inc.	2.8%
General Electric Company	2.7%
Total:	58.7%

All U.S. dollar positions are currently 100% hedged back into Canadian dollars.

HISTORICAL PEFORMANCE OF THE PREFERRED SHARES AND THE CLASS A SHARES

Preferred Shares

Between February 24, 1998 and October 31, 2007, the Company paid holders of Preferred Shares dividends totalling approximately $8.26 per Preferred Share. This represents a dividend yield from inception of 5.67% per annum based on the $15.00 original issue price, due to the capital gains gross-up required by the terms of such shares. At the current highest marginal tax rates for individuals in Ontario, this represents a pre-tax interest equivalent yield of approximately 8.08% per annum.

The Company's other objective with respect to the Preferred Shares is to return the $15.00 original issue price. As at October 31, 2007, the net asset value per Preferred Share was $15.00.

Class A Shares

Between February 24, 1998 and October 31, 2007, the Company paid the holders of Class A Shares regular dividends totalling $11.61 per Class A Share and special dividends totalling $2.45 per Class A Share, for an aggregate of $14.06 per Class A Share. This represents a dividend yield from inception of 9.65% per annum based on the original issue price of $15.00. Dividends on the Class A Shares are generally characterized and treated as capital gains dividends to holders of the Class A Shares. At the current highest marginal tax rates for individuals in Ontario, the above annualized dividend yield represents a pre-tax interest equivalent yield of

approximately 13.78% per annum. The table below sets out in more detail information relating to the dividends paid to holders of Class A Shares.

Year	Historical Dividends Per Class A Share		
	Regular Dividends	Special Dividends[1]	Total Dividends Paid
1998	$ 0.81	$0.00	$ 0.81
1999	$ 1.20	$0.10	$ 1.30
2000	$ 1.20	$1.75	$ 2.95
2001	$ 1.20	$0.50	$ 1.70
2002	$ 1.20	$0.10	$ 1.30
2003	$ 1.20	$0.00	$ 1.20
2004	$ 1.20	$0.00	$ 1.20
2005	$ 1.20	$0.00	$ 1.20
2006	$ 1.20	$0.00	$ 1.20
2007[2]	$ 1.20	$0.00	$ 1.20
Total	$11.61	$2.45	$ 14.06
Annualized Dividend Yield[3]			9.65%
Pre-tax interest equivalent[4]			13.78%

Notes:

(1) Special dividends are declared at the discretion of the Board of Directors based on the performance of the Company and therefore are not regular dividends.

(2) Includes all dividends through October 31, 2007.

(3) Based on the original issue price.

(4) Assumes a 82.0% capital gains dividend and a 18.0% ordinary dividend and an Ontario marginal tax rate for individuals of 46.41%.

The Company's other objective with respect to the Class A Shares is to return the original issue price of $15.00. As at October 31, 2007, the net asset value per Class A Share was $7.79.

Total Return History of Class A Shares

The following table shows the total net asset value return of a Class A Share in Canadian dollar terms (taking into account changes in net asset value and assuming reinvestment of dividends) and of an index consisting of 80% of the *S&P/TSX 60 Index* and 20% of the *S&P 100 Index* in Canadian dollar terms for the one year, three year, five year and since inception periods.

	1 Year	3 Year	5 Year	Since Inception
Class A Share	17.19%	10.07%	13.70%	7.74%
Index	17.61%	18.25%	17.82%	8.91%

The Company has been paying regular dividends on the Class A Shares in an amount that represents an annualized yield of approximately 15.4% on the current net asset value of the Class A Shares. In order to better position the Company to grow the net asset value of the Class A Shares, the ordinary dividends on the Class A Shares will be reduced to an amount (currently expected to be approximately $0.72 per share) equal to approximately 10% of the net asset value per Class A Share.

DETAILS OF THE PROPOSAL

Holders of the Class A Shares and Preferred Shares are being asked to pass the Special Resolution in the form attached hereto as Appendix I to approve the following amendments in respect of the Articles of the Company:

(a) Extension

Shareholders are being asked to extend the redemption date for the Class A Shares and the Preferred Shares for an additional five years.

The Articles of the Company currently provide that the Preferred Shares and the Class A Shares shall be redeemed by the Company on February 1, 2008. The Company proposes to extend the redemption date to February 1, 2013 in order to continue to provide shareholders with the opportunity to participate in the performance of the Portfolio.

(b) Special Retraction Right

In order to preserve the rights that were originally provided to holders of both Class A Shares and Preferred Shares, the Company also proposes to amend the terms of such shares to permit holders of such shares to retract their shares (the "Special Retraction Right") on January 31, 2008 (the "Special Retraction Date") on those terms that would have been used by the Company had the redemption date not been extended.

Retraction payments for Class A Shares and Preferred Shares tendered pursuant to the Special Retraction Right will be made no later than five business days after January 31, 2008 provided that such shares have been surrendered for redemption on or prior to January 11, 2008. Class A Shares and Preferred Shares will be irrevocably surrendered for such retraction upon delivery of written notice to CDS Clearing and Depository Services Inc. through a CDS Participant.

The retraction price per share to be received by a holder of Class A Shares under the Special Retraction Right will equal the net asset value per Unit (a "Unit" is considered to consist of one Class A Share and one Preferred Share, taken together) as of January 31, 2008, less $15.00. The retraction price per share to be received by a holder of Preferred Shares under the Special Redemption Right will equal the lesser of $15.00 and the net asset value per Unit as of January 31, 2008.

