MIDLAND WALWYN INC.

ANNUAL INFORMATION FORM

May 16, 1997

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THE COMPANY

Midland Walwyn Inc. (which, together with its operating subsidiaries, where applicable, is referred to herein as the "Company") was formed under the laws of Canada through the amalgamation of Midland Doherty Financial Corporation ("Midland Doherty") and Walwyn Inc. ("Walwyn") on June 1, 1990. The Company is a holding company and does not currently carry on any active business. The head office and registered address of the Company is Suite 400, 181 Bay Street, Toronto, Ontario, M5J 2V8. Unless otherwise indicated, the information set out below is as of December 31, 1996.

The following chart sets forth the relationship between the Company and its principal operating subsidiaries and their respective jurisdictions of incorporation. All of the subsidiaries are wholly owned, except as indicated below.

MIDLAND WALWYN INC.
(Canada)

Midland Walwyn Financial Services Inc. [1] (Ontario)

Midland Walwyn Insurance Services Limited (Ontario)

Midland Mortgage Corporation (Ontario)

Midland Walwyn Leasing Inc. (Canada)

Midland Walwyn MB Holdings Inc. (Ontario)

50%

MWI & Partners[2]

Financial Planning Services
Financial Concept Group Ltd.
(Ontario)

70%

Pro-Fund Distributors Limited
(Manitoba)

Storefront Financial Services
J.A. Gifford Associates Limited
(Ontario)
Halmac & Associates Ltd.
(Saskatchewan)

Midland Walwyn Capital Inc.
(Canada)

Midland Walwyn Capital Corporation
(Delaware)

Atlas Asset Management Inc.
(Canada)

Notes:

1. Pursuant to regulatory requirements, 51% of the voting shares of Midland Walwyn Financial Services Inc. are owned by an employee licensed as an insurance agent under the *Insurance Act* (Ontario). These shares do not pay dividends and may be called by the Company at any time.

2. MWI & Partners is a partnership formed under the laws of Ontario in which the Company has a 50% equity interest.

Through its predecessor companies, the Company has been engaged in the securities business since 1883. The Company's principal subsidiary, Midland Walwyn Capital Inc. ("MWCI"), was formed on June 1, 1990 upon the amalgamation of Midland Capital Corporation and Walwyn Stodgell Cochran Murray

Limited. MWCI is an investment dealer authorized to carry on business in all provinces and territories of Canada. For the year ended December 31, 1996, MWCI provided 96% of the Company's revenue, 98% of earnings and employed 2,680 of the Company's total staff of 3,325.

The Company's financial planning arm, Financial Concept Group Ltd. ("FCG") was first acquired in 1994 and includes a 70% interest in Winnipeg-based Pro-Fund Distributors Ltd. ("Pro Fund"), a leading western-Canadian financial planning firm. FCG is Canada's second largest financial planning company with 524 financial planners, and together with Pro Fund, FCG serves the needs of 180,000 clients and has more than $4.1 billion of assets under administration.

The Company also carries on a "storefront" financial services business through J.A. Gifford Associates Limited of Ottawa and Halmac & Associates Ltd. of Saskatchewan. These acquisitions were made in 1994 and 1995 respectively, and are locally-established operations specializing in selling Guaranteed Investment Certificates and other deposit brokerage products.

The Company initiated its proprietary mutual fund business in late 1993 with the establishment of the Hercules Group of Funds and the acquisition of what is now Atlas Asset Management Inc. ("Atlas"). During 1996, the reorganization of this business unit was completed and today, Atlas is the trustee, manager and principal distributor of 23 separate mutual funds which make up the Atlas Group of Funds. Further information is available under the heading "Atlas Capital Group" below.

The Company's other wholly-owned operating subsidiaries include: Midland Walwyn Financial Services Inc. ("MWFSI") and Midland Walwyn Insurance Services Limited ("MWISL"), offering life and accident and sickness insurance products and services. MWFSI carries on business in all provinces other than Ontario, and MWISL carries on business in Ontario. Midland Mortgage Corporation is a company registered as a mortgage broker in certain provinces in Canada.

