THE CALDWELL PARTNERS INTERNATIONAL INC.

Annual Information Form

for the fiscal year ended
August 31, 2016

November 16, 2016

Contents

THE CALDWELL PARTNERS INTERNATIONAL INC.

ANNUAL INFORMATION FORM

In this Annual Information Form, all information is as of August 31, 2016 and all dollar amounts are quoted in Canadian dollars (in thousands of dollars except dollar per share amounts), unless otherwise indicated. References to "fiscal 2016", "fiscal 2015" and "fiscal 2014" are to the fiscal years ended August 31, 2016, 2015 and 2014 respectively.

Forward-looking Statements

Forward-looking statements in this document are based on current expectations that are subject to the significant risks and uncertainties cited. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "may," "will," "likely," "estimates," "potential," "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. The Company is subject to many factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement including, but not limited to, the Company's ability to attract and retain key personnel; the performance of the Canadian, US domestic and international economies; competition from other companies directly or indirectly engaged in executive search; the possibility of a significant shareholder impacting shareholder votes; foreign currency exchange rate risks; the Company's ability to invest retained earnings in marketable securities and in short-term money market instruments to generate consistent investment income returns; and volatility of the market price and volume of common shares. For more information on the factors that could affect the outcome of forward-looking statements, refer to the "Risk Factors" section of our Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). These factors should be considered carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

Corporate Structure

The Caldwell Partners International Inc. (the "Company" or the "Corporation") was incorporated by articles of incorporation under the *Business Corporations Act* (Ontario) on August 22, 1979 under the name Prince Arthur Advertising Limited. The Company's name was changed to The Caldwell Partners International Inc. by articles of amendment dated March 28, 1989. Prior to June 1989, the executive search business of the Company was carried on by an affiliated company, formerly named The Caldwell Partners International Ltd. As a result of a reorganization effective June 14, 1989, the Company acquired the entire executive search business of such affiliated company.

The Company filed articles of amendment dated June 15, 1989 to create a capital structure consisting of Class A Non-Voting Shares ("Class A Shares") and Class B Voting Shares ("Class B Shares"). The Company's articles were amended on May 3, 1995 to subdivide the outstanding Class A Shares and Class B Shares on a two-for-one basis, effective May 12, 1995. On April 23, 1996, the Company's articles were amended to create a new class of shares designated as Class C Special Shares ("Class C Shares"). On May 8, 1996, the Company's articles were amended to subdivide the outstanding Class A Shares and Class B Shares on a two-for-one basis, effective May 30, 1996.

On April 21, 2010, pursuant to a settlement with the Company's founder and former Executive Chairman, C. Douglas Caldwell, holders of both Class A Shares and Class B Shares voted in favour of accelerating a previously approved share conversion whereby the Company's voting and non-voting shares were converted into a single class of voting shares. Holders of Class B Shares received 1.149 Class A Shares for each of their Class B Shares and all Class A Shares became single-voting common shares. Following approval being received from the Toronto Stock Exchange ("TSX") on May 10, 2010, all 3,883,450 Class B Shares were converted to 4,462,082 Class A shares. Immediately following this conversion, all Class A Shares were then reclassified as common shares with one vote per share ("Common Shares"). Articles of Amendment were filed on April 29, 2010 in respect of such reclassification.

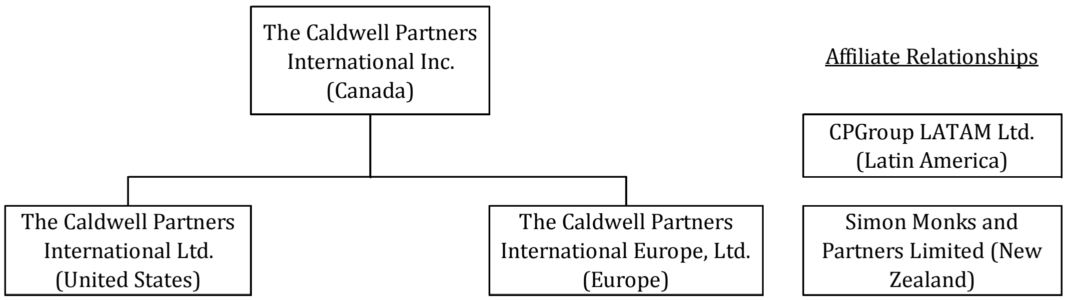
In 2009, the Company expanded its operations opening offices in the United States of America. A wholly-owned American subsidiary was incorporated as The Caldwell Partners International Ltd., a Delaware Corporation ("Caldwell USA").

Effective September 1, 2014, all existing Canadian subsidiaries were amalgamated, leaving The Caldwell Partners International Inc. as the only Canadian entity. Previously, the Company had three direct, wholly-owned Canadian subsidiaries: Caldwell Investments Inc. ("Caldwell Investments"), Prince Arthur Advertising Inc. ("Prince Arthur") and Caldwell Interim Executives Inc. ("Caldwell Interim"). Each of these subsidiaries was incorporated under the *Business Corporations Act* (Ontario).

Effective October 1, 2014, the Company completed its acquisition of all of the outstanding shares of Hawksmoor Search Limited an executive search boutique based in London, England, incorporated under the Companies Act 2006 and registered in England/Wales. Immediately following the acquisition, the name of the legal entity was changed from Hawksmoor to The Caldwell Partners International Europe, Ltd. ("Caldwell Europe").

The head and registered office of the Company is located at 165 Avenue Road, Toronto, Ontario, M5R 3S4.

The following organization chart summarizes the legal structure and affiliate relationships of the Company as of August 31, 2016:



General Development of the Business

Corporate Overview

The Company is an executive search consulting firm. In 1970, the Company, through a predecessor corporation, became the first retained consulting organization in Canada to specialize in representing employers in the recruitment of executives.