If more Class A Shares are retracted under the Special Retraction Right than Preferred Shares, the Company will redeem Preferred Shares (the "Call Right") on a pro rata basis in order to ensure an equal number of Class A Shares and Priority Equity Shares remain outstanding from and after the effective date of the Reorganization. If more Preferred Shares are retracted under the Special Retraction Right than Class A Shares, then the Company will consolidate the Class A Shares on a basis that will maintain an equal number of Class A Shares and Priority Equity Shares outstanding.

If Preferred Shares are to be redeemed by the Company, the Company will provide notice of redemption to CDS participants holding Preferred Shares on behalf of beneficial owners on or prior to January 18, 2008 and redemption payments for Preferred Shares so redeemed will be made no later than five business days after January 31, 2008. Any Preferred Shares redeemed by the Company on January 31, 2008 pursuant to the Call Right will be redeemed at a price of $15.00 per Preferred Share.

The Special Retraction Right will act as a replacement for the annual concurrent retraction right for 2008. Therefore, as a result of the availability of the Special Retraction Right, the Company will not, for the January 2008 Valuation Date only, provide shareholders with the annual concurrent retraction right (which requires a holder to retract both a Class A Share and Preferred Share together). This right will however continue to be available in January of each year from January 2009 until the final redemption date of February 1, 2013.

Holders of Class A Shares and Preferred Shares will also continue to have the right to retract their shares on a monthly and annual basis for the applicable retraction prices originally provided.

(c) Changes to Investment Restrictions

In order to provide investors with opportunities for further portfolio diversification and investment growth, the Company proposes to amend its investment restrictions in order to permit the Company to increase its

ability to invest in common shares issued by corporations selected from the *S&P 100 Index* from a maximum of 20% of the cost amount of its assets to up to a maximum of 40% of its net assets.

Although the Company will continue to invest the majority of its assets in common shares of companies included in the *S&P/TSX 60 Index*, given the relative strength of the Canadian dollar and in order to allow for greater portfolio diversification, the Company believes that it is appropriate at this time to increase its potential ability to invest in companies included in the *S&P 100 Index*.

In addition, since the Priority Equity Shares will not be rated, the Company proposes to eliminate the requirements originally imposed by the rating agency with respect to portfolio investments. This will allow the Company greater flexibility with respect to investments within the context of the universe of equity investments in which it may invest.

(d) Changes to Preferred Shares

The Company proposes to change the name of the existing Preferred Shares to "Priority Equity Shares". Furthermore, in order to protect the investment of the holders of such shares, the Company proposes to adopt a portfolio protection plan, as described below. In addition, the Company proposes to eliminate the capital gains gross-up portion of the present dividend entitlement on the Preferred Shares.

The change of name of the Preferred Shares to Priority Equity Shares is intended to more accurately describe the attributes of such shares and to more closely align them with similar shares recently offered in the market. The Priority Equity Shares will not be rated by DBRS and the Company will no longer be subject to DBRS' additional requirements relating to the investments it may acquire and hold.

The Company proposes to adopt a strategy (the "Priority Equity Portfolio Protection Plan") to protect holders of the Priority Equity Shares in order to assist the Company to pay in full the original issue price of $15.00 per share (the amount so required to effect such payment from time to time being the "Priority Equity Share Repayment Amount") on the final redemption date of February 1, 2013 (the "Final Redemption Date").

The Priority Equity Portfolio Protection Plan provides that if the net asset value of the Company declines below a specific level, the Company will liquidate a portion of its portfolio and use the net proceeds to acquire (i) qualifying debt securities or (ii) certain securities and enter into a forward agreement (collectively, the "Permitted Repayment Securities") in order to cover the Priority Equity Share Repayment Amount in the event of further declines in the net asset value of the Company. To qualify as Permitted Repayment Securities, debt securities must have a remaining term to maturity of less than one year and be issued or guaranteed by the government of Canada or a province or the government of the United States, or be other cash equivalents with a rating of at least R-1 (mid) by DBRS or the equivalent rating from another rating organization.

Under the Priority Equity Portfolio Protection Plan, the amount of the Company's net assets, if any, to be allocated to Permitted Repayment Securities (the "Required Amount") will be determined such that (i) the net asset value of the Company, less the value of the Permitted Repayment Securities held by the Company, is at least 110% of (ii) the Priority Equity Share Repayment Amount, less the amount anticipated to be received by the Company in respect of its Permitted Repayment Securities on the Final Redemption Date.

The Company may unwind the Priority Equity Portfolio Protection Plan by selling Permitted Repayment Securities and using the net proceeds from such sale to purchase additional portfolio shares if, and then only to the extent, the value of the Permitted Repayment Securities exceeds the Required Amount. The Company may also implement the Priority Equity Portfolio Protection Plan at an earlier stage than the plan calls for.