GENERAL DESCRIPTION OF THE BUSINESS

Midland Walwyn Inc. is a financial services holding company. Through its fully integrated investment dealer, Midland Walwyn Capital Inc., and other subsidiary companies, it provides a broad range of financial products and services to individuals, institutions, corporations and governments. Midland Walwyn companies have more than 3,300 employees, including approximately 1,600 financial advisors and financial planners working out of 160 locations in Canada and six international centres.

Midland Walwyn Capital Inc. is Canada's largest fully integrated independent investment dealer. The Company's focus is to enhance its competitiveness and market share by building upon three key areas: the individual investor business, capital markets and the asset management business. The principal services in these businesses range from the provision of equity and fixed income product, to full service investment banking capabilities. In addition, in recent years the Company has expanded its products and services to include the creation of its proprietary mutual fund business, Atlas Capital Group, as well as retirement and estate planning services, cash management and insurance products.

In order to reinforce and further strengthen its position, the Company's strategy is to continue to place emphasis on providing excellence of service and to solidify relationships based upon trust, quality of advice and results to meet client needs and expectations. The Company is continually engaged in efforts to further enhance the reliability, accessibility and efficiency of its client services. The Company has developed a comprehensive broker workstation which provides state-of-the-art access for brokers to research, client and market information. To enhance its client services, the Company continues to provide a Service Quality program for its employees. In addition, during 1996 the Company developed and implemented a new training program for its financial advisors. This program is widely considered to be among the best in the industry. The Company endeavours to continue to develop and excel in providing innovative financial products and services.

MWCI is authorized to carry on business as an investment dealer and/or broker under the securities legislation of all provinces and territories of Canada. Memberships are held in all Canadian stock exchanges, the Investment Dealers Association of Canada, Trans Canada Options Inc., The Options Clearing Corporation, The Winnipeg Commodity Exchange and The Toronto Futures Exchange. A subsidiary, Midland Walwyn Capital Corporation, is registered as a broker-dealer with the United States Securities and Exchange Commission. This subsidiary is an electronic access member of the New York Stock Exchange, Inc., a member of the National Association of Securities Dealers, Inc., the Securities Investor Protection Corporation, the Chicago Stock Exchange and an associate member of the American Stock Exchange, Inc.

The following table shows the consolidated distribution of revenues of the Company's major business activities, prepared on a combined basis for the fiscal years indicated:

	December 31 (Percentage)			
	1996	1995	1994	1993
Commissions - IID*	48	39	44	46
Commissions - Institutional	7	8	8	5
Principal transactions	15	22	20	23
Interest	10	16	12	8
Investment banking	14	9	10	13
Other	5	6	6	5
	100%	100%	100%	100%

* Individual Investor Division

The majority of the Company's revenues is derived from commissions earned as a broker or agent on the purchase or sale of stocks, bonds, mutual funds, options, commodities and other securities on behalf of its clients.

The Company has improved its market share ranking in each of its major business units since its formation in 1990. For example, by the end of 1996, total assets under administration, on a consolidated basis, stood at $34.6 billion. By contrast, in 1990, the Company had $5.9 billion of assets under administration.

As at December 31, 1996, the Company, together with its affiliates, had 3,325 employees. Of this total, 1,635 were full-time financial advisors and financial planners, working from 160 locations across Canada, and supported by 715 sales support and administrative personnel. The firm’s other activities, referred to in industry parlance as the “wholesale side of the business”, and which includes equity sales and trading, investment research, corporate finance, syndication, government finance, fixed income trading and capital markets, employed 340 individuals. Operations and administration employed another 575 individuals. In addition, 35 employees were employed by Atlas Asset Management Inc. In the Company’s storefront operations, there were 25 employees.

Individual Investor Business

The Company and its affiliates had approximately 600,000 active client accounts with approximately $34.6 billion in assets under administration as at December 31, 1996. Ongoing sales and training programs, research meetings and reports and strategic marketing are directed toward ensuring that financial advisors and planners continually expand and update their knowledge of available investment products. All branches are equipped with sophisticated communication and information systems and order execution equipment in order to facilitate the provision of information and advice and to expedite orders quickly, efficiently and accurately.

