

Gluskin Sheff + Associates Inc.

Management's Discussion and Analysis

This interim Management's Discussion and Analysis ("MD&A") for the second quarter ended December 31, 2007, is provided as of February 7, 2008. It should be read in conjunction with the unaudited financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the quarter ending December 31, 2007, the Audited Financial Statements for the 12-month period ending June 30, 2007 and the MD&A for the period. Unless the context indicates or requires otherwise, the terms "Gluskin Sheff," "Company," "we," "us," and "our" mean Gluskin Sheff + Associates Inc.. Unless otherwise indicated, all dollar amounts in this MD&A refer to Canadian dollars.

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), requiring estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the statements and the amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates as a result of various factors. Certain totals, subtotals and percentages may not reconcile due to rounding.

NON-GAAP FINANCIAL MEASURES

We measure our business using a number of performance indicators that are not measurements in accordance with GAAP and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

"Earnings before interest, taxes, depreciation and amortization" ("EBITDA") is a standard measure used in the financial industry by management, investors and investment analysts in understanding and comparing results. Our method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, our EBITDA may not be comparable to similarly titled measures used by other issuers.

"Base EBITDA" is EBITDA without including Performance Fees and Performance Fee-related bonuses, non-recurring charitable commitments, and other non-cash expenses such as those associated with the accounting for stock options, deferred share units and non-cash expenses related to the transfer of shares to the Employee Trust. Management believes that Base EBITDA, as defined, is an important measure as it provides relevant information on the profitability of the base business.

"Adjusted EBITDA" is Base EBITDA with Performance Fees and Performance Fee-related bonuses added back.

"Assets Under Management" ("AUM") is not a recognized measure under Canadian GAAP. Any reference to AUM is only to our paying assets under management, on which we charge Base

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Management Fees. Our non-paying assets under management are charged either no or only nominal fees. This measure may not be comparable to similar measures presented by other issuers. We monitor the level of our AUM as it drives our Base Management Fees. The amount of Performance Fees we earn is related to both the level of our AUM and our investment performance.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words “believe,” “anticipate,” “estimate,” “plan,” “expect,” “intend,” “may,” “project,” “will,” “would,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to, general economic and market conditions, investment performance, global and domestic financial markets, the competitive industry environment, legislative and regulatory changes, technological developments, catastrophic events and other business risks. The reader is cautioned against undue reliance on these forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, we cannot assure that actual results, performance or achievements will be consistent with such statements. The forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation to update or revise any such statements.

SUMMARY OF THE THREE-MONTHS ENDING DECEMBER 31, 2007

The highlights for the three-month period ending December 31, 2007 were:

- Increase in AUM at December 31, 2007 versus December 31, 2006 of approximately \$1.4 billion and for the quarter, an increase of \$134 million to approximately \$5.6 billion
- Base Management Fees for the quarter ended December 31, 2007 of approximately \$21.6 million, an increase of \$6.7 million in comparison to the quarter ended December 31, 2006
- Performance Fees of approximately \$12.5 million were earned on approximately \$1.8 billion of AUM with a year end of December 31, 2007 versus Performance Fees of approximately \$12.4 million earned on AUM with a year end of December 31, 2006.
- Base EBITDA of \$13.5 million for the quarter ended December 31, 2007, an increase of approximately \$4.5 million (51%) compared to the quarter ended December 31, 2006

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OVERVIEW OF GLUSKIN SHEFF + ASSOCIATES INC.

Gluskin Sheff + Associates Inc. provides discretionary investment management services to high net worth private clients and institutional investors. We do not consider these different types of clients to be distinct reportable business segments for accounting purposes as we operate a single business with one fundamental philosophy and deliver a similar level of service to all of our clients.

Our revenues are derived mainly from Base Management Fees, calculated as a percentage of Assets Under Management, and Performance Fees, calculated annually as a percentage of the appreciation (net of Base Management Fees and other expenses) in each of our segregated accounts and private pooled fund vehicles above pre-specified rates of return. Our Performance Fees are calculated annually at June 30 and December 31, depending upon the performance year end of our segregated accounts and private pooled fund vehicles. The Company also earns investment income on its investment and cash balances, which are held in liquid investments.