If the Company enters into a forward agreement (a "Forward Agreement") in connection with the Priority Equity Portfolio Protection Plan, the counterparty to such agreement (the "Counterparty") will agree to pay the Company on the Redemption Date an amount (the "Forward Amount") in exchange for the Company agreeing to deliver to the Counterparty on the Final Redemption Date certain equity securities agreed upon by the Company and the Counterparty (all of which constitute "Canadian securities" as defined in subsection 39(6) of the Income Tax Act (Canada)) (the "Tax Act") and purchased by the Company with the net proceeds of the sale of portfolio shares of held by the Company. The Counterparty to a Forward Agreement is expected to be a Canadian chartered bank, or an affiliate thereof. The long-term debt of the Counterparty, or of a guarantor of its obligations to the Company, will be rated at least A by DBRS or will have an equivalent rating from another

major rating organization. In connection with any such Forward Agreement, the Company will either pledge to the Counterparty the securities sold to the Counterparty under the Forward Agreement or deposit other acceptable securities with the Counterparty as security for the obligations of the Company under the Forward Agreement in accordance with industry practice for this type of transaction. The Forward Agreement will provide for partial dispositions of the Permitted Repayment Securities subject to the Forward Agreement so as to permit the Company to unwind the Priority Equity Portfolio Protection Plan when permitted to do so by its terms or in the case of retractions of Class A Shares and Priority Equity Shares occurring prior to the Final Redemption Date.

Finally, the Company proposes to eliminate the capital gains dividend gross-up entitlement under the Preferred Shares because changes in Canadian tax laws since the Company's initial public offering, specifically to the effective rates of tax on capital gains, are now such that a gross-up is no longer needed to compensate a holder for the difference in the tax treatment between ordinary dividends and capital gains.

(e) Initiation of Service Fee on Class A Shares

The Company proposes to pay a service fee on the Class A Shares of 0.40% per annum of the value of the Class A Shares.

The service fee will provide representatives of dealers with compensation for the ongoing services they provide to their clients who hold Class A Shares including administrative matters relating to clients' accounts and for monitoring the performance of their clients' investments in Class A Shares of the Company.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors has reviewed the proposed Reorganization and has determined that the Special Resolution is in the best interests of the Company and its shareholders and unanimously recommends that holders of Class A Shares and Preferred Shares vote in favour of such Special Resolution.

In arriving at such determination, consideration was given to the following factors:

In respect of Class A Shares:

- Holders of Class A Shares will benefit from the potential for leveraged capital appreciation in a portfolio of large market capitalization equity securities.
- Holders of Class A Shares will receive attractive, quarterly dividends in an amount initially targeted to be 10% of the net asset value of the Class A Shares from time to time.
- Resetting the dividend amount with respect to the Class A Shares will enhance the ability of the Company to grow its net asset value.

In respect of Preferred Shares:

- The extension of the scheduled redemption date of the Preferred Shares will enable holders of Priority Equity Shares to continue to enjoy attractive, tax-efficient, preferential dividends at a rate of 5.50% on the original issue price, backed by a portfolio of large market capitalization equity securities.
- Holders of Priority Equity Shares will benefit from the implementation of the Priority Equity Portfolio Protection Plan which is designed to assist the Company to pay in full the original issue price of $15.00 per share on the final redemption date of February 1, 2013.
- The Priority Equity Shares will have an attractive term of five years.

For all shareholders:

- The implementation of the Reorganization will provide holders of Class A Shares and Preferred Shares with a Special Retraction Right that will allow such holders to redeem their shares at a redemption price determined on the same basis as originally contemplated.
- The extension of the redemption date for the Class A Shares and the Priority Equity Shares and the other amendments to the share provisions will not result in a disposition of such shares. Any capital gains tax

liability that would have otherwise been realized on the redemption of the Class A Shares or Preferred Shares or any capital loss will be deferred until such time as the Class A Shares or Preferred Shares are either sold or retracted by a shareholder or redeemed by the Company on or about February 1, 2013.

- The extension of the scheduled redemption date of the Class A Shares and Preferred Shares will enable holders of such shares to retain their investment in the Company and benefit from a diversified portfolio of common shares of companies that make up the *S&P/TSX 60 Index* and the *S&P 100 Index*.

As required by National Instrument 81-107 of the Canadian Securities Administrators, Mulvihill presented the terms of the proposed Reorganization to the Company's independent review committee for a recommendation as required by NI 81-107. The independent review committee reviewed the Reorganization and recommended that the Reorganization be put to shareholders for their consideration on the basis that the Reorganization achieves a fair and reasonable result for the Company.

EXPENSES OF THE REORGANIZATION

Whether or not the Special Resolution is approved, all costs associated with the Reorganization will be borne by the Company and therefore, in effect, by the holders of Class A Shares. Assuming no shares are retracted on the Special Retraction Date, such costs (not including the fees discussed below) are estimated to be $100,000.

The Company has retained RBC Dominion Securities Inc. ("RBC DS") to form and manage a soliciting dealer group to solicit votes in favour of the Special Resolution. A solicitation fee of $150,000 will be paid by the Company to RBC DS plus a fee to properly designated soliciting brokers equal to $0.15 per Class A Share and $0.10 per Preferred Share voted in favour of the Special Resolution and not retracted upon and subject to the implementation of the Reorganization. In addition, in consideration of developing the Reorganization plan and providing related financial advisory services, RBC DS will be paid an additional success fee by the Company in an amount not exceeding $600,000 following approval of the Special Resolution, of which no more than $75,000 is payable if the Reorganization is not successful.

If the Reorganization is approved and implemented, all costs of the Reorganization, consisting primarily of soliciting dealer and financial advisory fees, will be borne by the holders of Class A Shares that remain outstanding after the Reorganization as described in the chart below.

	Cost per Class A Share Outstanding[(1)]
If all Class A Shares remain outstanding after the Reorganization	$0.272
If the minimum number of 2,000,000 Class A Shares remain outstanding after the Reorganization	$0.588

Note:

(1) Assumes 30% of the shareholders vote on the Special Resolution.