The following table shows the geographical distribution of the Company's offices and its financial advisors and planners, as at December 31, 1996:

	Offices	Registered Financial Advisors and Planners
British Columbia	26	179
Alberta	14	167
Saskatchewan	3	147
Manitoba	3	134
Ontario	87	767
Quebec	13	161
Nova Scotia	6	44
New Brunswick	4	17
Prince Edward Island	1	2
Northwest Territories	1	2
Newfoundland	2	15
Totals	**160**	**1,635**

The Company's financial advisers and planners are supported within the branches by specialized personnel who provide a full range of support services, while the Company's head office provides additional support in operations, marketing and research.

Equity Sales and Trading

The primary focus of the institutional equity sales and trading division is the selling, purchasing and trading of equity-related securities on behalf of institutional clients. The business has developed to be one of the most prominent among Canadian securities firms. Offices are located in Toronto, Montreal, Vancouver, Edmonton, London (U.K.), Boston, Geneva, New York, Chicago and Guernsey (Channel Islands), all of which work closely with the Company's research team to meet the needs of institutional investors in Canada and abroad.

The Company's market share of institutional commission revenues amongst Canadian dealers increased from 7.8% in 1995 to 8.4% for the year ended December 31, 1996.

The Company executes trades in large blocks of securities with institutional clients, generally involving blocks of listed and over-the-counter equities. These transactions are normally handled on an agency basis, but the Company may from time to time take long or short positions as principal. The risks associated with such transactions are minimized through hedging techniques where possible. According to studies conducted by The Toronto Stock Exchange, during 1996, the Company's market share of block trading increased 50% to 5.4% of the market as measured by dollar volume.

In equity trading and order execution, the firm has 15 registered traders on The Toronto Stock Exchange and 12 specialists on the Montreal Exchange. The firm's traders are represented on all Canadian stock exchanges. Together, they are responsible for ensuring that all client and Company orders are filled on a timely and efficient basis. Other departments also engage in trading activities in the Canadian and international over-the-counter markets, as well as in arbitrage trading. The Company utilizes its own capital for principal trading both for its own account as well as to improve liquidity and facilitate client transactions.

Research

The Company's research analysts provide individual investors and institutional clients with reports and opinions covering a broad array of sectors on economic outlook, specific industry sectors and companies to assist in the making of investment decisions. The department also has a special situations group which focuses on new or emerging companies in Canada.

In 1996, the firm's Research Department was ranked second in the Brendan Wood Survey based on overall research capabilities. The firm had 4 number one ranked analysts and a total of 23 ranked. This is in contrast to a 22nd place overall ranking in the 1990 Brendan Wood Survey.

As at April 1, 1997, the Research Department was staffed with 25 Senior Analysts and a total of 37 professionals providing coverage on over 250 stocks. In addition to the services mentioned above, the Research Department provides an increasingly sophisticated array of complementary services, including economic analysis, portfolio strategy, asset allocation, industry weightings, and quantitative and qualitative analyses of economic, currency and financial market trends and the development of derivative products.

Fixed Income

This group is comprised of 57 professionals involved in the following business activities:

- government finance
- institutional and retail bond trading and sales
- research and trading of high yield debt instruments
- money market and foreign exchange

- repo trading (securities repurchase and reverse repurchase agreements)
- fixed income research and analytics

The institutional bond desk, which is staffed by 19 trading and sales professionals, services a broad range of institutional clients. This operation conducts an active principal and agency trading business and promotes value-added trading and investment strategies to its clientele.

The retail fixed income operation, with a personnel complement of 21, services the Company's network of retail financial advisors and planners across Canada in all market segments, including structured debt products and customized client portfolios.

Prudent inventory and risk management is maintained through the use of hedging techniques and strategies which employ a variety of fixed income securities as well as derivative products.