Executive search is subject to cyclical economic conditions, and has been driven by the secular impacts of the increasing speed with which business decisions have to be made, and the complexity of technological change creating a growing demand for corporate executives able to manage effectively in such circumstances. Among the factors contributing to the increased demands on corporate executives are: the changing size and scope of many types of organizations; the increasingly international competitive environment; new types of technology; accelerating innovation tending to quicken the obsolescence of executive skills; continuing worldwide social and economic pressures; changing patterns of compensation and increasing management mobility. The result of this growing complexity is the recognition by the senior managers or boards of directors of many business organizations of the need for expert professional advice to identify, assess and attract high-potential executives to their organizations. The development of the Company has been largely attributable to these factors.

During the most recent three fiscal years the Company continued refining and executing on its strategic plan. This included better alignment of interests between the Company's partner stakeholders with those of its shareholders through a private placement of shares, continued expansion of US operations, entering the UK market through acquisition and servicing other geographies through strategic alliances.

On January 17, 2014, the Company closed a private placement with its senior search professionals, officers and directors of the Company for the purchase of common shares of the Company. Under the terms of the private placement, the Company issued 3,934,650 common shares at a price of

$0.85, raising $3,345, less transaction costs of $94 for net proceeds of $3,251. The private placement served to better align the interests of employees and management with those of the Company's shareholders, as well as raise additional capital for further growth initiatives.

On October 1, 2014, the Company acquired all of the outstanding shares of Hawksmoor Search Limited (Hawksmoor), an executive search firm based in London, United Kingdom and focused on the insurance practice within financial services. Hawksmoor consisted of one partner and related search delivery and administrative personnel. The addition of this London-based office and its staff serves as a platform for further growth within the UK and Europe. The results of these operations have been consolidated with those of the Company from the date of acquisition. The purchase price consists of: (i) cash paid at close of £450; (ii) 275,000 shares of the Company newly issued at close; (iii) a net working capital adjustment of £322 paid in cash based on the value of assets acquired, net of liabilities assumed; and (iv) cash to be paid annually over the following two years subject to Hawksmoor's achieving certain revenue criteria and with a cumulative maximum payment of £300. While important to the execution of our strategy, the acquisition was not significant enough financially to file a business acquisition report pursuant to Form 51-102F4.

Effective July 13, 2015 the Company further expanded its ability to service clients internationally by entering into an affiliation agreement with CPGroup Ltd. and its subsidiaries ("CPGroup"). CPGroup operates through 7 offices and 16 partners throughout Latin American; focused cities include Bogota, Caracas, Lima, Mexico City, Miami, Santiago and São Paulo.

Effective November 8, 2015 the Company entered into an affiliation agreement with Simon Monks and Partners Limited, a New Zealand corporation (Simon Monks) with an office in Auckland and 2 partners.

Narrative Description of the Business

Overview

The Company is an executive search consulting firm specializing in recruiting executives on behalf of its clients. The Company contracts with its clients, on an assignment basis, to provide consulting advice on the identification, evaluation, assessment and recommendation of qualified candidates for specific positions. The Company concentrates its activities on locating executives to fill senior executive positions.

For a detailed discussion of the financial performance of the Company, please refer to the management discussion and analysis as filed on SEDAR and referenced in Additional Information herein.

Sources of Business

The Company provides its services across diverse practice groups and has developed particular industry specializations in the financial services, information technology, life sciences, industrial, consumer and retail distribution and education/not-for-profit/public sectors. The following table summarizes the approximate contribution to the Company's revenue during fiscal 2016, 2015 and fiscal 2014 according to industry category:

Practice Category	Percentage of Revenue Fiscal 2016	Fiscal 2015	Fiscal 2014
Financial Services	28%	30%	27%
Technology/Professional Services	20%	22%	21%
Life Sciences	20%	19%	18%
Industrial	19%	18%	19%
Consumer/Retail	9%	7%	10%
Educational/Not-for-Profit/Public Sector	4%	4%	5%
	100%	100%	100%

Within these practices, the Company has a diverse client base and in 2016, 2015 and 2014, none of the Company's clients accounted for 10% or more of the Company's consolidated revenues.

Foreign Operations and Geographies

Historically, the Company derived 100% of its revenue from Canada. In 2009 the Company began an aggressive expansion into the United States and in fiscal 2015 acquired and grew its presence in London. The Company now manages its business along three segments: Canada, United States and Europe (beginning with the acquisition of Hawksmoor during fiscal 2015). The following table summarizes the approximate contribution to the Company's revenue during fiscal 2016, 2015 and fiscal 2014 according to geographic segment:

Geographical Segment	Percentage of Revenue Fiscal 2016	Fiscal 2015	Fiscal 2014
United States	75%	68%	70%
Canada	21%	30%	30%
Europe	4%	2%	n/a
	100%	100%	100%

The presentation currency of the Company is in Canadian Dollars, and excludes intercompany license fee revenue which is eliminated on consolidation. The primary local currency in each of the three regions is the US dollar, Canadian dollar and British pound, respectively. Given the increasing concentration of revenue derived outside of Canada, the impact of foreign currencies other than the Canadian dollar plays an increasing role in reviewing our business, its risks, and the impact of reported financial results. For example, for the fiscal year 2016, if the US dollar to Canadian dollar exchange rate were lower by 5%, revenue and operating profit for the year would have been reduced by $2.2 million and $0.1 million, respectively. The following table summarizes the approximate foreign exchange rates impacting the business during fiscal 2016, 2015 and fiscal 2014 according to geographic segment:

Functional Currency	Exchange Rates to the Canadian Dollar **Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
United States			
US dollar – average	1.33	1.22	1.08
US dollar – period end	1.31	1.32	1.09
Canada			
Canadian dollar – average	1.00	1.00	1.00
Canadian dollar – period end	1.00	1.00	1.00
Europe			
British pound – average	1.93	1.90	n/a
British pound – period end	1.72	2.03	n/a

Segment results are disclosed in note 16 to the annual financial statements, and segment results are discussed further in the Company's management discussion and analysis filings.