TERMINATION OF THE PROPOSAL

The Reorganization may, at any time before or after the holding of the Meeting but no later than the effective date of the Reorganization, be terminated by the Board of Directors without further notice to, or action on the part of, holders of Class A Shares or Preferred Shares if the Board of Directors determines in its sole judgment that it would be inadvisable for the Company to proceed with the Reorganization.

INTEREST OF MANAGEMENT AND OTHERS IN THE REORGANIZATION

Mulvihill receives a management fee and MCM receives investment management fees as described in "Appendix II — Additional Information Regarding Management of the Company".

Certain of the officers and directors of the Company are also employees or officers of Mulvihill or MCM. See "Appendix II — Additional Information Regarding Management of the Company".

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, the following summary presents the principal Canadian federal income tax considerations relating to the Reorganization that are generally applicable to holders of the Class A Shares and Preferred Shares who, at all relevant times, for purposes of the Tax Act, are resident or are deemed to be resident in Canada, hold their Class A Shares and Preferred Shares as capital property and deal at arm's length with and are not affiliated with the Company. Certain holders whose Class A Shares or Preferred Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such shares (and all other Canadian securities owned by the holder) to be capital property. Class A Shares or Preferred Shares held by certain "financial institutions" (as defined in the Tax Act) will generally not be capital property to such holders and will be subject to special rules in the Tax Act applicable to securities held by financial institutions. These rules are not discussed in this summary and holders of the Class A Shares or Preferred Shares to whom these rules may be relevant should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Draft Amendments"), and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not anticipate any changes in the relevant laws, whether by judicial, governmental or legislative action or decision, nor any changes in the administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary also relies on advice from the Company relating to certain factual matters.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of shares, and no representations with respect to the income tax consequences to any particular holder of shares are made. Accordingly, holders of Class A Shares or Preferred Shares should consult their own tax advisors for advice with respect to the tax consequences to them of the Special Resolution.

The Company currently meets and expects to continue to meet certain minimum requirements in respect of the public distribution of its shares, including after the Reorganization, if approved. The Reorganization will not affect the status of the Company as a "mutual fund corporation" and a "financial intermediary corporation" under the Tax Act.

The changes to the share provisions set forth in the Special Resolution will not constitute a disposition of the Preferred Shares or Class A Shares if the Special Resolution is approved by shareholders of the Company.

RIGHTS OF DISSENT

The holders of Class A Shares and Preferred Shares have the right to dissent from the Special Resolution pursuant to Section 185 of the OBCA. Reference is made to "Appendix III — Right to Dissent" to this Circular which contains a summary of this right to dissent.

VOTING SECURITIES AND PRINCIPAL SHAREHOLDERS

As of October 31, 2007, there were 4,325,619 Class A Shares and 4,325,619 Preferred Shares outstanding.

As of October 31, 2007, to the knowledge of the directors and officers, no person owns of record more than 10% of the outstanding Preferred Shares or Class A Shares of the Company other than CDS & Co., the nominee of CDS Clearing and Depository Services Inc. ("CDS") which holds all of the Preferred Shares and Class A Shares as registered owner for various brokers and other persons on behalf of their clients and others and the names of the beneficial owners of such shares are not known to the Company.

GENERAL PROXY INFORMATION

Circular

This Circular is furnished in connection with the solicitation of proxies by management of the Company to be used at the meeting of shareholders (the "Meeting") for the purposes set out in the Notice of Special Meeting of Shareholders accompanying this Circular (the "Notice") or at any adjournment thereof. The Meeting will be held on December 12, 2007 at 8:30 a.m. (Toronto time) at Suite 6300, 1 First Canadian Place, 100 King Street West, Toronto, Ontario M5X 1B8. Solicitation of proxies will be by mail, and may be supplemented by telephone or other personal contact by representatives or agents of the Company.

Voting Rights, Record Date, Quorum and Proxy Information

To be used at the Meeting, a proxy must be deposited with Computershare Trust Company of Canada ("Computershare") by delivery to its principal offices in Toronto at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department at any time up to 5:00 p.m. (Toronto time) on December 10, 2007.

Only shareholders of record at the close of business on November 9, 2007 will be entitled to receive notice of the Meeting and to vote in respect of the matters to be voted at the Meeting, or any adjournment thereof, including the Special Resolution.

With respect to each matter properly before the Meeting, a shareholder shall be entitled to one vote for each share registered under the name of such shareholder.

Pursuant to the Articles of the Company, a quorum at the Meeting will consist of shareholders present in person or represented by proxy holding not less than 10% of the outstanding Class A Shares and 10% of the outstanding Preferred Shares of the Company. In order to become effective the Special Resolution must be approved by 66⅔% of holders of the Class A Shares and 66⅔% of holders of the Preferred Shares, each voting separately as a class. If the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the Chairman of the Meeting. If adjourned, the Meeting will be rescheduled for 9:00 a.m. on December 13, 2007. At the adjourned Meeting, the business of the Meeting will be transacted by those holders of Class A Shares and Preferred Shares present in person or represented by proxy.

Appointment of Proxy Holders

Shareholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a shareholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. Please indicate the way you wish to vote and your vote will be cast accordingly. **If you do not indicate a preference, the shares represented by the enclosed proxy form, if the same is executed in favour of the management appointees named in the proxy form and deposited as provided in the Notice, will be voted in favour of all matters identified in such Notice**.

