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SHORT FORM PROSPECTUS DATED OCTOBER 28, 2003

New Issue



**Canadian General Investments,
Limited**

**\$75,000,000
(3,000,000 shares)**

4.65% Cumulative Redeemable Class A Preference Shares, Series 2

The 4.65% Cumulative Redeemable Class A Preference Shares, Series 2 (the "Series 2 Shares") will be entitled to fixed cumulative preferential cash dividends at a rate equal to \$1.1625 per share per annum, as and when declared by the Board of Directors of Canadian General Investments, Limited ("CGI" or the "Corporation"), which will accrue from the date of issue and will be payable quarterly on the 15th day of March, June, September and December in each year, with the initial dividend, if declared, payable on December 15, 2003 in the amount of \$0.13058, based upon an anticipated issue date of November 4, 2003. Thereafter, dividends will be payable quarterly at a rate of \$0.290625 per share. Certain provisions relating to the Series 2 Shares are summarized under "Details of the Offering".

On and after March 15, 2009, the Corporation may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 2 Shares in whole or in part, at the Corporation's option, at a price per share equal to: \$26.00 if redeemed on or after March 15, 2009, but before March 15, 2010; \$25.75 if redeemed on or after March 15, 2010, but before March 15, 2011; \$25.50 if redeemed on or after March 15, 2011, but before March 15, 2012; \$25.25 if redeemed on or after March 15, 2012, but before March 15, 2013; and \$25.00 thereafter, together, in each case, with all accrued and unpaid dividends to the date fixed for redemption. On or after March 15, 2014, the Series 2 Shares will be redeemable for cash, at the option of the holder, for \$25.00 per share, together with any accrued and unpaid dividends to but excluding the date of redemption by deposit by the holder of the Series 2 Shares to be redeemed not less than 30 days before redemption. See "Details of the Offering".

TD Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc. (collectively, the "Underwriters") have agreed to purchase the Series 2 Shares from the Corporation subject to the terms and conditions set forth in the Underwriting Agreement referred to under "Plan of Distribution" (the "Underwriting Agreement"). The price at which the Series 2 Shares are being offered hereunder was determined by negotiation between the Corporation and the Underwriters. Subject to applicable laws and in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2 Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Series 2 Shares will be eligible for investment under certain statutes as set out under "Eligibility for Investment".

Price: \$25.00 per share to yield 4.65%

	Price to Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Corporation ⁽¹⁾⁽²⁾
Per Series 2 Share	\$25.00	\$0.75	\$24.25
Total	\$75,000,000	\$2,250,000	\$72,750,000

- (1) The Underwriters' fee is \$0.25 for each Series 2 Share sold to certain institutions and \$0.75 for all other Series 2 Shares sold. The Underwriters' fee set forth in the table assumes that no Series 2 Shares are sold to such institutions.
- (2) Before deduction of the expenses of this offering, estimated at \$300,000, which together with the Underwriters' fee, will be paid from the general funds of the Corporation.

The Underwriters, as principals, conditionally offer the Series 2 Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by them in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. See "Plan of Distribution".

Investing in the Series 2 Shares involves risks which potential investors should carefully consider. See "Risk Factors".

The Toronto Stock Exchange has conditionally approved the listing of the Series 2 Shares. Listing is subject to the Corporation fulfilling all the listing requirements of such Exchange on or prior to January 19, 2004.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Series 2 Shares distributed hereunder will be issued in registered form only to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing of this offering.

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ELIGIBILITY FOR INVESTMENT

Subject to compliance with the prudent investment standards and general investment provisions and restrictions of the following statutes (and, where applicable, the regulations thereunder) and, in certain cases, subject to the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals and, in certain circumstances, the filing of such policies, standards, procedures or goals, the Series 2 Shares offered hereby, if issued on the date hereof, would not be precluded as investments under the following statutes:

Insurance Companies Act (Canada)
Loan and Trust Corporations Act (Ontario)
Trust and Loan Companies Act (Canada)
Pension Benefits Act (Ontario)
Pension Benefits Standards Act, 1985 (Canada)

The Pension Benefits Act (Manitoba)
Employment Pension Plans Act (Alberta)
Insurance Act (Alberta)
Loan and Trust Corporations Act (Alberta)
Financial Institutions Act (British Columbia)

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Series 2 Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, and, based in part on a certificate of an officer of the Corporation, would not be foreign property for purposes of Part XI of the Tax Act.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation filed with the securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the Initial Annual Information Form dated October 20, 2003, including documents incorporated by reference therein;
- (b) the unaudited interim comparative financial statements as at and for the three-month and nine-month periods ended September 30, 2003 and 2002, together with the interim Management's Discussion and Analysis attached thereto;
- (c) the audited comparative financial statements as at and for the years ended December 31, 2002 and 2001 and the report of the auditors thereon, together with Management's Discussion and Analysis as at and for the years ended December 31, 2002 and 2001; and
- (d) the Management Information Circular dated February 5, 2003.