Investment Banking

An important part of the firm's business strategy is to be a leading Canadian investment bank. To this end, during 1996, the firm added senior professionals in oil and gas and real estate, and it continues to be very well represented in mining and high technology. The firm continues to strengthen the Mergers and Acquisitions group, and in 1996, revenues increased 145% over the previous year. The Company continues to be a leading participant in equity underwritings with participation in 163 transactions in 1996. According to Toronto Stock Exchange studies, the Investment Banking division increased its percentage of total equity underwriting for 1996 to 8.5% of market share, from 5.6% in 1995.

Capital Markets

In 1996, the firm established a Capital Markets unit to work on a proactive basis to create and pursue transactionally driven capital markets opportunities. It actively pursues opportunities focusing on equity and debt new issue business for targetted accounts. In a short time, this team has made a positive impact, offering added value to our clients, strengthening existing relationships and creating new opportunities.

Other Services and Sources of Revenue

Asset Management

Midland Walwyn Capital Inc. offers a Private Asset Management Service (PAM), wherein individual client portfolios are managed on a discretionary basis in accordance with the individual client's particular investment objectives. The Company's proprietary mutual fund business is a major component of its asset management business and is more fully described under the heading "Atlas Capital Group" below.

Insurance

Midland Walwyn Financial Services Inc. and Midland Walwyn Insurance Services Ltd. are both insurance agencies selling annuities, Registered Retirement Savings Plans, Registered Retirement Income Funds and individual life insurance to existing clients. Regulatory changes in all provinces have allowed the dual licensing of securities dealers and insurance agents. As at April 21, 1997, over 550 of the Company's financial advisors and planners had such dual licenses.

Interest

The Company earns interest revenue from fixed income inventory positions, stock lending activities and client margin accounts. These activities are financed through its own capital, loans arranged with financial institutions and credit balances in clients' accounts.

Clients' security transactions are settled on either a cash or margin basis. In a margin transaction, the client pays less than the full cost of the purchase, with the Company lending the client the balance of the purchase price on a collateralized basis. These margin accounts are subject to various regulatory and internal requirements. The Company's internal requirements are generally more onerous than those imposed by the regulatory authorities in order to further reduce risk to the Company in the case of a decline in the value of a client's collateral.

Registered Retirement Savings Plans ("RRSP")

The RRSP continues to be an integral part of Canadian financial planning. As at December 31, 1996 the Company (including FCG) had over 212,000 RRSP accounts with assets under administration of approximately $13 billion.

Administration and Operations

This group is responsible for custody and delivery of securities, billing, credit control, receipts, record keeping, compliance with regulatory rules and general administration. Industry studies indicate that the firm’s administrative or “back office” operations, in terms of measures such as the dollar volume of unreconciled securities positions, are among the most efficient of its competitors.

ATLAS CAPITAL GROUP

The Company provides investment management services to clients for a fee based on the value of assets under management. Atlas is the manager of the Atlas Group of Funds. A total of 13 investment advisors provided portfolio management of approximately $1.3 billion in assets as at December 31, 1996.

The purpose of Atlas was to develop the Company's market position by offering its own proprietary group of mutual funds along with a broad selection of quality mutual funds. Since its creation, Atlas has established several distribution channels for its products.

The following table lists the different funds offered by Atlas, broken down into Canadian funds, U.S. funds and International Funds:

Canadian Funds

Name of Fund:	Manager:
Atlas Canadian T-Bill Fund	Salomon Brothers Asset Management Limited
Atlas Canadian Money Market Fund	Salomon Brothers Asset Management Limited
Atlas Canadian Balanced Fund	Jarislowsky Fraser & Company Limited
Atlas Canadian Bond Fund	Greydanus, Boeckh & Associates Ltd.

Atlas Canadian Large Cap Growth Fund	Bissett & Associates Investment Management Ltd.
Atlas Canadian Large Cap Value Fund	RT Capital Management Inc.
Atlas Canadian Small Cap Value Fund	RT Capital Management Inc.
Atlas Canadian Emerging Growth Fund	Deans Knight Capital Management Ltd.
Atlas Canadian High Yield Bond Fund	Deans Knight Capital Management Ltd.
Atlas Canadian Small Cap Growth Fund	Bissett & Associates Investment Management Ltd.
Atlas Canadian Dividend Growth Fund	Bissett & Associates Investment Management Ltd.