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the management appointees named therein with respect to such matters, including without limitation, amendment or variation to the Special Resolution, as, though not specifically set forth in the Notice, may properly come before the Meeting. Management does not know of any such matter which may be presented for consideration at the Meeting. However, if such a matter is presented, the proxy will be voted on the matter in accordance with the best judgment of the management appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all shares in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the shareholder signing the proxy form. If no such specification is made, the shares will be voted in favour of all matters identified in the Notice.

Alternate Proxy

A shareholder has the right to appoint a person or company to represent them at the Meeting other than the management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms that appoint persons other than the management appointees whose names are printed on the form should be submitted to the Company and the person so appointed should be notified. A person acting as proxy need not be a shareholder.

The securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If no such specification is made, the shares may be voted in accordance with the best judgement of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice and with respect to any other matters that may properly come before the Meeting, and will be voted on such amendments and other matters in accordance with the best judgment of the person named in the proxy form.

Revocation of Proxies

If the accompanying form of the proxy is executed and returned, the proxy may nevertheless be revoked by an instrument in writing executed by the shareholder or his or her attorney authorized in writing, as well as in any other manner permitted by law. Any such instrument revoking a proxy must either be deposited (i) at the registered office of Computershare Trust Company of Canada no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If the instrument of revocation is deposited with the Chairman on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to that proxy.

Solicitation of Proxies

The cost of this solicitation of proxies will be borne by the Company. The Company will reimburse brokers, custodians, nominees and fiduciaries for the proper charges and expenses incurred in forwarding this Circular and related materials to beneficial owners of Class A Shares and Preferred Shares. In addition to solicitation by mail, officers and directors of the Company may, without additional compensation, solicit proxies personally or by telephone.

Advice to Beneficial Holders of Units

The information set forth in this section is of significant importance to beneficial holders of Class A Shares and Preferred Shares, as the shares are held in the name of CDS & Co., the nominee of CDS, and not in the name of the shareholders (“Beneficial Shareholders”). CDS is a limited purpose corporation organized as a “clearing corporation” under the applicable provincial securities regulatory authorities. CDS is owned or controlled by its participants (“CDS Participants”) and was created to hold securities for CDS Participants and to facilitate the clearance and settlement of securities transactions between CDS Participants through electronic book entries, thereby eliminating the need for physical movement of certificates. CDS Participants include securities brokers and dealers, banks, trust companies, and clearing corporations. Indirect access to the CDS system is also available to others such as bankers, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a CDS Participant, either directly or indirectly.

As a result of the Company issuing shares in book-entry form only, CDS is the sole registered shareholder of each of the shares. Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of these shares or the persons they appoint as proxies are permitted to vote at the respective meetings. Shares held by brokers, dealers or their nominees through CDS & Co., can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, CDS & Co., and brokers, dealers and their nominees are prohibited from voting shares for their clients. The Company does not know for whose benefit the shares registered in the names of CDS & Co.,

are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their shares in person or by way of proxy unless they comply with the procedure described in the Notice and Circular.

Applicable regulatory policy requires brokers, dealers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its intermediary is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholders how to vote on behalf of the Beneficial Shareholders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (''Broadridge''). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Shareholders and asks Beneficial Shareholders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote shares directly at the Meeting. Rather, the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker, dealer or other intermediary well in advance of the Meeting to determine how you can do so.

If you are a holder of Class A Shares or Preferred Shares and wish to continue your investment in the Company, you should submit a voting instruction form voting in favour of the Special Resolution well in advance of the 5:00 p.m. (Toronto time) deadline on December 10, 2007 for deposit of proxies.

Voting instructions forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the internet at www.proxyvotecanada.com.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information relating to the Class A Shares and Preferred Shares, the Company and the risks associated with an investment therein as described in the Company's annual information form (the ''AIF'') dated March 30, 2007 under the headings ''Description of Share Capital'', ''Book-Entry Only System'', ''Shareholder Matters'', ''Investment Restrictions'', ''Calculation of Net Asset Value and Net Asset Value per Unit'' and ''Risk Factors'' is specifically incorporated by reference into this Circular. The AIF is available on SEDAR at www.sedar.com. Upon request, Mulvihill will promptly provide a copy of the AIF free of charge to a shareholder.

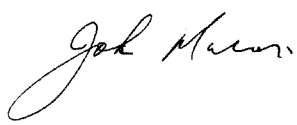
ADDITIONAL INFORMATION

Additional information relating to the Company including the Company's 2006 annual report and the Company's management report of fund performance is available on SEDAR at www.sedar.com. Copies of these documents may be obtained from Mulvihill upon sending a request to 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9 or by calling 1-800-725-7172 or by visiting Mulvihill's website at www.mulvihill.com.

Approval by the Board of Directors

The contents and mailing to shareholders of this Circular have been approved by the Board of Directors of the Company.

Dated as of the 6th day of November 2007.



JOHN P. MULVIHILL
President and Chief Executive Officer

APPENDIX I

MCM SPLIT SHARE CORP.
SPECIAL RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Articles of the Company be amended by deleting (a) the reference to "February 1, 2008 (the "Redemption Date")" in paragraph 7(a) of Part A and substituting "the Redemption Date" therefor and (b) subparagraph (g)(ix) of Part D and substituting the following:

   ""Redemption Date" means February 1, 2013 unless less than 2,000,000 Class A Shares remain outstanding after giving effect to the Additional Retraction right set forth in Section 16 of Part B hereof in which case the "Redemption Date" shall be February 1, 2008."