Assets Under Management are impacted by the net contributions of capital from new and existing clients, as well as by the net market appreciation or decline. We seek to enhance our ability to attract and retain such assets by delivering solid investment returns together with a consistently high level of client service.

Gluskin Sheff's expenses include General and Administrative expenses (which include systems and infrastructure costs, office supplies and related overhead expenses), Occupancy, Business Development costs and Salaries and Benefits, which contains a bonus component that may fluctuate significantly based upon the overall performance of the Company and the amount of Performance Fees earned.

OUTLOOK

The Company's financial performance is dependent in part on the general performance of the Canadian, U.S., and global markets. These markets, general business conditions and investor sentiments can change quickly, making future results difficult to predict. Global equity markets remained volatile over the last quarter of calendar 2007, and we expect this volatility to continue in the near term. Our portfolio managers and analysts continue to monitor economic and financial market risks.

We continue to expand the scope of our investment products to further address the needs of our clients. The diversity of our portfolio strategies provides the tools to more effectively manage our clients' risk. We launched two new strategies at the end of January 2008: (i) the GS+A Short Fund, a fund aimed at generating positive total returns in declining overall markets, in part by selling short securities that we believe are overvalued, and (ii) the GS+A Quantitative Long/Short Fund, a fund focused on achieving attractive absolute returns through a disciplined quantitative investment approach. These two strategies should provide further diversification and risk

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management to our clients' portfolios. As well, we continue to seed a number of new portfolio models.

Risk management is an important part of our investment process at a company, sector, portfolio and overall asset mix levels. This focus has served our clients well over the years and we are confident that it will continue to do so over the long term.

Looking ahead we will continue to build our business by executing the same strategies that have produced growth and performance since the founding of the firm in 1984. Our most important strategy is to effectively manage the assets we presently have under management. By continuing to look after our clients, we expect to earn the privilege of managing an increasing share of their invested assets.

We will continue to tap into what has been an important source of new business – referrals from existing clients. While the size of the market for our services is large and growing, our market share is relatively small. We need to increase our market share only modestly to grow our AUM in a material fashion. We continue to see interest in our services from prospective clients.

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Gluskin Sheff + Associates Inc. Summary Financial Information (*\$ in thousands, except per share amounts*)

	3 Months Ending Dec 31, 2007	3 Months Ending Dec 31, 2006	6 Months Ending Dec 31, 2007	6 Months Ending Dec 31, 2006	12 Months Ending Jun 30, 2007
<u>ASSETS UNDER MANAGEMENT</u>					
ASSETS UNDER MANAGEMENT	\$ 5,599,991	\$ 4,233,129	\$ 5,599,991	\$ 4,233,129	\$ 5,399,886
<u>BALANCE SHEET INFORMATION</u>					
TOTAL ASSETS	\$ 70,311	\$ 33,837	\$ 70,311	\$ 33,837	\$ 157,819
<u>INCOME STATEMENT INFORMATION</u>					
REVENUE					
• Base Management Fees	\$ 21,567	\$ 14,873	\$ 41,848	\$ 28,473	\$ 64,461
• Performance Fees	12,880	12,376	13,164	12,418	114,117
• Investment and Other Income	886	315	1,811	552	1,255
TOTAL REVENUE	\$ 35,333	\$ 27,564	\$ 56,823	\$ 41,443	\$ 179,833
OPERATING EXPENSES	(6,608)	(5,546)	(12,395)	(11,104)	(23,203)
DISCRETIONARY BONUSES	(5,994)	(8,530)	(9,155)	(10,540)	(37,041)
EBITDA	22,731	13,488	35,273	19,799	\$ 119,589
AMORTIZATION	(51)	(21)	(102)	(42)	(106)
INTEREST EXPENSE	-	(108)	-	(284)	(284)
PROVISION FOR TAXES	(8,612)	(5,475)	(13,461)	(8,475)	(45,459)
NET INCOME	\$ 14,068	\$ 7,884	\$ 21,710	\$ 10,998	\$ 73,740
BASIC EARNINGS PER SHARE	\$ 0.49	\$ 0.27	\$ 0.75	\$ 0.38	\$ 2.56
DILUTED EARNINGS PER SHARE	\$ 0.48	\$ 0.27	\$ 0.74	\$ 0.38	\$ 2.55
<u>SELECTED ADJUSTED FINANCIAL INFORMATION</u>					
EBITDA	\$ 22,731	\$ 13,488	\$ 35,273	\$ 19,799	\$ 119,589
DISCRETIONARY BONUS COMPENSATION	5,994	8,530	9,155	10,540	37,041
NON-CASH EXPENSES ¹	1,062	1,577	1,832	3,237	6,027
EBITDA BEFORE COMPENSATION ADJUSTMENT	29,787	23,595	46,260	33,576	162,657
DISCRETIONARY BASE BONUS POOL	(3,421)	(2,279)	(6,525)	(4,273)	(9,727)
PERFORMANCE FEES	(12,880)	(12,376)	(13,164)	(12,418)	(114,117)
BASE EBITDA	13,486	8,940	26,571	16,885	38,813
PERFORMANCE FEES	12,880	12,376	13,164	12,418	114,117
PERFORMANCE FEE-RELATED BONUS POOL	(2,573)	(6,251)	(2,630)	(6,267)	(26,591)
ADJUSTED EBITDA	\$ 23,793	\$ 15,065	\$ 37,105	\$ 23,036	\$ 126,339