All documents of the type referred to above, including all annual information forms, financial statements, material change reports (other than confidential material change reports) and information circulars, filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents so incorporated by reference may be obtained on request without charge from the Corporate Secretary of Canadian General Investments, Limited, 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4 (Telephone: 416-366-2931).

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

CANADIAN GENERAL INVESTMENTS, LIMITED

General

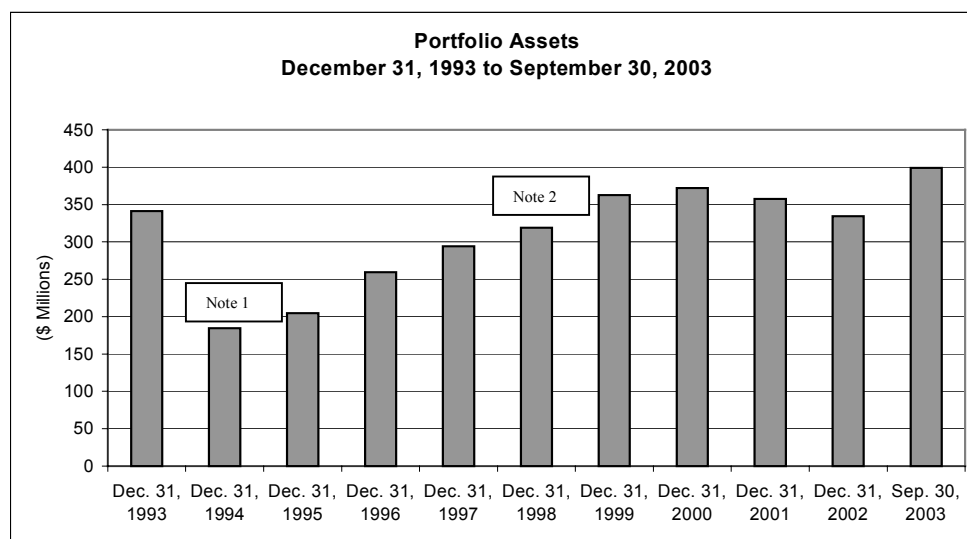
Established under the laws of Ontario in January 1930, the Corporation is one of the oldest closed-end investment companies in North America. CGI's investment objective is to seek long-term growth and income from investment in Canada through diversified holdings, with minor or no exposure to non-quoted securities, and to outperform the market without incurring high risk. Income is derived mainly from dividends on shares, from interest on debentures, term deposits and cash balances, and from unit trust distributions. At September 30, 2003, the sector weightings of the investment portfolio were as follows: financials (20.5%), materials (15.7%), consumer discretionary (13.2%), energy (12.8%), consumer staples (8.5%), telecommunication services (6.2%), utilities (6.1%), industrials (5.8%), health care (4.0%) and other sectors (7.2%).

The long-term success of the Corporation can be illustrated by the compound average annual net asset value returns attributable to common shareholders of CGI (as measured by diluted net asset value appreciation attributable to CGI's common shares with dividends reinvested) compared to the increase in growth of the S&P/TSX Composite Total Return Index (previously the TSE 300 Composite Total Return Index) for the comparable periods as set out below.

	<u>CGI</u>	<u>S&P/TSX Composite Total Return Index</u>
5 years ended September 30, 2003	9.6%	7.4%
10 years ended September 30, 2003	9.5%	8.4%
15 years ended September 30, 2003	8.9%	8.1%

The common shares and common share purchase warrants of the Corporation are listed on the Toronto Stock Exchange (symbols: CGI, CGI.WT, respectively) and the London Stock Exchange (symbols: CGIq.L, CGIwsq.L, respectively). The 5.40% cumulative redeemable Class A preference shares, Series 1 of the Corporation (the "Class A Preference Shares, Series 1") are listed on the Toronto Stock Exchange (symbol: CGI.PR.A). The head office of the Corporation is located at 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4. The Corporation has no subsidiaries.