2. The Articles of the Company be amended by changing all references to "Preferred Shares" therein to "Priority Equity Shares".

3. The Articles of the Company be amended by deleting the following from paragraph 5(a) of Part A:

   "; provided that to the extent any such dividend is funded by net realized capital gains of the Corporation or option premiums earned by the Corporation and constitutes a capital gains dividend for the purposes of the *Income Tax Act* (Canada), holders of Preferred Shares will receive an additional amount of $0.068 for each of $1.00 of Preferred Share dividend so funded".

4. The Articles of the Company be amended by adding the provisions set out on Schedule A hereto after Section 16 of the Preferred Share provisions in order to provide holders of Preferred Shares with an additional retraction right on January 31, 2008 and in order to provide the Company with an additional redemption right in respect of the Preferred Shares to the extent that unmatched Class A Shares are retracted pursuant to the additional retraction right to be provided to holders of Class A Shares.

5. The Articles of the Company be amended by adding the provisions set out on Schedule B hereto after Section 16 of the Class A Share provisions in order to provide holders of Class A Shares with an additional retraction right on January 31, 2008 and in order to provide the Company with the right to automatically consolidate the Class A Shares to the extent that unmatched Preferred Shares are retracted pursuant to the additional retraction right to be provided to holders of Preferred Shares.

6. The Articles of the Company be amended by adding the following after the word "thereafter" in the fifth line of Section 13 of the Preferred Share provisions and in the fifth line of Section 13 of the Class A Share provisions:

   "(other than the January Valuation Date in 2008)".

7. The Company is hereby authorized to adopt the Priority Equity Portfolio Protection Plan substantially as described in the Company's information circular dated November 6, 2007.

8. The Company is hereby authorized to pay a service fee on the Class A Shares to each dealer whose clients hold Class A Shares of 0.40% per annum of the value of the Class A Shares held by clients of the dealer which shall be calculated and payable quarterly.

9. The Company's investment restrictions be amended to permit the Company to invest up to a maximum of 40% of its net assets in common shares of companies selected from the *S&P 100 Index* and to eliminate the rating agency requirements with respect to the Company's portfolio investments.

10. The Company is hereby authorized to make all filings necessary for the issuance of a Certificate of Amendment under the *Business Corporations Act* (Ontario) (the "Act") to give effect to this Special Resolution.

11. The directors and officers of the Company are hereby authorized and directed to take such action and to execute and deliver such documentation as may be necessary or desirable for the implementation of this Special Resolution.

12. Notwithstanding the provisions hereof, the directors of the Company may revoke this Special Resolution at any time prior to the issuance of a Certificate of Amendment under the Act giving effect hereto without further approval of the shareholders of the Company.

"16. Additional Retraction

(a) Each holder of Preferred Shares shall be entitled, subject to and upon compliance with the provisions hereof, to surrender at any time prior to January 11, 2008 all or any part of the Preferred Shares registered in the name of such holder for redemption by the Corporation on January 31, 2008 (the "Additional Retraction Date") with payment to be made on or before February 7, 2008 (the "Additional Retraction Payment Date") at a price per Preferred Share equal to the Preferred Share Redemption Price as of January 31, 2008.

(b) The provisions of Sections 9, 10, 11 and 12 shall apply to a redemption on the Additional Retraction Date as provided for in Section 16(a) with the necessary modifications.

17. Additional Redemption

(a) The Preferred Shares shall be redeemable at the option of the Corporation on the Additional Retraction Date to the extent that unmatched Class A Shares have been redeemed under Section 16 of the Class A Share provisions. Any such Preferred Shares shall be redeemed by the Corporation on the Additional Retraction Date on the payment by the Corporation of the Preferred Share Redemption Price as of January 31, 2008 in respect of each Preferred Share to be redeemed. If less than all of the outstanding Preferred Shares are to be redeemed pursuant to this Section 17, the Preferred Shares to be so redeemed shall be redeemed pro rata or in such other manner as the Board of Directors of the Corporation in their sole discretion shall by resolution determine.

(b) In connection with a redemption of Preferred Shares in accordance with this Section 17, the Corporation shall, on or prior to January 18, 2008, provide notice to each person who is a registered holder of Preferred Shares to be redeemed of the intention of the Corporation to redeem such Preferred Shares. Such notice shall set out the date for redemption and the manner and place or places within Canada at which such Preferred Shares will be redeemed. On or prior to the Additional Retraction Payment Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares an amount per Preferred Share being redeemed equal to the Preferred Share Redemption Price as of January 31, 2008.

(c) The provisions of Sections 7(c) and 7(d) shall apply to a redemption of Preferred Shares as provided for in Section 17(a) on the Additional Retraction Date with the necessary modifications."

SCHEDULE B

"16. Additional Retraction

(a) Each holder of Class A Shares shall be entitled, subject to and upon compliance with the provisions hereof, to surrender at any time prior to January 11, 2008 all or any part of the Class A Shares registered in the name of such holder for redemption by the Corporation on the Additional Retraction Date, with payment to be made on the Additional Retraction Payment Date at a price per Class A Share equal to the Class A Share Redemption Price as of January 31, 2008. For the purposes of determining the Class A Share Redemption Price for such purpose, the costs and expenses of the Corporation's reorganization described in its November 2007 information circular shall not be included as a liability in the calculation of Net Asset Value.