1. Non-cash expenses represent stock options and/or share grants issued.

RESULTS OF OPERATIONS

Overall Performance

Total revenues for the second quarter of fiscal 2008 increased to \$35.3 million, an increase of approximately \$7.8 million (28%) year over year. The increase is due primarily to the Base Management fees which increased to \$21.6 million for the quarter versus \$14.9 million in the prior year, an increase of 45%. This increase reflects the increase in Assets Under Management

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(AUM). Included in total revenues for the quarter were Performance Fees of \$12.9 million, an increase of 4% over the same period in fiscal 2007. Approximately \$12.5 million of these Performance Fees relate to the majority of the \$1.8 billion of AUM with a performance year end of December 31, 2007. Growth in AUM was strong year over year, increasing to approximately \$5.6 billion, a net increase of approximately \$1.4 billion (33%) over the quarter ending December 31, 2006.

Total Expenses decreased by approximately \$1.6 million for the three month period ending December 31, 2007 compared to same period in fiscal 2007. For the six month period ending December 31, 2007, compared to the same period in fiscal 2007, the Total Expenses decreased by \$0.3 million. The decrease for the quarter resulted from lower bonus pool accruals and stock-based compensation expenses in fiscal 2008 versus 2007. The increase for the year-to-date expenses resulted from the increase in Occupancy costs and General and Administrative expenses (primarily system and infrastructure costs) offset by the decrease in Salaries and Benefits expenses and Business Development expenses.

Cash flow continued to be positive within the Company.

Growth in Assets Under Management (AUM)

Total AUM increased by approximately \$1.4 billion (33%) as at December 31, 2007 to approximately \$5.6 billion compared to December 31, 2006 AUM of \$4.2 billion. Of this \$1.4 billion increase in AUM, \$800 million resulted from net inflows from clients and \$600 million from net investment performance. AUM increased by \$134 million from September 30, 2007 to December 31, 2007. The increase was due to \$112 million resulting from net inflows from clients and \$22 million from net investment performance.

At December 31, 2007, AUM with a December 31 performance year end was approximately \$1.8 billion. The GS+A RRSP Fund (which has no Performance Fee component) represented approximately \$415 million of our AUM having a December 31 year end, an increase of 12.5% from \$369 million as at December 31, 2006. Our three Hedge Funds, together with The GS+A EAFE Fund, The GS+A Top 15 Fund, and The GS+A U.S. Equity Fund, which have a performance year end of December 31, collectively accounted for \$1.4 billion of these assets, an increase of approximately 116% from \$648 million as at December 31, 2006. The remaining \$3.8 billion of AUM have a June 30 performance year end.

Revenues

Total revenues increased by approximately \$7.8 million (28%) for the quarter ended December 31, 2007 to \$35.3 million compared to the quarter ended December 31, 2006 of \$27.5 million. For the six month period ended December 31, 2007 total revenues increased by approximately \$15.4 million (37%) to \$56.8 million compared to total revenues for the same period in fiscal 2007 of \$41.4 million.