In order to better service its clients and compete more effectively against larger global search firms, the Company has entered into certain affiliation agreements with search firms in select international Markets. These affiliates currently include i) CPGroup servicing Latin America through 8 countries and offices including Bogota, Columbia; Buenos Aires, Argentina; Caracas, Venezuela; Lima, Peru; Mexico City, Mexico; Miami, Florida; Santiago, Chile; and São Paulo, Brazil, and ii) Simon Monks beginning November 8, 2015 servicing the Australia and New Zealand region through an office in Auckland, New Zealand.

Human Resources

The Company's growth is, in large measure, attributable to the quality and experience of its professional staff. The stability and development of this fundamental resource have always been priorities in the management of the Company.

The Company's professional staff includes our partners, consultants, associates, project coordinators and our corporate support team. Partners are responsible for both developing client relationships and search assignments and for the execution of such assignments including assessing and presenting search candidates to our clients. Consultants, associates and researchers support the partners in search execution, aiding in identifying, screening and summarizing role qualifications of candidates for our partners who then further interview and assess for client presentation. Project coordinators provide administrative support to the search team including database entry, client and candidate scheduling, report generation and general support. Our corporate support team, including senior officers, provides functional services to the search delivery teams, encompassing accounting, marketing, human resources and information technology.

The Company employed 113 professionals at August 31, 2016 (38 partners; 32 consultants, associates and researchers; 26 project coordinators; and 17 corporate support staff). Our employees are based in the United States, Canada and the United Kingdom, relative to where the majority of their search business resides. Of our corporate support staff, 12 are located in Canada, 4 in the United States and 1 in the United Kingdom. The following table summarizes the total number of employees during fiscal 2016, 2015 and fiscal 2014 according to geographic segment:

	Number of Total Employees		
Geographical Segment	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
United States	64	65	63
Canada	42	44	45
Europe (United Kingdom)	7	8	n/a
	113	117	108

In selecting its professional staff, the Company has developed a broad representation of industry and functional backgrounds. The professional staff's breadth of experience is a valuable asset of the Company; clients usually prefer to work with professionals who have strong knowledge of the client's business and industry. The business backgrounds of the Company's professionals include retailing, banking, technology, life sciences, healthcare, manufacturing, consumer and office products, and oil and gas as well as previous recruiting and consulting experience. Functionally, finance, marketing, legal and general management skills are particularly well represented among the professional staff.

The Company's search professionals provide direct client service and are actively involved in executive search operations. The Company's compensation plan for search professionals encourages performance at the highest levels by directly linking compensation to each professional’s performance.

All employees of the Company are required to sign a confidentiality acknowledgment, in which they agree to keep strictly confidential the information, which individual executives and client organizations provide, to the Company. In addition, all executive search professionals have entered into non-solicitation arrangements with the Company regarding its employees and clients.

Information Resources and Technology

In the opinion of the Company’s management, the key to effective executive searches is access to current information. The Company is constantly updating and expanding with each new assignment the information that it maintains on organizations, industries, companies and potential candidates. The Company employs search professionals who maintain extensive information on industries and potential candidates. The Company also makes use of public and subscription-based information databases.

Research is an integral part of the process of developing, conducting and completing executive searches efficiently. For each assignment the Company's search team prepares a research strategy that includes a review of the Company's confidential information database as well as industry and organization analyses. Once the specifications of the executive search assignment are set, industries and organizations in which potential candidates might be located are identified. A list of potential candidates is then prepared following the identification of individuals holding key positions in those organizations. As required, talent maps for those organizations are developed and competitive information (such as data on sales, product lines or technologies) is obtained in order to ensure that the most attractive candidates are identified and that any contact with candidates takes place on a discreet basis. The information that is collected is then organized into presentation form for the client.

The Company's management believes that access to worldwide databases has become a strategic necessity for executive search professionals. The Company accesses external on-line database services to enhance its research capabilities. Similarly, the Company's presence on the Internet (through its website) serves to enlarge its market potential. To address issues of data security associated with increasing remote database access, the Company uses password protection and conducts regular reviews. In addition, the Company leverages remote user video conferencing applications. This technology accelerates the executive search process and facilitates candidate interviews and presentations to client search committee members in different locations. The Company intends to continue to develop these and other areas of technology as clients' needs evolve.

The Executive Search Market

The Company's clients include a broad range of national, international and multinational businesses, and public sector organizations. The Company typically deals with the senior management or boards of directors of its clients. The Company intends to grow its core existing markets with select additional owned operations in critical geographies, and make use of affiliation agreements in international countries with smaller search markets.

The executive search industry is sensitive to the general level of economic activity. Through diversification, the overall market for executive search services is made less volatile than activity in any one client industry segment. Entities in various geographic locations operating in a broad range of industry sectors and in the public sector use executive search services. The level of activity in several of these sectors generally follows different cycles, thereby reducing the cyclicality in demand for executive search services for the market as a whole. Since rebounding from the world-wide recession in 2009 which impacted almost every sector, the North American and specifically the United States economy has performed strongly, which in combination with the Company's continued expansion in the United States over the past six years, has contributed to the Company's improved financial performance.

During 2016 we saw significant economic pressures in Canada stemming from the fall in global oil prices to which a significant portion of Canada's economy is tied. This most directly impacted Western Canada and then also spread to financial services where that industry had a substantial link to the energy sector.

Additionally during 2016 the United Kingdom voted to exit the European Union which caused an immediate and significant drop in exchange rates and raised uncertainty for the economic impact of the exit and resultant impact on hiring decisions. This uncertainty could negatively impact our business in that region in the future.

In the experience of the Company's management, the executive search business has traditionally been more value-sensitive than price-sensitive; it is the quality of the candidates located for executive search clients, rather than price, which is of greatest concern to the client. The long-term costs to a client of not recruiting the right person for a senior executive position can be substantial. These costs include the financial and non-financial costs associated with the period of poor performance and the financial cost of reaching a severance settlement as well as the internal upheaval of starting the recruitment process over again.