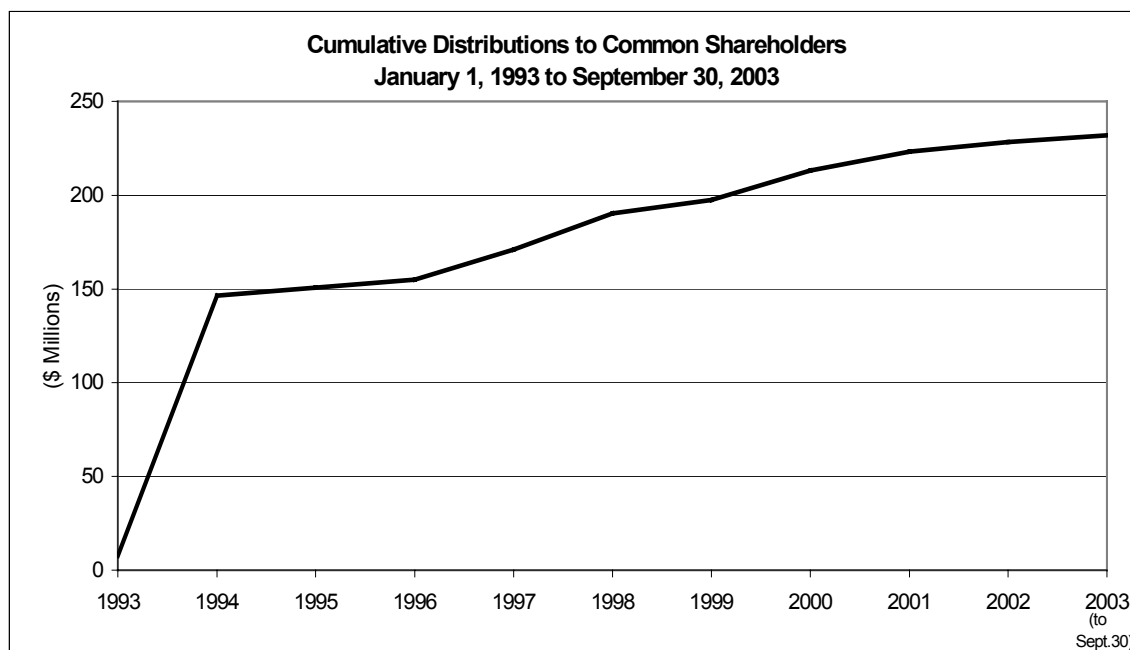
The following chart illustrates the value of CGI's portfolio assets (comprised of investments, cash, accrued interest and dividends and receivables on securities sold less payables on securities purchased) from December 31, 1993 to September 30, 2003.



Notes:

- 1) The decrease in portfolio assets in 1994 reflects the cash payment to certain shareholders of CGI of \$119,097,000 as a result of a partial substantial issuer bid to shareholders pursuant to which CGI acquired 2,802,288 common shares (the "1994 Issuer Bid"), as well as a dividend in kind to all shareholders of 2,999,783 common shares of Canadian World Fund Limited valued at \$15,000,000 (including cash fractions).
- 2) An additional payment of \$8,890,000 was made to certain shareholders in February 1998 pursuant to the 1994 Issuer Bid. In October 1998, the Corporation completed a public offering of 2,400,000 Class A Preference Shares, Series 1, resulting in net proceeds to CGI of \$58,339,000.

The above chart understates the growth in CGI's portfolio assets over the period, as it does not include distributions (including dividends) that have been paid to CGI's common shareholders. Cumulative distributions to CGI's common shareholders over the corresponding period are shown below:

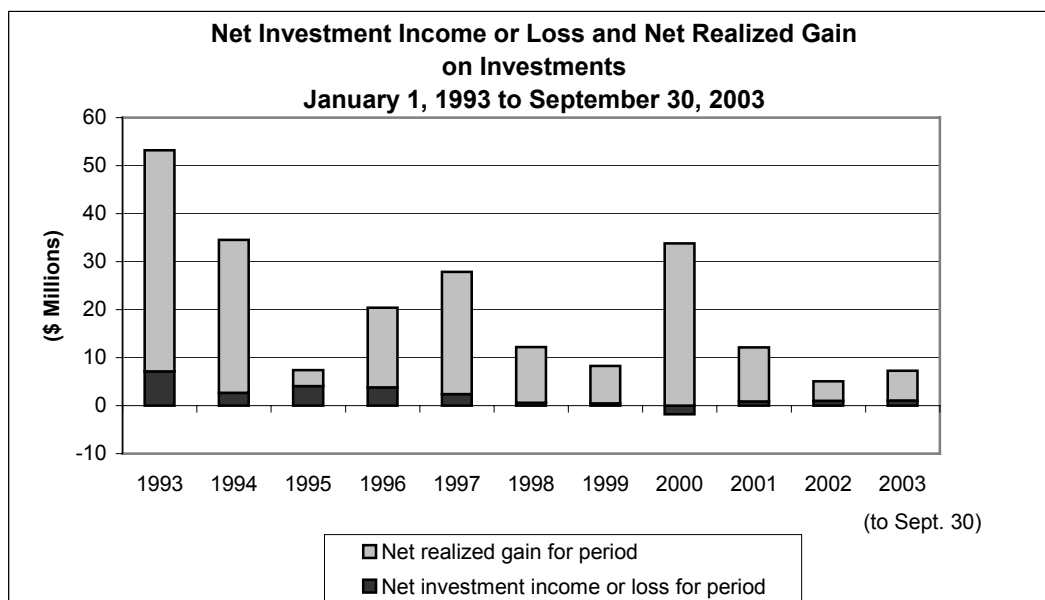


Notes:

- 1) Cash dividend payments to common shareholders of CGI were as follows: 1993 - \$7,750,000; 1994 - \$4,619,000; 1995 - \$4,284,000; 1996 - \$4,285,000; 1997 - \$15,939,000; 1998 - \$10,562,000; 1999 - \$7,099,000; 2000 - \$15,815,000; 2001 - \$10,032,000; 2002 - \$4,914,000; 2003 (to Sept. 30) - \$3,687,000.
- 2) The increase in distributions to shareholders of CGI in 1994 reflects the cash payment to certain shareholders of \$119,097,000 as a result of the 1994 Issuer Bid, as well as a dividend in kind to all shareholders of 2,999,783 common shares of Canadian World Fund Limited valued at \$15,000,000 (including cash fractions).
- 3) An additional payment of \$8,890,000 was made to certain shareholders in February 1998 pursuant to the 1994 Issuer Bid.