Base Management Fees increased by approximately \$6.7 million (45%) to \$21.6 million for the three-month period ended December 31, 2007 compared to \$14.9 million for the three-month period ended December 31, 2006. For the six month period ended December 31, 2007 Base

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Management Fees increased by approximately \$13.4 million (47%) to \$41.8 million compared to the same period in fiscal 2007 of \$28.5 million. These increases primarily reflect the increase in AUM year over year.

Performance Fees revenue for the quarter ended December 31, 2007 includes the receipt of approximately \$12.5 million in Performance Fees earned from the majority of the \$1.8 billion of AUM that has a December 31 performance year end.

Investment and Other Income increased by approximately \$0.6 million to \$0.9 million for the three month period ended December 31, 2007 compared to \$0.3 million for the three month period ended December 31, 2006. For the six month period ended December 31, 2007 Investment and Other Income increased by approximately \$1.3 million to \$1.8 million compared to the same period in fiscal 2007 of \$0.5 million. The increases are primarily due to interest earned on investments and cash in the bank.

Expenses

Total expenses incurred, including non-cash expenses such as deferred compensation plans and depreciation, were approximately \$12.7 million for the three-month period ended December 31, 2007 compared to approximately \$14.2 million for the three-month period ended December 31, 2006. The decrease was due to a lower employee bonus pool accrual recorded in fiscal 2008 as compared to fiscal 2007. As set out in the final prospectus dated May 19, 2006, additional bonuses were recorded and payable to the Management Shareholders in fiscal 2007. Increases in Salaries and Benefits expenses due to increased headcount, as well as increases in Business Development costs, Occupancy costs and System Development and Infrastructure costs, were partially offset by lower non-cash expenses for stock-based compensation expenses.

Salaries and Benefits costs were approximately \$8.6 million for the three-month period ended December 31, 2007 compared to approximately \$11.8 million for the same period in the prior year. For the six month period ended December 31, 2007, the Salaries and Benefits costs decreased by \$2.3 million to \$14.6 million compared to the same period in fiscal 2007 of \$16.9 million. The decrease in Salaries and Benefits resulted from the decrease in the stock based compensation expense and the decrease in the employee bonus pool accrual in fiscal 2008 compared to the additional bonus accrual recorded in fiscal 2007 for the Management Shareholders; partially offset by the increase in compensation expenses resulting from increased headcount in fiscal 2008.

Our share incentive plans are described in note 10 in the Company's 2007 Audited Financial Statements.

General and Administrative expenses increased by approximately \$1.3 million (79%) to \$3.0 million for the three-month period ended December 31, 2007 compared to the three-month period ended December 31, 2006. For the six month period ended December 31, 2007 the General and Administrative expenses increased by approximately \$1.8 million to \$5.1 million compared to the same period in fiscal 2007. The main items contributing to this increase were higher consulting costs due to systems and infrastructure initiatives and higher corporate administration costs.

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EBITDA, Adjusted EBITDA, and Net Income

For the quarter ended December 31, 2007, EBITDA totaled approximately \$22.7 million and for the six month period ended December 31, 2007 EBITDA totaled approximately \$35.3 million. These are set out in the table of Summary Financial Information which reconciles EBITDA to Net Income. Base EBITDA, which has been adjusted to eliminate the effect of the non-cash expenditures as well as Performance Fees, was approximately \$13.5 million for the quarter ended December 31, 2007 and \$26.6 million for the six month period ended December 31, 2007.

Income before taxes was approximately \$22.7 million for the second quarter of this year and \$35.2 million for the six month period ending December 31, 2007. Net Income for the second quarter was approximately \$14.1 million, an increase of approximately 78% over the prior year, as the growth in revenues exceeds the growth in expenses. Net income for the six month period ending December 31, 2007 was approximately \$21.7 million, an increase of approximately 97% over the prior year.