Also in the experience of the Company's management, an individual's progression to the senior executive level seldom occurs within a single company in the current North American corporate environment. For executives today, this often means moving in and out of several organizations during a career. Management of the Company believes that this trend will continue because of the ongoing level of take-over, restructuring and downsizing activities. Further, as technology progresses and globalization continues, the need for increased specialization and rapidly adapting business strategies will make finding the right leaders of growing importance.

Management believes that while online social databases and services such as LinkedIn and a trend to bring search capabilities in house will continue to apply competitive pressure to mid-management and lower-senior management search activities, at the senior executive level companies will continue their use of executive search firms. Our strategy in addressing this is to continue to focus on developing the highest level search work in the marketplace where clients are more likely to view our fees as an investment rather than an expense, and where the personal touch and enhanced experience we provide cannot be matched through in-house expertise limited to public databases.

Competition

The Company's primary competitors include regional executive search firms and major international executive search firms. Barriers to entry are few in the industry, but most small executive search firms are unable to compete effectively with the experience, contacts and resources of an established organization like the Company. As well, they generally lack the financial resources to make significant investments in their databases and to withstand the pressures of difficult economic times. The international executive search firms have greater financial stability and are large enough to compete effectively. In-house recruitment departments and evolving social databases such as LinkedIn can also be viewed as competitors as discussed above, but primarily for mid- to lower-level management where we would choose not to perform services.

Advertising

In conducting certain of its assignments, predominantly for roles in government institutions in Canada, the Company will recommend, where appropriate, the placement of advertising in the career sections of business newspapers as well as the posting of career opportunities on both its own website and others available on the internet. The response to advertisements by interested candidates permits searches to be completed more quickly with a broader array of potential candidates. Current positions are also selectively posted on the Company's website for even greater visibility. In the United States, neither the Company nor its competitors generally advertise client positions.

Business Development

Partners are responsible for both developing new business as well as executing on contracted search assignments (or passing execution to a colleague who may have more applicable functional or industry expertise). Accordingly, a significant portion of partner time is devoted to business development activities, keeping in regular contact with past and potential clients through marketing programs consisting of direct email mailings, newsletters, receptions, group breakfasts and confidential surveys on subjects of current interest. The Company has quite a number of repeat clients, most of who tend to utilize the Company's services on a continuing basis as dictated by the client's internal executive recruiting requirements. The Company continues to invest in its strategy of content marketing whereby online content in the form of blogging, articles, newsletters, whitepapers, infographics, case studies and other educational resources are used to reach our clients and candidates, driving traffic to our website and building our brand. Social media empowers these tools, with the company actively distributing content through its followers on LinkedIn and Twitter.

Fees and Billing

Each of the Company's assignments is managed by at least two search professionals. Each assignment is confirmed in writing with the objective of the assignment, the search strategy and plan and the agreed commercial terms all clearly stated. Revenue consists of professional fees, investment income and license fee revenue.

Professional Fees:

Professional Fees represent the revenue derived from the executive search services provided to our clients. Professional fees are comprised of retainers and indirect expenses billed to clients based on terms set forth in signed engagement letters with each client. The Company is typically paid a retainer for its executive search services, equal to one-third of the position's estimated first year compensation. The Company's standard practice is to bill its clients for its retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client's acceptance of the contract. Any fees earned in excess of the retainer or fees that are contingent on a candidate's future compensation are billed when actual compensation of the placed candidate is known. Indirect expenses are generally calculated as a percentage of the retainer with certain dollar limits per search.

Professional fees are recognized when it is probable that that the economic benefits will flow to the Company and service has been provided, the fee is determinable and collectability is reasonably assured. Revenue from standard executive search engagements is recognized over the expected average performance period, in proportion to the estimated effort to fulfill the Company's obligations under the engagement terms. To the extent that there are differences between the estimated percentage of completion based on the expected average performance period and amounts billed, the Company defers a portion of revenue to be recognized in a future period and records this as deferred revenue on the consolidated statements of financial position.

Revenue in excess of the retainer, resulting from actual compensation of the placed candidate exceeding the estimated compensation, is recognized on completion of the executive search when the amount of the additional fee is known. Revenue from certain non-standard executive search engagements is recognized in accordance with the completion of the engagement deliverables.

Professional fees are paid to the Company predominantly in the form of cash and, on occasion, in the form of equity interests in our clients as a portion of the search fee. These interests may take the form of common stock, preferred stock, restricted stock, warrants, options or similar instruments depending on the client and agreement. Equity payments occur most commonly in venture capital and private equity backed entities where executive cash compensation is often lower in lieu of the executive receiving compensation more prominently in equity as well as a desire by early stage companies to preserve cash. The accounting for these equity payments is described below under Investment Income. Approximately 1.4% of professional fees were derived from equity payments during fiscal 2016 (2015: nil; 2014: nil).

Investment Income:
Client equity grants are initially recorded at fair market value at the time they are earned, within professional fees. Subsequent to initial recognition, equity interests in our clients are accounted for as available-for-sale financial assets and changes in their value are recorded in other comprehensive income. Once an equity interest from a client is monetized, the accumulated gain or loss recorded within other comprehensive income since the initial valuation date is reclassified to investment income within revenue.

License Fee Revenue:
License fee revenue is comprised of the license and technical assistance fees paid by the Company's affiliates. The license fee revenue is recognized as earned, based on the revenue of the affiliates during the respective periods. The government of Venezuela has imposed restrictions on removing cash from their country and as a result, license fee revenue related to CPGroup's Venezuelan operations is not currently recognized. Such license fees relating to Venezuela will accumulate but only be recognized when the ability for payment outside of the country is available.

Revenue and operating income are difficult to predict and have historically varied significantly from quarter to quarter. There is no discernible seasonality in our business on a quarterly basis. We track our revenue by professional fees, investment income and license fee revenue.