(b) The provisions of Sections 9, 10, 11 and 12 shall apply to a redemption on the Additional Retraction Date as provided for in Section 16(a) with the necessary modifications.

17. Consolidation

The Class A Shares shall be automatically consolidated on the Additional Retraction Date to the extent that unmatched Preferred Shares have been redeemed under Section 16 of the Preferred Share provisions such that the number of Class A Shares outstanding will be equal to the number of Preferred Shares outstanding immediately after giving effect to the redemption of Preferred Shares pursuant to Section 16 of the Preferred Share provisions."

APPENDIX II

ADDITIONAL INFORMATION REGARDING MANAGEMENT OF THE COMPANY

Directors and Officers

The following are the names, municipalities of residence, offices and principal occupations of the directors and officers of the Company:

Name and Municipality of Residence	Office with the Company	Principal Occupation
JOHN P. MULVIHILL . . . . . Toronto, Ontario	President, Secretary and Director	Chairman and President, MCM
SHEILA SZELA . . . . . Toronto, Ontario	Chief Financial Officer and Director	Vice President, Finance, and Chief Financial Officer, MCM
MICHAEL M. KOERNER* . . . . . Toronto, Ontario	Director	Corporate Director
ROBERT W. KORTHALS* . . . . . Toronto, Onario	Director	Corporate Director
C. EDWARD MEDLAND* . . . . . Toronto, Ontario	Director	President, Beauwood Investments Inc. (private investment company)

* Member of the Audit Committee.

During the past five years, all of the directors and officers of the Company have held the principal occupations noted opposite their respective names or other occupations with their current employer or a predecessor company. The independent directors of the Company are paid an annual fee of $5,000 and a fee for each board meeting attended of $300.

Each of the directors, other than Mr. Koerner and Ms. Szela, have served as a director since the Company's initial public offering in February 1998. Mr. Koerner was elected a director on June 16, 2000. Ms. Szela was elected a director on November 22, 2004. Each of the directors has been elected to serve until the next annual meeting of shareholders or until his or her successor is appointed.

The Manager

Pursuant to a management agreement dated October 17, 1996 (the "Management Agreement"), Mulvihill is the manager of the Company and, as such, is responsible for providing or arranging for required administrative services to the Company. Mulvihill is a wholly-owned subsidiary of MCM.

The name and municipality of the directors and officers of Mulvihill are as follows:

Name and Municipality of Residence	Office or Position with Mulvihill
JOHN P. MULVIHILL . . . . . Toronto, Ontario	Chairman, President, and Director
JOHN H. SIMPSON . . . . . Toronto, Onario	Senior Vice-President and Director
SHEILA SZELA . . . . . Toronto, Ontario	Chief Financial Officer and Director

Mulvihill receives fees for its services under the Management Agreement equal to an annual rate of 0.10% of the Company's net asset value calculated and payable monthly, plus applicable taxes and is reimbursed for all reasonable costs and expenses incurred by Mulvihill on behalf of the Company. In addition, Mulvihill and each

of its directors, officers, employees and agents will be indemnified by the Company for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against Mulvihill or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from Mulvihill's willful misconduct, bad faith, negligence or breach of its obligations under the Management Agreement.

Mulvihill may resign upon 60 days' notice to shareholders and the Company or such lesser notice as the Company may accept. If Mulvihill resigns it may appoint its successor, but its successor must be approved by shareholders unless it is an affiliate of Mulvihill. If Mulvihill is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to Mulvihill, the Company shall give notice thereof to shareholders and the shareholders may remove Mulvihill and appoint a successor manager.

The Investment Manager

MCM is the Company's investment manager. MCM is controlled by John P. Mulvihill. MCM manages the Company's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Company pursuant to an investment management agreement (the "Investment Management Agreement") made between the Company and MCM dated October 17, 1996.

The name and municipality of residence and position held with MCM of the director and each of the officers are as follows:

Name and Municipality of Residence	Office or Position with MCM
JOHN P. MULVIHILL Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director
DONALD BIGGS Ancaster, Ontario	Senior Vice-President
JOHN A. BOYD Toronto, Onario	Vice-President
MARK CARPANI Toronto, Ontario	Vice-President
JEFF FRKETICH Toronto, Ontario	Vice-President
JOHN GERMAIN Toronto, Ontario	Vice-President
SUPRIYA KAPOOR Toronto, Ontario	Vice-President
PAUL MEYER Toronto, Ontario	Vice-President
ANDREW MITCHELL Toronto, Ontario	Vice-President
PEGGY SHIU Toronto, Ontario	Vice-President
JOHN H. SIMPSON Toronto, Ontario	Senior Vice-President
SHEILA SZELA Toronto, Ontario	Vice-President, Finance and Chief Financial Officer
JACK WAY Toronto, Ontario	Vice-President

The services provided by MCM pursuant to the Investment Management Agreement include the making of all investment decisions of the Company and managing the Company's call and put option writing, all in accordance with the investment objectives, strategy and criteria of the Company. Decisions as to the purchase and sale of securities comprising the Company's investment portfolio and as to the execution of all portfolio and other transactions are made by MCM.

MCM receives fees for its services under the Investment Management Agreement equal to an annual rate of 1.15% of the Company's net asset value calculated and payable monthly, plus applicable taxes and is reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Company. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Company for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against MCM or any of its officers, directors, employees or agents in the exercise of its duties as investment manager, except those resulting from MCM's willful misconduct, bad faith, negligence or breach of its obligations under the Investment Management Agreement.