SUMMARY OF QUARTERLY RESULTS

Gluskin Sheff + Associates Inc. Summary Financial Information (\$ in thousands, except per share amounts)

	3 Months Ending Feb 28, 2006	4 Months Ending Jun 30, 2006	3 Months Ending Sep 30, 2006	3 Months Ending Dec 31, 2006	3 Months Ending Mar 31, 2007	3 Months Ending Jun 30, 2007	3 Months Ending Sep 30, 2007	3 Months Ending Dec 31, 2007
ASSETS UNDER MANAGEMENT								
ASSETS UNDER MANAGEMENT	\$ 3,466,388	\$ 3,730,942	\$ 3,900,716	\$ 4,233,129	\$ 4,734,346	\$ 5,399,886	\$ 5,466,013	\$ 5,599,991
INCOME STATEMENT INFORMATION								
REVENUE								
• Base Management Fees	\$ 10,984	\$ 17,198	\$ 13,600	\$ 14,873	\$ 16,545	\$ 19,443	\$ 20,281	\$ 21,567
• Performance Fees	3,512	21,516	42	12,376	171	101,528	284	12,880
• Investment and Other Income	397	556	237	315	248	455	925	886
TOTAL REVENUE	\$ 14,893	\$ 39,270	\$ 13,879	\$ 27,564	\$ 16,964	\$ 121,426	\$ 21,490	\$ 35,333
BASE EBITDA	6,411	10,553	7,938	8,940	10,215	11,720	13,186	13,486
ADJUSTED EBITDA	9,221	27,766	7,971	15,065	10,345	92,958	13,413	23,793
NET INCOME	-	(22,768)	3,114	7,884	5,044	57,698	7,641	14,068
BASIC EARNINGS PER SHARE	\$ 0.00	n/a	\$ 0.11	\$ 0.27	\$ 0.17	\$ 2.00	\$ 0.26	\$ 0.49
DILUTED EARNINGS PER SHARE	\$ 0.00	n/a	\$ 0.11	\$ 0.27	\$ 0.17	\$ 1.99	\$ 0.26	\$ 0.48

The foregoing quarterly financial information was taken from the Company's unaudited interim reports to shareholders. The information is prepared on a consistent basis with the Company's annual audited financial statements, which are prepared in accordance with Canadian generally accepted accounting principles.

During the period in which the Company was privately held, virtually all of the Company's pre-tax income was generally paid to employees as bonuses. As a result, for the three and four month periods ending February 28, 2006 and June 30, 2006 respectively, the operating profit of the Company was paid to the Company's Shareholders during the period of private ownership. The trend in results for the three month period ending September 30, 2006 and onwards has been positive, with increasing levels of Management Fees driven by the growth in AUM. Performance

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Fees and net income varies quarter over quarter depending on whether there was a performance year end of June 30 or December 31 occurring within the quarter.

The number of issued and outstanding common shares has changed slightly over the past eight quarters, so earnings per share, both basic and fully diluted, somewhat reflect the trend in quarterly net income.

CONTROLS AND PROCEDURES

Disclosure controls and Procedures

Pursuant to Multilateral Instrument 52-109 released by the Canadian Securities Administrators, the Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2007 and concluded that such disclosure controls and procedures are appropriate, given the nature and extent of the Company's operations, and that these controls and procedures are effective.

Internal control over financial reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting for the Company. There are inherent limitations in all internal control systems no matter how well the systems are designed. Therefore reasonable assurance with respect to financial reporting, and financial statement preparation and presentation can only be provided by those systems and procedures which management has determined to be effective.

As at December 31, 2007, the Company's internal control systems over financial reporting, and financial statement preparation and presentation, were effective in terms of their design to provide reasonable assurance regarding the reliability of financial reporting for external purposes.

MANAGING RISK

The investment management industry has experienced considerable growth in the past decade and because of this, the Company is exposed to a number of risk factors that are inherent in this industry. The following risks are noted, and they are described in greater detail in the Company's Annual Information Form ("AIF").

Risk factors related to the Company:

- Change(s) in the securities markets
- Poor investment decisions
- Loss of key employees
- Failure to execute a succession plan
- Change(s) in the investment management industry
- Competitive pressures
- A failure in our ability to manage risks in our portfolio models
- Rapid growth in our AUM
- Employee errors or misconduct

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- Failure to implement effective information security policies, procedures and capabilities
- Failure to develop effective business resiliency plans
- Failure to comply with government regulations
- Failure to maintain adequate insurance coverage on favorable economic terms

The foregoing risk factors are mitigated to the extent possible and practical from a cost and perceived benefit perspective by senior management's direct involvement in the day-to-day operation of the business. The senior management team meets on a regular basis to address business issues and to consider new risks to the Company.