U.S. Funds

Name of Fund:	Manager:
Atlas American Money Market Fund	Salomon Brothers Asset Management Inc.
Atlas American Advantage Value Fund	OpCap Advisors Inc.
Atlas American Large Cap Growth Fund	Jarislowsky Fraser & Company Limited
Atlas American RSP Index Fund	Newcastle Capital Management Inc.

International Funds

Name of Fund:	Manager:
Atlas World Bond Fund	Salomon Brothers Asset Management Limited
Atlas Global Value Fund	IAI International Limited
Atlas European Value Fund	Pictet International Management Limited
Atlas Pacific Basin Value Fund	Marvin & Palmer Associates, Inc.
Atlas Latin American Value Fund	Bankers Trust Company
Atlas International RSP Index Fund	Newcastle Capital Management Inc.
Atlas International Large Cap Growth Fund	Marvin & Palmer Associates, Inc.
Atlas International Emerging Markets Growth Fund	Marvin & Palmer Associates, Inc.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

YEARS ENDED	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993	December 31, 1992
(in millions of dollars except per share amount)					
Revenues	$723.35	$519.25	$473.25	$495.99	$332.07
Earnings before provision for income taxes	88.62	33.00	32.95	63.04	27.52
Net earnings	49.45	18.66	29.08	63.04	27.52
Earnings per share	1.44	0.56	0.88	2.01	0.88
Fully diluted earnings per share	1.33	0.54	0.83	1.86	0.82
Total assets	5,796.30	3,531.25	3,087.91	1,885.90	1,035.70

YEARS ENDED	December 31, 1996	December 31, 1995	December 31, 1994	December 31, 1993	December 31, 1992
Shareholders' Equity	290.20	242.02	225.27	196.39	119.19
Capital in the business	395.50	286.62	269.87	241.00	162.79
Dividend per share	0.12	0.12	0.12	NIL	NIL

SUMMARY CONSOLIDATED QUARTERLY EARNINGS

	1996			1995		
	GROSS REVENUE	NET EARNINGS	NET EARNINGS PER SHARE	GROSS REVENUE	NET EARNINGS	NET EARNINGS PER SHARE
	(IN MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS)					
FIRST QUARTER	$177.16	$11.30	$0.33	$118.21	$ 1.48	$0.04
SECOND QUARTER	174.56	10.45	0.31	129.05	5.21	0.16
THIRD QUARTER	149.91	6.86	0.20	129.29	5.32	0.16
FOURTH QUARTER	221.72	20.03	0.60	142.72	6.65	0.20

MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis" which is included on pages 34 to 44 of the Company's Annual Report for the year ended December 31, 1996 is incorporated herein by reference.

DIVIDEND POLICY

From June 1, 1990, the date of the amalgamation between Midland Doherty and Walwyn, to February 4, 1994, the Company paid no dividends. On February 4, 1994, the Company declared a quarterly dividend of $0.03 per ordinary share. It has continued to do so for each quarter thereafter. In February, 1997, the Company increased the quarterly dividend to $0.04 per ordinary share. All future dividend payments will continue to be subject to the discretion of the board of directors.