Our capacity to generate revenue increases with the number of partners we employ and affiliate with, and is dependent on the fees we are able to charge and our partners' productivity that is, in turn influenced significantly by competition and general economic hiring conditions. Additionally, given our relatively small partner base, we have limited diversification and consequently results will fluctuate significantly from quarter to quarter.

Facilities

As of August 31, 2016, all of the Company's operations are conducted at leased premises as follows:

Location	Address	Approximate Area
Canada		
Calgary, Alberta	520 5th Avenue S.W.	4,110 square feet
Toronto, Ontario	165 Avenue Road	15,411 square feet
Vancouver, British Columbia	650 West Georgia Street	3,406 square feet
United States		
Atlanta, Georgia	3424 Peachtree Road	4,159 square feet
Brentwood, Tennessee	205 Powell Place	900 square feet
Dallas, Texas	2100 Ross Avenue	5,134 square feet
Los Angeles, California	1925 Century Park East	3,773 square feet
New York, New York	140 East 45th Street	6,803 square feet
San Francisco, California	1 Post Street	4,461 square feet
Stamford, Connecticut	263 Tresser Boulevard	5,353 square feet
Europe		
London, United Kingdom	4 Lombard Street	2,450 square feet

All lease agreements expire on various dates through August 30, 2023. During 2016 the company subleased its 14,062 square feet New York office at 305 Madison Avenue. The sublease term matches the original lease to which the Company is still obligated, with an expiration of September 30, 2021. The annual gross rental under the leases for all the locations is approximately $3.4 million in aggregate. Management considers all of its premises to be adequate to meet its current needs.

The lease for the Toronto office is with a related company owned by C. Douglas Caldwell, a significant shareholder. The terms of this lease were determined to be fair market rental rates at the inception of the lease amendment by an independent commercial real estate counselor and were approved by the independent members of the Board of Directors.

Risk Factors

Any investment in the Company's securities is speculative and may involve risk. Before investing in the Company's securities, prospective investors should carefully consider, in light of their own financial circumstances and objectives, the risk factors summarized below, as well as the other information contained and incorporated by reference into this Annual Information Form. The Board of Directors includes in its mandate and the mandates of its committees the responsibility to oversee the mitigating factors associated with each identified risk factor.

The ability to attract and retain experienced search professionals is critical to our business

We compete with other executive recruitment firms for experienced consultants. Attracting and retaining consultants in our industry is important because consultants have primary responsibility for client relationships, and the loss of consultants often leads to the loss of client relationships. While we believe we offer one of the most competitive compensation plans in the industry and offer freedom for our partners to operate in the marketplace, the ability to continue to generate revenue and profits will depend on our ability to attract and retain key professionals.

Our business is impacted by economic conditions

Our revenue is affected by global economic conditions and economic activity in the regions where we operate. During economic slowdowns, companies may hire fewer employees which may have a negative impact on our financial condition.

Competition

The executive search business is highly competitive in terms of both winning and pricing new engagements. The level of future profits of the Company will depend on its ability to retain its established client base, attracting new clients and maintaining fee levels. One key area in which we mitigate competitive risk with our larger competitors is by having fewer client non-solicitation arrangements. It is standard practice in the industry to provide clients with a non-solicitation right ranging in scope from the placed executive to the entire client organization; this is known as "off-limits" protection. If too many off-limit arrangements are created, the ability to broadly and effectively source candidates for prospective client engagements becomes impeded.

Significant Shareholder

C. Douglas Caldwell, the former Chief Executive Officer of The Caldwell Partners International, Inc., is reported to own, directly or indirectly approximately 20% of the Company's outstanding Common shares. Mr. Caldwell's shares could have a material impact on any matters brought forth to the shareholders for a vote.

Foreign currency exchange rate risks may affect our financial results

With operations in Canada, the United States and the United Kingdom, we do business in multiple currencies. In the current year, approximately 79% of our revenue was generated outside of Canada and transacted in a currency other than the Canadian dollar. Our profitability is impacted by the translation of foreign currency financial statements into Canadian dollars. Fluctuations in relative currency values, particularly the strengthening of the Canadian dollar, could have an adverse effect on our profitability and financial condition. When management believes it has a significant short term net cash or intercompany loan balance, it will on occasion hedge its currency exposure by buying or selling the exposed currency on a forward basis.

We invest in marketable securities whose valuations fluctuate

Marketable securities consist of investments in professionally managed fixed income funds and certain equity securities obtained through search fees being paid partially in equity of the client.

The securities are subject to market risk, and should they decline in value, the unrealized losses and potential realized losses could negatively impact the Company's financial position and aggregate results of operations. We mitigate the risk in managed funds by investing in relatively conservative investments and by engaging professional investment fund advisors independent from the company with added oversight from the Investment Committee of the Board of Directors. We mitigate the risk in equity securities by liquidating our positions as soon as reasonably able and reviewing for the potential use of hedging derivatives if applicable.

We may not generate sufficient cash flow from operations to support our strategic growth plan and maintain our dividend without utilizing funds invested in marketable securities

The Company currently has investments in marketable securities and short-term money market instruments. However, if additional cash is required to grow the business and pay dividends in excess of cash generated, marketable securities and money market instruments may be liquidated and the returns on those instruments could be negatively impacted.

Potential Volatility of the Market Price and Volume of Common Shares

From time to time, the TSX has experienced significant price and volume volatility unrelated to the performance of specific companies, which could impact the market price of the Common Shares. Moreover, the market price of the Common Shares may also be adversely affected by factors such as the concentration of Common Shares held by a small number of shareholders and the low number of Common Shares that trade on average on a daily basis, the combination of which has the potential to increase the volatility of the volume of Common Shares offered to be purchased or sold at any particular time. Certain management compensation components are based on the share price change in the company and could fluctuate with significant movement up or down in the Company's share price. The Company has mitigated the negative impact of share price movements on compensation by also linking the payments to profitability of the Company after accounting for such fluctuations.