CGI has a dividend reinvestment and share purchase plan which provides common shareholders with an efficient method of acquiring additional common shares. As well as reinvesting dividends, shareholders may purchase additional common shares for cash (minimum \$100 - maximum \$5,000) in each of CGI's fiscal quarters. Common shares are purchased for the plan in the open market during the 30 days prior to each regular common share dividend payment date. Plan participants pay the average cost of the purchase of such shares and administrative charges are paid by the Corporation.

The following chart illustrates the Corporation's net investment income or loss and net realized gain during the periods indicated:



Note:

- 1) Realized gains in 1993 and 1994 take into account the disposition of investments to fund the cash payment of \$119,097,000 in respect of the 1994 Issuer Bid.

Investment Corporation Status

The Corporation currently manages its investments so as to qualify as an “investment corporation” for purposes of the Tax Act. The primary benefits of such status may be summarized as follows:

- (a) the Corporation is entitled to obtain a refund of any tax paid by it on its realized capital gains by distributing its capital gains to shareholders by way of dividend. The Corporation must file an election with Canada Customs and Revenue Agency (“CCRA”) with respect to the dividend. The dividend is then regarded as a “capital gains dividend”. A capital gains dividend is treated as a capital gain in the hands of the shareholder. The effect of this mechanism is to treat the shareholders as if they had directly realized the capital gain realized by the investment corporation. In effect, therefore, there is no corporate level tax on the capital gains realized by the Corporation;
- (b) the Corporation is entitled to a tax credit of 20% of the Corporation’s income other than taxable capital gains. This reduces the combined federal and provincial tax rate on the Corporation’s other income from approximately 37% to approximately 21%; and
- (c) generally, the Corporation is entitled to relief from tax under Part VI.1 of the Tax Act in respect of dividends paid by the Corporation on taxable preferred shares, other than dividends paid to a “controlling corporation” or to a “specified person” in relation to such “controlling corporation” under the Tax Act.

There may also be, however, certain limiting aspects of maintaining such status, including that not more than 25% of the Corporation's gross revenues may be represented by interest income and that at least 85% of the Corporation's gross revenues must be derived from Canadian sources.

CGI regularly reviews the benefits and limitations of continuing to maintain such "investment corporation" status.

USE OF PROCEEDS

The net proceeds from the sale of the Series 2 Shares offered hereunder will amount to approximately \$72,450,000 after deducting the Underwriters' fee and estimated expenses of the offering. Such fee and expenses will be paid out of the general funds of the Corporation. The net proceeds of this offering will be used to augment the investment portfolio of the Corporation through the purchase of additional securities.

DETAILS OF THE OFFERING

The authorized capital of the Corporation consists of an unlimited number of Class A Preference Shares, issuable in series, and an unlimited number of common shares.

The Class A Preference Shares of the Corporation may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Corporation may designate. As of the date hereof, the Class A Preference Shares, Series 1 is the only series of Class A Preference Shares outstanding. The following is a summary of certain provisions of the Class A Preference Shares as a class and of the Series 2 Shares.

Certain Provisions of the Class A Preference Shares as a Class

Issuable in Series

The Board of Directors may, without further approval of the shareholders, issue the Class A Preference Shares at any time and from time to time in one or more series and shall at such time determine the number of shares of such series and the attributes thereof, including, without limitation, dividend rights, redemption and retraction rights, voting rights, conversion or exchange rights or other provisions attaching thereto. Each series of Class A Preference Shares must be evidenced by Articles of Amendment in prescribed form.

Ranking

The Class A Preference Shares shall be entitled to priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

Restriction on Dividends and Purchase for Cancellation

No dividends shall be declared or paid on the common shares nor shall any common shares be purchased for cancellation unless all dividends are current on all series of Class A Preference Shares.

Voting Rights

Except in the case of the creation of shares ranking prior to or on a parity with the Class A Preference Shares or as otherwise provided in the case of a particular series or provided by law, the holders of the Class A Preference Shares shall not be entitled to receive notice of, or to vote at, any meeting of shareholders of the Corporation.