DIRECTORS AND OFFICERS

The following table sets forth, as at March 21, 1997, the names, municipalities of residence, positions held with the Company and principal occupations of the directors and officers of Midland Walwyn Inc.:

Name and Principal Occupation	Positions Held in Company	Date Became a Director	Ordinary Shares Owned or over which Control is exercised as of March 21, 1997
ROY F. BENNETT ** *Etobicoke, Ontario* Chairman, Bennecon Limited	Chairman and Director	May, 1991	15,000 (1)
ROBERT B. SCHULTZ *Toronto, Ontario* Chairman and Chief Executive Officer, Midland Walwyn Capital Inc.	Chief Executive Officer, President and Director	February, 1989	887,589(1)
JAMES C. BAILLIE **† *Toronto, Ontario* Partner, Tory, Tory DesLauriers & Binnington	Director	May, 1991	8,478 (2)
ALEXANDER CHRIST *Claremont, Ontario* President and Chief Executive Officer Mackenzie Financial Corporation	Director	June, 1990	280,000
JOHN W. CROW * *Toronto, Ontario* President, J&R Crow Inc.	Director	October, 1995	7,478 (2)

JAMES L. HUNTER * *Islington, Ontario* Executive Vice President and Chief Operating Officer, Mackenzie Financial Corporation	Director	December, 1992	1,100
F. WARREN HURST * *Gananoque, Ontario* Corporate Director	Director	June, 1990	2,000
DAVID A. LEWIS **† *Toronto, Ontario* Corporate Director	Director	June, 1990	2,978 (2)
JAMES F. O'DONNELL **† *Willowdale, Ontario* President O'Donnell Investment Management Inc.	Director	June, 1990	40,476 (2)
WILLIAM D. PACKHAM *Thornhill, Ontario* President and Chief Operating Officer, Midland Walwyn Capital Inc.	Executive Vice-President and Director	April, 1992	699,993(1)
JOHN A. RHIND * ** *Toronto, Ontario* Corporate Director	Director	June, 1990	11,428
GUY SAVARD *Montreal, Quebec* Vice Chairman, Midland Walwyn Capital Inc.	Director	April, 1995	209,439(1)
WILLIAM R.J. FULTON *Toronto, Ontario* Executive Vice President and Chief Financial Officer, Midland Walwyn Capital Inc.	Chief Financial Officer		251,323(1)
SUSAN J. HAN *Toronto, Ontario* Senior Vice President and Secretary, Midland Walwyn Capital Inc.	Secretary		10,675(1)

MARGARET A. BARKER *Toronto, Ontario* Vice President and Assistant Secretary, Midland Walwyn Capital Inc.	Assistant Secretary	5,399[(1)]

Notes:

* member of Audit Committee
† member of Human Resources Committee
** member of Corporate Governance and Nominating Committee

(1) Beneficial ownership shown for these individuals includes options to acquire ordinary shares of the Company and also includes shares beneficially held pursuant to the Executive Stock Bonus Plan (now the Deferred Stock Bonus Plan). See "Executive Compensation - Report on Executive Compensation - Long Term Compensation Awards" and "Summary Compensation Table" in the Company's Management Information Circular, dated March 21, 1997, for more details.

(2) Beneficial ownership shown for Messrs. Baillie, Crow, Lewis and O'Donnell includes shares beneficially held pursuant to the Company's Deferred Stock Bonus Plan.

Three Directors of the Company, Mr. Robert B. Schultz, Mr. William D. Packham and Mr. Guy Savard are also senior executive officers of MWCI and are members of MWCI's Executive Committee.

As at December 31, 1996, the Directors and Officers of the Company, including employees, beneficially owned directly or indirectly, or exercised control or direction of, approximately 18% of the Company's voting securities.

STOCK EXCHANGE LISTINGS

The Company's ordinary shares are listed on The Toronto Stock Exchange and the Montreal Exchange.

ADDITIONAL INFORMATION

The Company shall provide to any person, upon request to the Secretary of the Company:

(a) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a when preliminary short form prospectus has been filed in respect of a distribution of its securities,

(i) a copy of the Annual Information Form ("AIF") of the Company, together with a copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,

(ii) a copy of the comparative financial statements of the Company for 1996 financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for 1996,

(iii) a copy of the Management Information Circular of the Company prepared for the 1997 Annual and Special Meeting of Shareholders, and,

(iv) a copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above ; or

(b) at any other time, a copy of any other documents referred to in (a)(i),(ii) and (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Copies of these documents may be obtained upon request from the Secretary at 22 Front Street West, Suite 900, Toronto, Ontario, M5J 2W5.