The Company also maintains an appropriate system of internal controls and procedures to safeguard assets, control expenses and to ensure that financial reporting is accurate and reliable. Management also has regular access to information deemed critical to the ongoing monitoring of the Company's performance and key business metrics in order to consider a change in operational plans or strategic direction as appropriate in the circumstances.

The senior management team meets regularly to review investment performance and discuss trends and activity in the capital markets.

The Company has processes in place for succession planning to ensure that the hiring and retention of highly qualified staff with specific expertise is achieved. These processes are reviewed on a regular basis by both the senior management team and the Board of Directors.

Finally, the Company maintains appropriate insurance coverage for general business liability risks.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates positive cash flow from our operations. We believe that our Base Management Fees will continue to be sufficient to satisfy our ongoing operational needs, including expenditures on our corporate infrastructure and information systems. We believe that our earnings will continue to provide the means to sustain our growth and to pay regular dividends. We also believe that our cash flow will continue to be sufficient to meet working capital and other requirements.

The Company intends to use its cash reserves to fund new business initiatives, to run the operations of the business, and for dividend payments. The Company is expecting to pay out in the third quarter a portion of its cash in Regular Dividends which was declared on February 7, 2008.

In October 2007, Gluskin Sheff leased additional premises in the downtown Toronto financial core.

The Company has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the Company's Audited Financial Statements dated June 30, 2007.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies underlying the financial statements is presented in note 1 to the Company's 2007 Audited Annual Financial Statements. Accounting policies are an integral part of our financial statements, which are prepared in accordance with Canadian generally accepted accounting principles. Understanding these policies is a key factor in understanding our reported results of operations and financial position. Certain critical accounting policies require us to make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenses reported on the financial statements. Due to their nature, estimates involve judgments based on available information. Therefore, actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements. Management has made the following critical accounting estimates:

Stock-based Compensation

The Company introduced a deferred share option and share unit plan in June 2006. Stock and stock based awards are measured and recognized at fair value and are expensed over the applicable vesting period of the awards. Estimates are made for a number of variables that are factored into the valuation of the share options at the time the options are awarded as described in note 8 to the Company's unaudited interim financial statements.

CHANGES IN ACCOUNTING POLICIES

Effective July 1, 2007, Gluskin Sheff adopted the Canadian Institute of Chartered Accountants (CICA) Handbook provisions section 1530, "Comprehensive Income" and section 3855, "Financial Instruments – Recognition and Measurement". These changes in accounting policies are described in note 3 to the Company's unaudited interim financial statements.

The changes resulting from the new accounting and reporting requirements were adopted on a retroactive basis without the restatement of the prior period, with a transitional adjustment to retained earnings of \$187,000 on July 1, 2007. Changes in disclosure and presentation were made in the Company's unaudited interim financial statements. There was a minimal effect on reported net income for the second quarter.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, loan payable, accounts payable and accrued liabilities, and management and staff bonuses payable whose carrying values approximate the relevant fair values due to their short-term nature. Short-term investments are recorded on the balance sheet at their fair value. The balance due from related parties is current and, therefore, has not been discounted.

The maximum loss that the Company can incur in respect of securities owned is the amount paid to acquire the securities. The maximum gain to the Company in respect of the securities sold short is the proceeds received upon entering into the short sale transaction whereas the amount of

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the potential loss is unlimited. The market values of securities owned and sold short vary daily based on general market conditions and matters specific to the issuers of the securities.

RELATED PARTY TRANSACTIONS

There were no changes to the nature and extent of related party transactions entered into by the Company in the quarter ended December 31, 2007.

SHARE CAPITAL

Our authorized share capital consists of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares and an unlimited number of preference shares, issuable in series. As at December 31, 2007, there were 19,598,000 Multiple Voting Shares, 9,604,130 Subordinate Voting Shares and no preference shares outstanding. The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect of the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding up of the Company. Each Multiple Voting Share is convertible into one Subordinate Voting Share. Subordinate Voting Shares carry one vote per share, while Multiple Voting Shares carry 15 votes per share. Holders of Subordinate Voting Shares are entitled to elect one-third of the Directors and holders of Multiple Voting Shares are entitled to elect two-thirds of the Directors.

OTHER INFORMATION

Additional information relating to Gluskin Sheff + Associates Inc. is also available on SEDAR at www.sedar.com.