Certain Provisions of the Series 2 Shares

Dividends

The holders of the Series 2 Shares will be entitled to receive quarterly cumulative preferential cash dividends on the 15th day of March, June, September and December in each year at a rate equal to \$0.290625 per share. The initial dividend, if declared, will be payable on December 15, 2003 and will be \$0.13058 per share, assuming an issue date of November 4, 2003.

Redemption by the Corporation

Prior to March 15, 2009, the Corporation may not redeem any Series 2 Shares. Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 2 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, on and after March 15, 2009, the Corporation may on not less than 30 nor more than 60 days’ notice, redeem for cash the Series 2 Shares in whole or in part, at the Corporation’s option, at a price per share equal to: \$26.00 if redeemed on or after March 15, 2009, but before March 15, 2010; \$25.75 if redeemed on or after March 15, 2010, but before March 15, 2011; \$25.50 if redeemed on or after March 15, 2011, but before March 15, 2012; \$25.25 if redeemed on or after March 15, 2012, but before March 15, 2013; and \$25.00 thereafter, together, in each case, with all accrued and unpaid dividends to but excluding the date fixed for redemption.

If less than all outstanding Series 2 Shares are at any time to be redeemed, the shares to be redeemed will be selected pro rata (disregarding fractions) or in such other manner as the Corporation may determine, but in no event will there be a partial redemption by lot.

Retraction by the Holder

Prior to March 15, 2014, a holder of Series 2 Shares may not require the Corporation to redeem any Series 2 Shares. Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 2 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, a holder of Series 2 Shares may require the Corporation to redeem such shares (by deposit by the holder of the Series 2 Shares to be redeemed not less than 30 days before redemption) on or after March 15, 2014 for a cash price of \$25.00, together with any accrued and unpaid dividends to but excluding the date of redemption. The Corporation will provide not less than 60 days’ notice of the retraction privilege.

Purchase for Cancellation

Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 2 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, the Corporation may at any time or times purchase for cancellation all or any part of the Series 2 Shares on the open market, by private agreement or otherwise at the lowest price or prices at which in the opinion of the Board of Directors of the Corporation such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 2 Shares are outstanding, the Corporation shall not, without the approval of the holders of the outstanding Series 2 Shares given as described under “Modification of Series”:

- (i) declare or pay any dividend on the common shares or any other shares of the Corporation ranking junior to the Series 2 Shares;
- (ii) redeem, purchase for cancellation or otherwise retire any common shares or other shares ranking junior to the Series 2 Shares;
- (iii) except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption privilege attaching thereto, redeem, purchase for cancellation or otherwise retire any shares ranking *pari passu* with the Series 2 Shares;
- (iv) except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption privilege attaching thereto or out of the net cash proceeds of an issue of shares ranking junior to the Series 2 Shares, redeem, purchase for cancellation or otherwise retire any shares ranking in priority to the Series 2 Shares; or
- (v) purchase or otherwise retire less than all of the Series 2 Shares then outstanding;

unless, in each case, all cumulative dividends then accrued and unpaid up to and including the immediately preceding dividend payment date in respect of the Series 2 Shares and all other shares ranking prior to or *pari passu* with the Series 2 Shares shall have been declared and paid or monies set aside for payment.

Other Restrictions

So long as any of the Series 2 Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series 2 Shares given as described under “Modification of Series”: (i) incur any Obligations (as defined below) ranking *pari passu* with or senior to the Series 2 Shares; or (ii) declare, make or pay any Distribution (as defined below) to holders of securities ranking junior to the Series 2 Shares, unless, after giving effect thereto, the ratio of Assets (as defined below) to Obligations (as defined below) exceeds 2.5 times.

For the purposes of the foregoing:

“Obligations” means all indebtedness for borrowed money (other than short term borrowings for settlement purposes, not to exceed \$10 million and for periods not to exceed five trading days) and all amounts payable on the redemption of any share capital of the Corporation which by the terms thereof is capable of being required to be redeemed, purchased or retired by the Corporation at the request of the holder thereof;

“Distribution” means (i) any dividend (other than in shares of the Corporation’s capital stock which rank junior to the Series 2 Shares) on, or any other distribution to the Corporation’s shareholders in respect of a class or series of shares; (ii) any purchase, redemption, retirement, or other acquisition of a class or series of shares of the Corporation’s capital stock or of warrants, rights or options to purchase or acquire a class or series of shares of the Corporation’s capital stock, whether directly or indirectly; and (iii) any other cash distribution, either directly or indirectly, in respect of the Corporation’s capital stock; and

“Assets” means (i) investments, cash, receivables on securities sold, accrued interest and dividends, less (ii) payables on securities purchased, accounts payable and accrued liabilities.