Dividends

In order to be able to consider paying dividends, the Company must have a positive combination of retained earnings and contributed surplus. Prior to May 1, 2012, the Company was not able to pay a dividend given its stated capital deficit position. On May 1, 2012, shareholders approved a special resolution to reduce stated capital of the Company by 75%. This restatement resulted in a $12,048 reduction of stated capital with an equivalent increase in contributed surplus, which allowed the Company to reinstate dividend payments to shareholders.

The Board of Directors sets the dividend policy of the Company. The Board of Directors continues to believe that the payment of regular dividends is in the best interests of the Company and its shareholders. In setting quarterly dividend payments, the Board of Directors considers many factors including current earnings results, future earnings projections, cash needs for operational growth and balances of Unencumbered Cash (as defined in Non-GAAP Financial Measures in the Company's Management Discussion and Analysis) which can act as a buffer against short-term earnings volatility. It is the Board's current intent to continue paying dividends, subject to such quarterly assessment. Subsequent to shareholder approval of the restatement of capital on May 1, 2012, the

Company has now declared eighteen quarterly dividends through August 31, 2016 totaling 32.0 cents per share or $6,249.

Cash dividends declared pertaining to the three most recently completed fiscal years are as follows:

Declaration date	Payment date	Divdends per share	Aggregate dividends declared
November 8, 2013	December 13, 2013	$0.0175	$299
January 8, 2014	March 14, 2014	$0.0175	$368
April 10, 2014	June 13, 2014	$0.0175	$368
July 10, 2014	September 12, 2014	$0.0175	$368
November 13, 2014	December 12, 2014	$0.0200	$425
January 8, 2015	March 12, 2015	$0.0200	$425
April 9, 2015	June 15, 2015	$0.0200	$425
July 9, 2015	September 14, 2015	$0.0200	$425
November 17, 2015	December 11, 2015	$0.0200	$403
January 7, 2016	March 14, 2016	$0.0200	$403
April 12, 2016	June 16, 2016	$0.0200	$403
July 7, 2016	September 12, 2016	$0.0200	$403

On November 10, 2016, the Board of Directors declared a dividend of 2.0 cents per share, payable to holders of common shares of record on November 21, 2016 and to be paid on December 16, 2016.

Market for Securities

Trading Price and Volume

The Company's outstanding Common Shares are listed on the TSX ("CWL"). A chart showing the highest and lowest closing price of the shares during each month and volume traded is as follows:

	Price per Share Range		
Month	**High**	**Low**	**Volume**
September-15	$1.47	$1.21	442,600
October-15	$1.44	$1.30	170,500
November-15	$1.58	$1.41	175,500
December-15	$1.49	$1.42	377,700
January-16	$1.45	$1.13	343,400
February-16	$1.28	$1.12	161,400
March-16	$1.25	$1.15	73,500
April-16	$1.25	$1.11	559,000
May-16	$1.16	$1.12	297,800
June-16	$1.20	$1.14	136,900
July-16	$1.21	$1.12	196,000
August-16	$1.17	$1.10	309,600

Description of Capital Structure

As at August 31, 2016 the authorized share capital of the Company consists of an unlimited number of common shares of which 20,129,555 are issued and outstanding (August 31, 2015: 21,275,155). The holders of common shares are entitled to share equally, share for share, in all dividends declared by the Company and equally in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets among shareholders, and are entitled to one vote per common share.

On September 23, 2015, as discussed in note 15 to the annual financial statements, the Company purchased and canceled the 1,145,600 common shares of the Company held by DHR International Inc. for $1.40 per share for $1,604 plus associated legal fees incurred through August 31, 2015 of $40 for a total cost of $1,644. The shares were then cancelled, reducing the Company's outstanding shares from 21,275,155 to 20,129,555.

On October 1, 2014, as discussed in note 20 to the annual financial statements, the Company issued 275,000 common shares in connection with its acquisition of Hawksmoor Search Limited.

On January 17, 2014, the Company closed a private placement with its senior search professionals, officers and directors of the Company for the purchase of common shares of the Company. Under the terms of the private placement, the Company issued 3,934,650 common shares at a price of $0.85, raising $3,345, less transaction costs of $94 for net proceeds of $3,251. The purchase price was determined on the basis of the 10 trading day weighted average price of the common shares on the TSX for the 10 trading days ended December 2, 2013 following the release of the Company's year-end results. The common shares issued pursuant to the private placement were subject to a hold period that expired on January 17, 2015. The private placement served to better align the interests of employees and management with those of the Company's shareholders, as well as raise additional capital for further growth initiatives.

Directors and Officers

The names, municipalities of residence, positions with the Company and principal occupations of the directors and executive officers of the Company are as follows:

Name and Municipality of Residence	Office	Principal Occupation	Common Shares Owned	Director Since
C. CHRISTOPHER BECK Stow, Massachusetts, United States	Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary, The Caldwell Partners International Inc.	350,000	n/a
PAUL R. DAOUST Boston, Massachusetts, United States	Director	Consultant and Corporate Director	200,000	2013
RICHARD D. INNES Toronto, Ontario, Canada	Director	Consultant and Corporate Director	100,000	2009
G. EDMUND KING Toronto, Ontario, Canada	Chair of the Board	Corporate Director	85,000	2003
JOHN N. WALLACE Unionville, Ontario, Canada	Director and President and Chief Executive Officer	President and Chief Executive Officer, The Caldwell Partners International Inc.	750,500	2009
KATHRYN A. WELSH Stouffville, Ontario Canada	Director	Consultant and Corporate Director	40,000	2009

Each director holds office until the next annual meeting of shareholders or until his or her successor is elected or appointed, whichever is sooner, unless his or her office is earlier vacated. The directors and executive officers of the Company, as a group, beneficially own directly or indirectly, or exercise control over 1,525,500 Common Shares, representing approximately 7.6% of the outstanding Common Shares.