APPENDIX III

RIGHT TO DISSENT

Pursuant to the provisions of Section 185 of the Ontario *Business Corporations Act* (the "OBCA"), a holder (a "shareholder") of Class A Shares and Preferred Shares is entitled to dissent and be paid the fair value of such shares if the shareholder objects to the Special Resolution and the Special Resolution becomes effective. A shareholder may dissent only with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. However, a shareholder is not entitled to dissent from the Special Resolution with respect to any Class A Shares or Preferred Shares beneficially owned by one owner if the shareholder votes any such shares beneficially owned by that owner in favour of the Special Resolution.

In order to dissent, a shareholder must send a written objection (an "Objection Notice") to the Special Resolution to the Company, c/o the Secretary, 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9 on or before the date of the Special Meeting. A vote against the Special Resolution or an abstention in respect thereof does not constitute such an Objection Notice, but a shareholder need not vote his or her shares against the Special Resolution in order to dissent in respect of the Special Resolution. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Special Resolution does not constitute an Objection Notice in respect of the Special Resolution, but any such proxy granted by a shareholder who intends to dissent should be validly revoked (see "General Proxy Information — Revocation of Proxies") in order to prevent the proxy holder from voting such shares in favour of the Special Resolution and thereby disentitling the shareholder from the right to dissent. Within 10 days following the date of the Meeting, the Company will deliver to each shareholder who has filed an Objection Notice in respect of the Special Resolution, at the address specified for such purpose in such shareholder's Objection Notice, a notice stating that the Special Resolution has been adopted (the "Company Notice"). A Company Notice is not required to be sent to any shareholder who voted for the Special Resolution or who has withdrawn an Objection Notice.

Within 20 days after receipt by a shareholder of the Company Notice or, if no Company Notice is received by the dissenting shareholder, within 20 days after such shareholder learns that the Special Resolution has been adopted, the dissenting shareholder is required to send a written notice to the Company, at the address set forth in the preceding paragraph, containing the shareholder's name and address, the number of shares held in respect of which such shareholder dissents and a demand for payment of the fair value of such shares (the "Demand for Payment"). Within 30 days thereafter, the shareholder must send the share certificates representing such shares to the Company. Such share certificates will be endorsed by the Company with a notice that the holder is a dissenting shareholder and will be returned to the dissenting shareholder. A shareholder who fails to forward share certificates within the time required loses any right to make a claim for payment of the fair value of such shareholder's shares.

On sending a Demand for Payment to the Company, a dissenting shareholder ceases to have any rights as a shareholder except the right to be paid the fair value of his or her shares unless the dissenting shareholder withdraws the Demand for Payment before the Company sends an Offer to Purchase as described below or the Special Resolution does not become effective, in which case such shareholder's rights are reinstated as of the date such Demand for Payment was sent. If a shareholder fails to comply with each of the steps required to dissent effectively, the rights, privileges, restrictions and conditions attaching to such shareholder's shares will be amended in accordance with the Special Resolution.

Not later than seven days after the later of the day on which the action approved Special Resolution becomes effective and the date the Company receives the Demand for Payment, the Company will send to each dissenting shareholder a written offer (the "Offer to Pay") to pay for the shares which are the subject of the Objection Notice in an amount considered by the Board of Directors of the Company to be the fair value of such shares as of the close of business on the day before the day on which the action approved by the Special Resolution becomes effective accompanied by a statement showing how the fair value was determined. Every Offer to Pay for Class A Shares and/or Preferred Shares shall be on the same terms.

Dissenting shareholders who accept the Offer to Pay will be paid by the Company within 10 days of acceptance by the dissenting shareholders of such offer, provided share certificates representing the shares held

by such dissenting shareholder have been delivered to the Company. The Offer to Pay lapses if the Company does not receive an acceptance of the Offer to Pay within 30 days after the date on which the Offer to Pay was made.

If the Company fails to make the Offer to Pay or a dissenting shareholder fails to accept the Offer to Pay within the time limit prescribed therefor, the Company may apply under the OBCA to a court to fix a fair value for the shares within 50 days after the day on which the action approved Special Resolution becomes effective or within such further period as the court may allow.

Upon any application to court by the Company, the Company shall notify each affected dissenting shareholder of the date, place and consequences of the application and of such dissenting shareholder's right to appear and be heard in person or by counsel. If the Company fails to make such application, the dissenting shareholder has the right to so apply within a further period of 20 days or within such further period as a court may allow. All dissenting shareholders whose shares have not been purchased by the Company will be joined as parties to the application and will be bound by the decision of the court. The court may determine whether any person is a dissenting shareholder who should be joined as a party and the court will fix a fair value for the shares of all dissenting shareholders.

Provided that the Special Resolution becomes effective, a shareholder who complies with each of the steps required to dissent effectively is entitled to be paid the fair value of the shares in respect of which such shareholder has dissented. Such fair value as determined by the court may be more than, less than or equal to the consideration to be received under the Offer to Pay.

The foregoing is a summary only of the rights of dissenting shareholders. Any shareholder desiring to exercise a right to dissent should seek legal advice since failure to comply strictly with the provisions of section 185 of the OBCA may prejudice that right. The right of a shareholder to dissent is not exclusive of any other rights available to shareholders generally, such as rights in respect of corporate directors' duties of good faith and care under the OBCA or otherwise.