Voting Rights

The holders of the Series 2 Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of the Corporation unless and until the Corporation shall have failed to declare and pay the whole amount of eight quarterly dividends on the Series 2 Shares. In that event, until such time as the Corporation pays the whole amount of such quarterly dividends on the Series 2 Shares, the holders of such shares will be entitled to receive notice of and to attend meetings of the shareholders of the Corporation at which directors are to be elected and will be entitled to vote for the election of two directors to be elected in conjunction with the holders of any other series of Class A Preference Shares which may have a similar right. On any such vote, holders of Series 2 Shares will be entitled to one vote per share, provided that if the shares of any other series of Class A Preference Shares have a retraction, redemption or issue price of less than \$25.00 per share, the number of votes per Series 2 Share will be adjusted pro rata.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series 2 Shares, the holders of the Series 2 Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series 2 Share, together with all accrued and unpaid dividends up to and including the date of distribution before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of common shares or of shares of any other class of the Corporation ranking junior to the Series 2 Shares. After payment to the holders of the Series 2 Shares of the amount so payable to them, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

Modification of Series

Approval of variations to the provisions of the Series 2 Shares as a series and any other authorization required to be given by the holders of such shares may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a meeting of the holders of Series 2 Shares duly called for such purpose and held upon at least 21 days' notice at which the holders of at least 25% of the outstanding shares of such series are present in person or represented by duly qualified proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 2 Shares then present in person or represented by proxy will form the necessary quorum. On any vote held in respect of such a resolution, holders of Series 2 Shares will be entitled to one vote per share.

Tax Election

The terms of the Series 2 Shares will require the Corporation to make an election under subsection 191.2(1) of the Tax Act by filing the applicable prescribed form with CCRA.

EARNINGS COVERAGE RATIOS

The Corporation's dividend requirements on all its preferred shares, after giving effect to the issue of the Series 2 Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 21%, amounted to \$6,727,500 for both the 12 months ended December 31, 2002 and for the 12 months ended September 30, 2003. Given that growth is one of the primary investment objectives of the Corporation, the Corporation is of the view that the total of the Corporation's net investment income and

realized gain on investments provides the best indication of the Corporation's ability to pay the dividends on the Series 2 Shares. As at September 30, 2003 the Corporation also had approximately \$79,261,000 in unrealized gains which may be available for this purpose if required.

The total of the Corporation's net investment income and realized gain on investments before dividends on preference shares, amortization of deferred financing charge and income taxes for the 12 months ended December 31, 2002 was \$8,320,000, which is 1.24 times the aggregate dividend requirements for this period. The total of the Corporation's net investment income and realized gain on investments before dividends on preference shares, amortization of deferred financing charge and income taxes for the 12 months ended September 30, 2003 was \$7,790,000, which is 1.16 times the aggregate dividend requirements for this period.

Excluding realized gain on investments, the net investment income before dividends on preference shares, amortization of deferred financing charge and income taxes for the 12 months ended December 31, 2002 was \$3,316,000, which is approximately \$3,412,000 below that required to have one-to-one coverage. Excluding realized gain on investments, the net investment income before dividends on preference shares, amortization of deferred financing charge and income taxes for the 12 months ended September 30, 2003 was \$4,376,000, which is approximately \$2,352,000 below that required to have one-to-one coverage.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Series 2 Shares pursuant to this short form prospectus (a "Holder") who, for purposes of the Tax Act, is, or is deemed to be, resident in Canada, deals at arm's length with and is not affiliated with the Corporation, holds such Series 2 Shares as capital property, and is not a "financial institution" as defined by Section 142.2 of the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance prior to the date hereof, and counsel's understanding of the administrative policies and assessing practices of CCRA publicly available prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of CCRA, whether by legislative, governmental or judicial action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations. No assurance can be given that the proposed amendments will be enacted in the form proposed, or at all.

Dividends

Dividends (other than capital gains dividends) ("Ordinary Dividends") received or deemed to be received on the Series 2 Shares by an individual will be included in the individual's income and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Ordinary Dividends received or deemed to be received on Series 2 Shares by a corporation other than a "specified financial institution", as defined in the Tax Act, will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income.

An Ordinary Dividend received or deemed to be received on a Series 2 Share by a corporation that is a specified financial institution will be included in computing the institution's income. The institution will generally be entitled to deduct the amount of the dividend (or deemed dividend) in computing the amount of its taxable income if, but only if, either: (i) the institution did not acquire such share in the ordinary course of the business carried on by it, or (ii) at the time the dividend is received (or deemed to be received) the Series 2 Share is not a term preferred share within the meaning of the Tax Act. A Series 2 Share will not be a term preferred share with respect to a specified financial institution that receives (or is deemed to receive) a dividend on a Series 2 Share if at the time the dividend is received (or deemed to be received) the share is listed on a prescribed stock exchange in Canada (which currently includes the Toronto Stock Exchange) and the institution, either alone or together with persons with whom it does not deal at arm's length, does not receive (and is not deemed to receive) in the aggregate dividends in respect of more than 10% of the Series 2 Shares outstanding at that time.

For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner's share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

The Series 2 Shares are "taxable preferred shares" as defined in the Tax Act. The terms of the Series 2 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that holders will not be subject to tax under Part IV.1 of the Tax Act on Ordinary Dividends received (or deemed to be received) on the Series 2 Shares. The Corporation has advised counsel that it will be eligible to make such election at closing, and that, in accordance with the terms of the Underwriting Agreement, it will make such election on the date of the closing.