Composition of the Audit Committee:

The Company's Audit Committee is composed of four directors (Kathryn A. Welsh - Chair, Paul R. Daoust, Richard D. Innes and G. Edmund King), none of whom is or was an employee or officer of the Company or any of its affiliates or subsidiaries.

Composition of the Nominating/Corporate Governance/Compensation Committee:

The Company's Nominating/Corporate Governance/Compensation Committee is composed of four directors (Paul R. Daoust - Chair, Richard D. Innes, G. Edmund King, and Kathryn A. Welsh), none of whom is or was an employee or officer of the Company or any of its affiliates or subsidiaries.

Composition of the Investment Committee:

The Company's Investment Committee is composed of five directors (Richards D. Innes - Chair, Paul R. Daoust, G. Edmund King, John N. Wallace, and Kathryn A. Welsh). Other than Mr. Wallace who is an employee and officer of the Company, none of the remaining committee members is or was an employee or officer of the Company or any of its affiliates or subsidiaries.

Interest of Management and Others in Material Transactions

Except as set forth below, none of the Company's directors, executive officers or principal shareholders, nor any of their respective associates or affiliates, had a direct or indirect material interest in any transaction or proposed transaction within the three most recently completed financial years or during the current financial year which has materially affected or will materially affect the Company:

Pursuant to its lease agreements, the Company paid rent for its Toronto office to a company owned by a shareholder, C. Douglas Caldwell, registered as owning more than 10% of the common shares of the Company. The amount of consideration agreed to by the parties was determined to be the fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent Members of the Board of Directors. Occupancy costs, recorded within general and administrative expenses in the consolidated statements of earnings, have been recognized for the year ended August 31, 2016 in the amount of $223 (2015: $223).

Transfer Agent and Registrar

Computershare Limited (successor to Valiant Trust Company), at its office in Toronto, Ontario, is the transfer agent and registrar for the common shares.

Material Contracts

On July 13, 2015, the Company entered into an affiliation agreement with CPGroup LATAM Ltd. and its subsidiaries ("CPGroup"). The Company did not obtain an ownership stake in CPGroup. The affiliation agreement has an initial term of five years and provides for CPGroup to pay the Company 2.25% of Latin American revenue for the first two years of the agreement and 4.25% in subsequent years. In exchange for the affiliation fee payments, CPGroup will have rights to use the Caldwell Partners brand, search processes, methodologies and related intellectual property. Additionally, should there be a change of control of the Company during the first two years of the agreement, CPGroup will have the right to terminate the alliance agreement and will be entitled to a dislocation and rebranding fee of US $2.0 million.

On July 30, 2015, the Company agreed to purchase and cancel the 1,145,600 common shares of the Company held by DHR International Inc. as discussed herein under the Description of Capital Structure.

There are no other contracts, other than contracts entered into in the ordinary course of the business or entered into prior to January 1, 2002, that are material to the Company and that were entered into within the most recently completed financial year.

Names of Experts

The Company's independent auditors, PricewaterhouseCoopers LLP, have delivered an audit report to the Company concerning the consolidated balance sheets of the Company as at August 31, 2016 and 2015, and the consolidated statements of earnings, other comprehensive income, changes in total equity and cash flow for the years ended August 31, 2016 and 2015. PricewaterhouseCoopers LLP is an independent auditor with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

Additional Information

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) internet website at www.sedar.com. Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis for the fiscal year ended August 31, 2015 and further filings as made in accordance with continuous disclosure guidelines. A copy of such documents may also be found at www.sedar.com or may be obtained upon request from the Secretary of the Company.

Appendix A - Audit Committee Information Required in an AIF – Form 52-110F1

Composition of the Audit Committee

The Company's Audit Committee is composed of four directors: Kathryn A. Welsh, Chair; Paul R. Daoust; Richard D. Innes; and G. Edmund King. Each member of the Audit Committee is independent within the meaning of applicable securities legislation and none receives, directly or indirectly, any compensation from the Company other than for service as a member of the Board of Directors and its committees and dividends paid on the Company's common stock. Each member of the Audit Committee is financially literate as defined under National Instrument 52-110 – Audit Committees. In considering the criteria for determining financial literacy, the Board of Directors looks at, among other things, the ability of a director to read and understand a balance sheet, an income statement and a cash flow statement of a company of a complexity comparable to that of the Company.

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Kathryn Welsh, Audit Committee Chair
Ms. Welsh holds a B. Comm. (Honours – Gold Medalist) from Queen's University. Ms. Welsh has been an independent consultant since 2004. From 2002 to 2004, she served as chief financial officer and corporate secretary of Radian Communication Services Corporation. Ms. Welsh has held a number of other senior financial positions, including CFO for Simvest Solutions, The Second Cup, and Canada Bread. She began her business career as a senior accountant with KPMG, subsequently holding management positions at Holt Rinehart & Winston of Canada Limited and Innopac Inc. Ms. Welsh earned her CA designation in 1982; in 2008 she became an Institute Certified Director, Institute of Corporate Directors, and has served as a director or trustee for a number of organizations. Ms. Welsh also currently serves as Director and Audit Committee Chair for Pizza Pizza Royalty Corp.

Paul R. Daoust
Mr. Daoust holds a B.A. in mathematics from Boston College and a Masters of Actuarial Science, with distinction, from the University of Michigan and is a Fellow of the Society of Actuaries. From February, 2005 until December, 2015 (following the acquisition of its core employer division), Mr. Daoust served as the chair of HighRoads, Inc., a privately held technology-enabled services company, where he also served as chief executive officer from February 2005 to December 2008. Previous operating experience includes more than 28 years with Watson Wyatt (now Willis Towers Watson), including 5 years as global chief operating officer and 9 years as a board director. In terms of public board experience, he recently served as a director for Mac-Gray, a technology-enabled services provider in business services until it was acquired in January, 2014. In prior years he was a director for Gevity HR, Inc. which provided HR to the SMB Market until it was acquired in 2009, and Salary.com, a provider of SaaS compensation solutions, where he also served as interim CEO until it was acquired in 2010. He also currently serves on the board of directors of Provant Health, Advantia Health, and DirectPath, all privately held companies in the healthcare space.