A "private corporation", as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on Ordinary Dividends received (or deemed to be received) on the Series 2 Shares to the extent such dividends are deductible in computing its taxable income.

Counsel understands that the Corporation does not currently intend to pay capital gains dividends on the Series 2 Shares, and accordingly the tax considerations related to the receipt of capital gains dividends are not discussed herein.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 2 Shares (including on a redemption retraction, purchase for cancellation, or otherwise) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of Series 2 Shares will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain or loss arising on disposition of such Series 2 Shares. If the Holder is a corporation, any capital loss arising on a disposition of a Series 2 Share may in certain circumstances be reduced by the amount of any Ordinary Dividends, including deemed dividends which are Ordinary Dividends, which have been received on the Series 2 Share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. One-half of a capital gain (a taxable capital gain) is included in income and one-half of a capital loss may be deducted against taxable capital gains in accordance with the rules in the Tax Act.

A Holder realizing net capital gains may be subject to an alternative minimum tax under the Tax Act.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax of 6 2/3% on its “aggregate investment income” for a year, which is defined to include taxable capital gains.

Redemption

If the Corporation redeems Series 2 Shares, or otherwise acquires or cancels Series 2 Shares (other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market) the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital of such shares at such time as computed for purposes of the Tax Act. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “Underwriting Agreement”) dated October 20, 2003 between the Corporation and TD Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc. and CIBC World Markets Inc. as underwriters (collectively, the “Underwriters”), the Corporation has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on November 4, 2003 or such other date not later than December 4, 2003 as may be agreed upon by the parties (the “Closing Date”), all but not less than all of the Series 2 Shares offered hereby at an aggregate price of \$75,000,000, payable to the Corporation. The price at which the Series 2 Shares are being offered hereunder was determined by negotiation between the Corporation and the Underwriters.

In consideration for their services in connection with this offering, the Corporation has agreed to pay the Underwriters a fee equal to \$0.25 per Series 2 Share sold to certain institutions and \$0.75 per share with respect to all other sales of Series 2 Shares. Assuming that no Series 2 Shares are sold to such institutions, the Underwriters’ fee will be \$2,250,000. All fees payable to the Underwriters will be paid on account of services rendered in connection with the issue and will be paid out of the general funds of the Corporation.

This short form prospectus qualifies the distribution of the Series 2 Shares offered hereunder in each of the provinces of Canada, except the Province of Quebec.

The obligations of the Underwriters to purchase the Series 2 Shares are several and not joint, and the Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder on the basis of their reasonable assessment of the state of the financial markets and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series 2 Shares if any Series 2 Shares are purchased under the Underwriting Agreement.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Series 2 Shares. The foregoing restriction is subject to certain exceptions, including (i) a bid or purchase permitted under the by-laws and rules of the Toronto Stock Exchange relating to market stabilization and passive market-making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. In connection with this offering, the

Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 2 Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed that it will not, without the prior consent of the Underwriters, which consent is not to be unreasonably withheld or delayed, issue, agree to issue or announce an intention to issue any additional Class A Preference Shares or any securities convertible into or exchangeable for shares of the Corporation until January 14, 2004.

The Series 2 Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The offering and sale of the Series 2 Shares are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series 2 Shares in any such jurisdiction except in accordance with the laws thereof.

The Toronto Stock Exchange has conditionally approved the listing of the Series 2 Shares. Listing is subject to the Corporation fulfilling all the listing requirements of such Exchange on or prior to January 19, 2004.

RATINGS

The Series 2 Shares are provisionally rated Pfd-1 by Dominion Bond Rating Service Limited (“DBRS”). This rating is the highest of the five standard categories used by DBRS for preferred shares. Designations of ratings as Pfd-1 (high), Pfd-1 and Pfd-1 (low) indicate an issuer’s relative strength within a rating category.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

EXPERTS

Certain legal matters in connection with this offering will be passed upon by Blake, Cassels & Graydon LLP for the Corporation and by Fasken Martineau DuMoulin LLP for the Underwriters. As of October 17, 2003, the partners and associates of Blake, Cassels & Graydon LLP as a group and the partners and associates of Fasken Martineau DuMoulin LLP as a group, beneficially owned, directly or indirectly, less than one percent of any class of securities of the Corporation.

RISK FACTORS

Investors should consider the following investment considerations before making a decision to purchase Series 2 Shares, as well as the other information in this short form prospectus and the documents incorporated by reference herein.

Performance of Issuers

The value of the Corporation’s shares, including the Series 2 Shares, will vary according to the value of the securities in which the Corporation invests, which will depend, in part, upon the performance of the issuers of such securities. The amount of distributions available for payment to shareholders of CGI will depend in part on the amount of distributions paid by the issuers of the securities held by the Corporation in the Corporation’s portfolio. The Corporation cannot predict whether the securities of

issuers held by it will trade at a discount from, a premium to, or equal to the net asset values of the issuers of such securities.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the resource industry, the real estate industry and the commercial and industrial industries and the treatment of closed-end investment companies under the Tax Act will not be changed in a manner that adversely affects the distributions received by the Corporation and its shareholders.

Borrowing

One element of the Corporation's investment strategy is the utilization of borrowings to invest in securities. The risk to shareholders may increase if securities purchased with borrowed funds decline in value.

Status as Investment Corporation

The Corporation currently manages its investments so as to qualify as an "investment corporation" for the purposes of the Tax Act (See "Canadian General Investments, Limited – Investment Corporation Status"). However, it is possible that the Corporation could lose its status as an "investment corporation" for reasons that are beyond the Corporation's control including certain actions which could be taken by the Corporation's principal shareholders. In addition, the Corporation may determine in the future that it does not wish to maintain such status any longer. The loss of such status could result in the loss of certain benefits currently available under the Tax Act, including those described under the heading "Canadian General Investments, Limited – Investment Corporation Status".

Termination of Management Agreement

The Corporation is party to a management agreement (the "Management Agreement") with Morgan Meighen & Associates Limited (the "Investment Manager"), a Toronto-based investment management firm pursuant to which the Investment Manager provides investment, portfolio management and other services to the Corporation. As the Management Agreement is terminable at the option of the Investment Manager for any reason on 90 days' notice, there is no guarantee that the Investment Manager will continue to act as the Corporation's investment manager. The termination of the Management Agreement by the Investment Manager could have an adverse effect on the Corporation.

Regulatory Environment

The ability of the Investment Manager to carry on its business and to perform its obligations under the Management Agreement is dependent upon its continued registration under the various securities acts under which the Investment Manager and its employees are currently registered. Any change in the regulatory framework or failure to comply with any of these laws, rules or regulations could, as a result, have an adverse effect on the Investment Manager and its ability to perform its obligations under the Management Agreement.

Reliance on Management and Key Personnel

The performance of the Corporation's investment portfolio and the ability of the Corporation to generate sufficient income to make the required dividend payments on the Series 2 Shares will be primarily dependent on the performance of the Investment Manager. Investors who are not willing to rely on the management of the Investment Manager should not invest in the Series 2 Shares.

The contribution of certain of the Investment Manager's professionals is particularly important to the performance of the Corporation's investment portfolio and, in turn, to the Corporation's profitability. Individuals employed by the Investment Manager may, however, choose to leave at any time to pursue other opportunities. The loss of certain of the Investment Manager's professionals could have an adverse effect on the Corporation.

Series 2 Shares

The value of Series 2 Shares will be affected by the general creditworthiness of the Corporation. The Corporation's "Management's Discussion and Analysis" for the year ended December 31, 2002 as well as the Corporation's "Management's Discussion and Analysis" for the three-month and nine-month periods ended September 30, 2003 are incorporated by reference in this short form prospectus. These analyses contain information relating to the Corporation's business, financial condition or results of operations. See also the discussion under "Earnings Coverage Ratios", which is relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series 2 Shares.

The market value of the Series 2 Shares, as with other preference shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in credit ratings on the Series 2 Shares may also affect the cost at which the Corporation can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

The Series 2 Shares rank equally with other Class A Preference Shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay debt, including subordinated debt, before payments may be made on Series 2 Shares and other preferred shares.

BOOK-BASED SYSTEM

Registration of interest in and transfers of the Series 2 Shares will only be made through the book-based system administered by CDS. On or about the Closing Date, the Corporation will deliver to CDS a certificate evidencing the aggregate number of Series 2 Shares subscribed for under this offering. Series 2 Shares must be purchased, transferred and surrendered for retraction or redemption through a participant in CDS (a "CDS Participant"). All rights of an owner of Series 2 Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 2 Shares. Upon a purchase of any Series 2 Shares, the owner will receive only the customary confirmation. References in this short form prospectus to a holder of Series 2 Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series 2 Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Series 2 Shares through the book-based system, in which event certificates for Series 2 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are PricewaterhouseCoopers LLP, Toronto, Ontario. The registrar and transfer agent for the Series 2 Shares will be Computershare Trust Company of Canada at its principal office in the city of Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

Dated: October 28, 2003

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

By: (signed) MICHAEL A. SMEDLEY
President (as Chief Executive Officer)

By: (signed) COLIN D. SMITH
Secretary-Treasurer
(as Chief Financial Officer)

On behalf of the Board of Directors

By: (signed) ALBERT E. BATES
Director

By: (signed) JAMES G. COOK
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: October 28, 2003

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

TD SECURITIES INC.

BY: (signed) J. DAVID BEATTIE

SCOTIA CAPITAL INC.

BY: (signed) JAMES W.S. BARLTROP

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

BY: (signed) DAVID R. THOMAS

BY: (signed) ROBERT PENTELIUK