Richard D. Innes
Mr. Innes holds an Honours Business Administration degree from Western University. He currently is an independent consultant. From 1997 to 2007, Mr. Innes was president and chief executive officer of Arbor Memorial Services Inc., a company listed on the Toronto Stock Exchange (the "TSX") at the time which operated cemeteries, crematoria, and funeral homes across Canada. Mr. Innes' lengthy and broad business career includes serving as president of the Frozen Products and Industrial divisions of Ault Foods, and other senior roles at Catelli, Nabisco Brands Limited, Playtex Limited, Canadian Marketing Associates, and Procter & Gamble, where he began his career.

G. Edmund King
Edmund King holds a B.A. in Economics from the University of Toronto. He is a director of Engagement Labs, an internet content provider. He is also a director of Norvista Capital and the Canadian Cardiovascular Academy. Mr. King was previously chairman and CEO of Wood Gundy Ltd., and of CIBC Wood Gundy and Chairman of WIC Western International Communications. Mr. King is a former director of Falconbridge Ltd., Rockwater Capital Corporation, Imax Corp and McCarvill Corporation. Mr. King is also the former chairman of the Investment Dealers Association of Canada, The Princess Margaret Hospital, and a former director of the National Ballet of Canada, the Shaw Festival, and the Centre for Addiction and Mental Health Foundation (CAMH).

External Auditor Service Fees

Fees by Category	Fiscal 2016	Fiscal 2015
Audit Fees (annual financial statements)	$ 105	$ 101
Audit-Related Fees (quarterly filings)	9	9
Tax Fees (compliance, advice, planning)	34	27
All Other Fees[1]	34	14
Total Fees	**$ 182**	**$ 151**

[1] All Other Fees include work performed for review of the tax impact of license fees and transfer pricing agreements.

The Audit Committee pre-aproves all audit services and other auditor provided services within the permissible categories of non-audit services. The Audit Committee policy prohibits the Company from engaging the auditor for "prohibited" categories of non-audit services as set forth in Rule 204.4 of the Chartered Professional Accountants of Ontario's Rules of Professional Conduct.

Audit Committee's Charter

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of The Caldwell Partners International Inc. ("Caldwell") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities in respect of the review and approval of the financial statements of Caldwell and related documentation;

2. To provide a communication link between independent directors and external auditors;

3. To enhance the external auditor's independence;

4. To assure the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee shall be comprised of at least three (3) directors of Caldwell, none of whom are members of management of Caldwell and all of whom are "unrelated directors" (as such term is used in the Report of the Toronto Stock Exchange on Corporate Governance in Canada) and "independent" (as such term is used in Multilateral Instrument 52-110 - Audit Committees ("MI 52-110") unless the Board shall have determined that the exemption contained in Section 3.6 of MI 52-110 is available and has determined to rely thereon.

2. The Board shall appoint the Committee Chair.

3. All of the members of the Committee shall be "financially literate" (as defined in MI 52-110) unless the Board shall determine that an exemption under MI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

1. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

2. The Committee shall satisfy itself on behalf of the Board with respect to Caldwell's Internal Control Systems and its ability to:
    a. Identify, monitor and mitigate business risks; and
    b. Ensure compliance with legal, ethical and regulatory requirements.

3. The primary responsibility of the Committee is to review the annual and interim financial statements of Caldwell and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
    a. Reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
    b. Reviewing significant accruals, reserves or other estimates;
    c. Reviewing accounting treatment of unusual or non-recurring transactions;
    d. Reviewing disclosure requirements for commitments and contingencies;
    e. Reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
    f. Reviewing unresolved differences between management and the external auditors; and
    g. Obtaining explanations of significant variances with comparative reporting periods.

4. Unless reviewed by the entire Board, the Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Caldwell's disclosure of all other financial information.

5. With respect to the appointment of external auditors by the Board, the Committee shall:
    a. Recommend to the Board the external auditors to be nominated;
    b. Recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
    c. Perform an annual assessment of external auditors as recommended by the Canadian Public Accountability Board to review the suitability of the existing external audit firm;
    d. Approximately every five years perform a more in-depth periodic review of external auditors as recommended by the Canadian Public Accountability Board to review the continued appropriateness of the existing external audit firm;
    e. Discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
    f. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
    g. Review and pre-approve any non-audit services to be provided to Caldwell or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent

members the authority to pre–approve non–audit services, provided that the member report to the Committee at the next scheduled meeting such pre–approval and the member comply with such other procedures as may be established by the Committee from time to time; and

   h. Review with external auditors (and internal auditor if one is appointed by Caldwell) their assessment of the internal controls of Caldwell, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Caldwell and its subsidiaries.

6. The Committee shall review risk management policies and procedures of Caldwell (e.g. hedging, litigation and insurance).

7. The Committee shall establish a procedure for:
   a. the receipt, retention and treatment of complaints received by Caldwell regarding accounting, internal accounting controls or auditing matters; and
   b. The confidential, anonymous submission by employees of Caldwell of concerns regarding questionable accounting or auditing matters.

8. The Committee shall review and be apprised of any intent of Caldwell regarding the hiring of partners and employees who work on Caldwell's account and former partners and employees of the present and former external auditors of Caldwell.

9. The Committee shall have the authority to investigate any financial activity of Caldwell. All employees of Caldwell are to cooperate as requested by the Committee.

10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of Caldwell without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall

attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

5. The Committee shall meet with the external auditor at least once per year, including at least one in camera meeting (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of Caldwell as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

8. Any member of the Board Directors may attend any Committee meeting as an ex-officio member at his discretion.

9. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Caldwell.

11. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

12. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee.