



## MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular is furnished to the shareholders of Linamar Corporation (“Linamar” or the “Corporation”) in connection with the solicitation by and on behalf of the management of the Corporation of proxies at the annual meeting of shareholders of the Corporation called for Tuesday, May 12, 2009 (the “Meeting”) or any adjournment thereof for the purposes and at the time and place set forth in the attached Notice of Annual Meeting of Shareholders (the “Notice”).

This circular, the Notice, the accompanying form of proxy and Linamar’s 2008 Annual Report to Shareholders (collectively, the “meeting materials”) are being mailed, on or about April 20, 2009, to shareholders of record of the Corporation as of the close of business on March 25, 2009. The Corporation will bear all costs associated with the preparation and mailing of the meeting materials, as well as the costs of the solicitation of proxies. The solicitation will be primarily by mail; however, officers and regular employees of the Corporation may also solicit proxies (but not for additional compensation) personally, by telephone, telefax or other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies, and will be reimbursed for their reasonable expenses in doing so.

All dollar amounts referred to in this Circular are in Canadian dollars. The information contained in this Circular is given as at March 17, 2009, except as otherwise noted.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy accompanying this Circular are officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) as nominee to attend and act for and on behalf of such shareholder at the Meeting, other than the management representatives named in the accompanying form of proxy. This right may be exercised by registered shareholders by either striking out the names of the management representatives where they appear on the front of the form of proxy and by inserting in the blank space provided the name of the other person whom the shareholder wishes to appoint, or by completing and submitting another proper form of proxy naming such other person as proxy.**

A shareholder who was given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder’s attorney, who is authorized in writing, in accordance with the instructions given below. A shareholder may also revoke a proxy in any other manner permitted by law.

Registered shareholders wishing to be represented at the Meeting by proxy and shareholders wishing to revoke a proxy previously given, must deposit their form of proxy or revocation of proxy, addressed to the Secretary of the Corporation, at one of the following locations: (i) the principal executive offices of the Corporation at 287 Speedvale Ave., W., Guelph, Ontario, Canada N1H 1C5; or (ii) the offices of Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario, M5J 2Y1, in each case, at any time up to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which time the proxy is to be used, or on the day of the Meeting with the Secretary of the Corporation or the Chairman of the Meeting prior to the start of the Meeting or any adjournment(s) thereof.

### Special Instructions for Non-Registered Holders

Only registered shareholders, or the persons that they appoint as their proxies, are permitted to attend and vote at the meeting. However, in many cases, shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered plans; or



- (b) in the name of a depository (such as The Canadian Depository for Securities Limited) of which the intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation will be distributing copies of the meeting materials to the intermediaries for further distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders and receive voting instructions from them unless a Non-Registered Holder has waived the right to receive the meeting materials. Intermediaries often use service companies (such as Broadridge Investor Communications (formerly, ADP Investor Communications in Canada)) to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions set out on the voting instructions form (which may, in some cases, permit the completion of the voting instruction form by telephone); or
- (b) less typically, be given a proxy which has already been signed by the intermediary (usually by way of a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit the proxy should otherwise properly complete and deposit it with the Corporation or Computershare Trust Company of Canada, as described above. This proxy need not be signed by the Non-Registered Holder.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives a proxy signed by the intermediary wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the name of the Non-Registered Holder (or such other person) in the blank space provided. A Non-Registered Holder who receives a voting instruction form should follow the corresponding instructions on the form.

If you are a beneficial shareholder of the Corporation, you may revoke voting instructions which have been given to an intermediary at any time by written notice to the intermediary. If you are a beneficial shareholder of the Corporation, please submit your voting instructions to your intermediary or broker in sufficient time to ensure that your votes are received by the Corporation or Computershare Trust Company of Canada on or before 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting.

**Non-Registered Holders should carefully follow the instructions of their intermediaries and their intermediaries' service companies on the request for instructions or proxy form provided to them.**

## VOTING OF PROXIES

The shares represented by any valid proxy in favour of the persons designated by management in the accompanying form of proxy will be voted for or withheld from voting (abstain) on the election of directors of the Corporation ("Directors") and the re-appointment of the auditors and the resolution authorizing the Directors to fix the remuneration of the auditors, in accordance with any specific instructions given by a shareholder on the form of proxy. **In the absence of such specific instructions, such shares will be voted by the persons named in the enclosed form of proxy as follows: FOR the election as Directors of the proposed nominees named in this Circular; and FOR the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors' remuneration.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment(s) thereof. As of the date of this Circular, the Corporation is not aware of any amendment or variation or other business or matters to be raised at the Meeting.



## RECORD DATE

The Board of Directors of the Corporation (the "Board") has fixed the close of business on April 5, 2009 as the record date (the "Record Date") for the Meeting. Only holders of record as of the close of business on the Record Date are entitled to receive notice of and to attend and vote at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDER

As at the date hereof, the Corporation had 64,701,876 outstanding voting common shares (the "Common Shares"), each carrying the right to one vote per share.

To the knowledge of the management of the Corporation, the following persons, as of March 17, 2008, are the only persons beneficially owning directly or indirectly, or exercising control or direction over, shares representing more than 10% of the voting rights attached to any class of the issued and outstanding shares of the Corporation.

	<u>Class of Shares</u>	<u>Number of Shares</u>	<u>Percentage</u>
Frank J. Hasenfratz <sup>(1)</sup>	Common	15,216,800	23.52%
McLean Budden Limited	Common	6,932,581	10.71%

<sup>(1)</sup> Of the Common Shares noted above, 1,010,500 are owned directly by Frank Hasenfratz. The remaining Common Shares of the Corporation noted above are owned, directly or indirectly, by 975904 Ontario Inc. ("975904"). In particular, 975904 owns 4,124,800 Common Shares of the Corporation directly, and owns all of the outstanding shares of Hasenfratz Investments Ltd., an investment company, which owns 10,081,500 Common Shares of the Corporation. Frank J. Hasenfratz, Chairman of the Corporation, controls 975904. Mr. Hasenfratz and a Hasenfratz family trust own all of the outstanding securities of 975904.

Mr. Hasenfratz has advised the Corporation that he intends to vote his common shares for the election of the proposed nominees named in the Circular as Directors of the Corporation and for the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors' remuneration.

## BUSINESS TO BE TRANSACTED AT THE MEETING

### Election of Directors

Under the Corporation's articles of incorporation, the Board must consist of a minimum of three (3) and a maximum of ten (10) Directors. The number of Directors is currently fixed at six (6).

**The persons named in the accompanying form of proxy will vote for (in the absence of specific instructions to the contrary) the election of the six (6) proposed nominees whose names are set forth below, each of whom has been a Director since the year indicated next to his or her name.** Management does not contemplate that any of the proposed nominees will be unable to serve as a Director. If, as a result of circumstances not now contemplated, any proposed nominee is unavailable to serve as a Director of the Corporation, the persons named in the enclosed form of proxy may vote, in their discretion, in favour of another nominee. Each Director elected will hold office until the close of the next annual meeting of the shareholders of the Corporation or until his or her respective successor is elected or appointed, unless such office is earlier vacated in accordance with applicable law and the Corporation's by-laws.

The following table sets forth information with respect to each of the proposed nominees for election as Director, including the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each such nominee, as of the Record Date:



Name and Address of Proposed Nominee	Age	Director Since	Other Positions And Offices Presently Held with the Corporation	Principal Occupation	Common Shares Beneficially Owned Or Over Which Control Or Direction is Exercised <sup>(3)</sup>
Frank Hasenfratz Ariss, Ontario Canada	74	1966	Chairman of the Board	Chairman of the Board Linamar Corporation	15,216,800
Linda Hasenfratz Guelph, Ontario Canada	42	1998	Chief Executive Officer	Chief Executive Officer Linamar Corporation	3,731,390
Mark Stoddart Guelph, Ontario Canada	45	1999	Chief Technology Officer and Executive Vice President of Marketing	Chief Technology Officer and Executive Vice President of Marketing Linamar Corporation	0
William Harrison <sup>(1), (2)</sup> Puslinch, Ontario Canada	70	1990	None	Retired. Former Chairman & Chief Executive Officer of Lift Technologies Inc., a designer and manufacturer of material handling masts, carriages, sideshifters and fork positioners	15,000
David Buehlow <sup>(1), (2)</sup> Bright, Ontario Canada	73	1998	None	Retired Partner of Coopers & Lybrand LLP, a predecessor firm of PricewaterhouseCoopers LLP	5,255
Terry Reidel <sup>(1), (2)</sup> Kitchener, Ontario Canada	65	2003	None	Retired. Former President & Chief Operating Officer of Kuntz Electroplating Inc., a polishing and plating company for OEM manufacturers of aluminum wheels, bumpers, aluminum diecast parts, aluminum extrusions and other automotive components	3,250

(1) Member of the Audit Committee

(2) Member of the Human Resources and Corporate Governance Committee

(3) The information as to shares beneficially owned or over which control or direction is exercised has been furnished by the respective proposed nominees individually.

Each of the proposed nominees has held the principal occupation identified in the above table or another position with the same employer for the past five years.

## **DIRECTOR BIOGRAPHIES**

### ***Frank J. Hasenfratz – Chairman of the Board***

As founder of Linamar, Mr. Hasenfratz has held this position since 1966. Born in Hungary in 1935, Mr. Hasenfratz attended trade and engineering technical schools while working as a toolmaker and machinist. He immigrated to Canada in 1957 and was a supervisor at Sinterings Ltd. until the formation of Linamar in 1966. Mr. Hasenfratz founded the Company as a one-man machine shop in the basement of his home in 1964.

Board and Council Memberships: Linamar Hungary RT. – March 1997.

### ***Linda Hasenfratz – Chief Executive Officer and Director***

Ms. Hasenfratz was named Chief Executive Officer of Linamar Corporation in August 2002. She had been President of Linamar Corporation from April 1999 to August 2004. From September 1997 to September 1999 Ms. Hasenfratz was also Chief Operating Officer of the Company. Ms. Hasenfratz joined Linamar Corporation in July 1990 and embarked on an extensive training program to gain familiarity with all aspects of the business. Positions held in the Corporation range from machine operator to Operations Manager. Ms. Hasenfratz has been on the Linamar Board of Directors since 1997. Ms. Hasenfratz completed an Executive MBA from the Ivey School of Business at the University of Western Ontario in June 1997.



Board and Council Memberships: Linamar Hungary RT – Fall 1997; CIBC Board of Directors – Spring of 2004; Board of Governors, Royal Ontario Museum – Spring 2002; Catalyst; Original Equipment Suppliers Association (OESA) Board of Directors – November 2005 (currently Chair); North American Competitive Council – June 2006.

***Mark Stoddart – Chief Technology Officer and Executive Vice President of Marketing and Director***

Mr. Stoddart joined Linamar Corporation in November 1985 working as a general machinist in the then newly opened Hastech Manufacturing facility. Since July of 2003, he has headed up the marketing and product development activities for the Company. He brings to this position his background in business and twenty years experience with Linamar and the automotive industry. Prior to his current position, he was Vice President Sales, Marketing & Product Development. Prior to that, he was General Manager of the Hastech Manufacturing facility. Before that position, Mr. Stoddart worked as an Estimating Engineer at the Corporate Marketing Department and in production control at the Roctel Manufacturing facility. He attended Sheridan College in 1982 in the Business Computer Systems program. Mr. Stoddart has been a Director of Linamar Corporation since 1999.

Board and Council Memberships: Automotive Parts Manufacturer's Association (APMA) – 2005 (currently Vice-Chair); Integrated Manufacturing Technologies Institute Advisory Board, which is part of the National Research Council of Canada; Initiative for Automotive Manufacturing Innovation (IAMI) Advisory Board; CANMET Materials Technology Laboratory (CANMET-MTL) Strategic Advisory Committee; Original Equipment Suppliers Association (OESA) Product Development Council.

***Terry Reidel – Director and Chair of the Human Resources and Corporate Governance Committee***

Mr. Reidel retired during 2008 and is the former President and Chief Operating Officer of Kuntz Electroplating Inc., a Kitchener-Waterloo company founded in 1948. Mr. Reidel joined Kuntz in March of 2001 as Vice President – Finance. Prior to joining Kuntz, Mr. Reidel spent 39 years with the accounting firm of Ernst & Young and was Office Managing Partner of their Waterloo Region Office. Mr. Reidel earned his CA designation from Queen's University in 1967. Kuntz does not currently supply services to Linamar Corporation and has not done so in the past five years.

Mr. Reidel has been a Director of Linamar Corporation since 2003 and has been the Chair of the Human Resources and Corporate Governance Committee and a member of the Audit Committee since 2003.

Board and Council Memberships: The Economical Insurance Group Board of Directors; The Greater Kitchener Waterloo Chamber of Commerce Board of Directors – March 2005; ComDev International Ltd. Board of Directors – September, 2007

***William Harrison – Director***

Mr. Harrison attended the University of Guelph and the University of Toronto, receiving degrees in Honours Science and Mechanical Engineering. He joined the Allis Chalmers Corporation working in Canada, the United States and Europe. He attended York University's Faculty of Business post graduate studies. Mr. Harrison spent 21 years as President and CEO of Kenhar Corporation, a global supplier of components to the materials handling industry, with operations in North America, Europe, China, Korea and Japan. Mr. Harrison took on the responsibilities of Executive Vice President of Cascades Corporation from 1997 to 1998, and from 1999 to 2008, Mr. Harrison has served as President, Chief Executive Officer, and Chairman of Lift Technologies Inc., an industrial equipment supply group, with operations in North America and Europe. Mr. Harrison is now retired.

Mr. Harrison has been a Director of Linamar Corporation since 1990. He currently sits on the Audit Committee and Human Resources and Corporate Governance Committee.

***David Buehlow – Director and Chair of the Audit Committee***

Mr. Buehlow attended the University of Western Ontario, where he received a Bachelor of Arts in Economics in 1957. Following the completion of this undergraduate degree, Mr. Buehlow earned his CA designation from Queen's University in 1961. Mr. Buehlow spent the next thirty-seven years of his career at PricewaterhouseCoopers (formerly Coopers & Lybrand), and was a partner for twenty-seven years.



Mr. Buehlow has been a Director of Linamar Corporation since May 1998 and has been the Chair of the Audit Committee and a member of the Human Resources and Corporate Governance Committee since 1998.

Board and Council Memberships: Dalsa Corporation – March 2003.

#### Re-Appointment of Auditors

At the Meeting, shareholders will be asked to re-appoint PricewaterhouseCoopers LLP as the auditors of the Corporation, to hold office until the next annual meeting of shareholders or until a successor is appointed. PricewaterhouseCoopers LLP have been the auditors of the Corporation since January 30, 1986. **The persons named in the accompanying form of proxy will, in the absence of specific instructions to the contrary, vote for the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation and the resolution authorizing the Directors to fix the auditors' remuneration.**

Please refer to the section entitled "External Auditor Service Fees" in the Corporation's Annual Information Form dated March 5, 2009, filed on SEDAR ([www.sedar.com](http://www.sedar.com)), for the fees charged by PricewaterhouseCoopers LLP for the fiscal years 2007 and 2008.

## STATEMENT OF EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

This section of the Management Information Circular is intended to explain the compensation the Board of Directors intended the Corporation to pay and award to each Named Executive Officer ("NEO") and Director for the financial year. This discussion will include insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and will assist in understanding how decisions about executive compensation are made.

#### **OBJECTIVES OF THE COMPENSATION STRATEGY**

Linamar's goal is a focused pursuit of becoming the company of choice for all stakeholders yielding \$10 billion in sales by 2020. Linamar's core purpose is to do what we do best better to the benefit of all stakeholders. This can only be accomplished by being able to attract, retain and motivate the best people at all levels of the organization. The objective of Linamar's compensation program is to do just that.

The compensation program is designed to reward an individual's alignment with, and advancement of, the Corporation's goal, core purpose, core values and leadership behaviours. The Corporation believes that by aligning these things, the Corporation will continue to grow, enhance shareholder value through increased earnings and higher stock price, and make Linamar the company of choice for employees, customers and shareholders.

#### **CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER COMPENSATION**

The process for determining the compensation for the Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO") is as follows. The Human Resources and Corporate Governance Committee ("Committee") is guided by the following four principles in determining the Chairman's and CEO's compensation: fair and competitive compensation commensurate with an individual's experience and expertise; an emphasis on high productivity; contribution to shareholder value; and bonuses and stock options to reward individual performance and contribution to the achievement of corporate performance and objectives.

The Corporation's Chairman makes recommendations to the Committee regarding his and the CEO's salary, bonus and stock options. These recommendations are then reviewed by the Committee in light of the four principles listed above. The recommendations are either accepted or amended and then go to the full Board for approval. With respect to the CEO, in addition to the four principles, a list of objectives are agreed to by the Board and the CEO for the upcoming year. These objectives are then reviewed at the end of the year in order to determine how the CEO has performed in terms of achieving those objectives, as well as considering the four principles.



The objectives for the CEO for each year are usually subjective in nature and fall under the three headings of Linamar's core ideas – growth, lean and capable. For 2008, the main growth objectives were to champion the creation of a culture of innovation in both product and process innovation and to ensure the recently acquired businesses were fully integrated into the Corporation's culture. The main capable objective was to focus on the development and education of the Corporation's management through the launch of the leadership training course. The main lean objectives were to support the roll out of the Corporation's Global Operating System (GOS) and to evaluate the Corporation's organizational structure with regard to global operating systems, customers and markets in order to be optimally aligned globally without losing efficiency and regional growth focus.

## ***ELEMENTS OF THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER COMPENSATION***

### **(a) Base Salary**

The base salary for the Chairman and the CEO is determined for a fiscal period. As outlined previously, the Chairman makes recommendations to the Committee regarding the base salary of the Chairman and the CEO. In reviewing these recommendations, in addition to the factors discussed above, the Committee also takes into account current relevant market data relating to Chairman and CEO compensation for a broad range of publically traded companies in Canada, varying in size from \$2.0 billion to \$2.6 billion in annual sales. A broad range of companies that are of similar size and publically traded in Canada is used because of the lack of similar, direct comparisons in the automotive industry in Canada.

For the Chairman and the CEO, the following companies were used for comparative purposes: American Axle; Shaw Communications; ATS; Aliant; Dorel; Manitoba Telecom; Transcontinental; Kingsway Financial; Transat; IGM; Cinram; Canadian Utilities Limited; JLG Industries; Russell Metals; Martinrea; and Wescast.

For comparative purposes, the directors use this data to ensure the Corporation's mix and amounts of compensation are competitive in attracting and retaining the best people in order to achieve Linamar's goals.

### **(b) Annual Incentive**

Annual incentives, or bonuses, are based on a formula. The Corporation has two such incentive plans in place.

The first one is a payment that is made quarterly and is based on a set formula that is derived from a predetermined percentage of pre-tax earnings from continuing operations of the Corporation, inclusive of any special charges or deductions to such earnings (the "Earnings Calculation").

The pre-tax earnings from continuing operations is a Canadian Generally Accepted Accounting Principles ("GAAP") measure used by the Corporation in its Management's Discussion and Analysis ("MD&A") that is used by the Corporation to provide meaningful disclosure with respect to its operations. The Board, through the recommendations of the Chairman and the Committee, sets the percentage incentive for the Chairman and the CEO. The CEO's current annual incentive is equal to 1.25% of the Earnings Calculation and the Chairman's is 1.5%.

The second plan is the Linamar Stepping Stool program. The calculation of this incentive is the same for every employee of the Corporation and is a balance of measurements reflecting performance in three key areas: employee satisfaction, customer satisfaction, and financial satisfaction. The Chairman and the CEO are entitled to a bonus of up to 15% of their base wages under this program.

As noted above, these two incentives are a set percentage of a calculated number. The resultant incentives are therefore the product of that calculation. These are viewed as true performance-based incentives as there is no discretion in the amounts earned as they are tied directly to the performance achieved by the Corporation during that period for which the incentives are earned. The Board believes that it is truly a pay-for-performance reward system whereby the increase in incentives paid are as a result of increased company performance that benefits all stakeholders – shareholders, customers and employees.



For the year ended 2008, the following bonuses were paid to the Chairman, CEO and other Named Executive Officers under the Stepping Stool program:

<b>NAMED EXECUTIVE OFFICER</b>	<b>PAYMENT UNDER THE STEPPING STOOL PROGRAM FOR THE YEAR ENDED DECEMBER 31, 2008</b>
Frank Hasenfratz Chairman of the Board	\$38,761.76
Linda Hasenfratz Chief Executive Officer	\$50,946.07
Jim Jarrell Chief Operating Officer	\$36,084.41
Edward (Ted) Mahood Chief Financial Officer and Treasurer	\$10,213.38
Kenneth McDougall President, Skyjack Inc.	\$25,179.39

(c) Stock Options

The Chairman generally approaches the Committee with a recommendation on the issuance of options under the Linamar Corporation Share Option Plan (the "Share Option Plan"). This may occur at the end of a fiscal year as part of the normal review process or it may occur at other times as business circumstances dictate. Through discussion with the Chairman, the Committee will decide upon a recommendation regarding the issuance or non-issuance of options and make a recommendation to the full Board. Any previous grants of options are taken into account when considering new grants.

The Share Option Plan was designed to ensure that the executives' interest are closely aligned with those of the shareholders by tying part of their compensation to the Corporation's share price. By focusing their efforts on increasing the share price, both the shareholders and the executives benefit. The Board administers the Share Option Plan through the Committee.

As of March 5, 2009, a maximum of 14,156,250 Common Shares may be issued under the Share Option Plan, representing 21.9% of the Company's currently outstanding common shares. A total of 12,339,249 Common Shares have been issued over the life of the Share Option Plan, representing 19.1% of the Company's current outstanding common shares.

The following is a brief description of the Share Option Plan.

Under the Share Option Plan, the Board may grant to the Named Executive Officers (and other employees of the Company and its subsidiaries and affiliates, as approved by the Board) options to purchase Common Shares of the Company as well as tandem Stock Appreciation Rights (SAR) in respect of each optioned share. The exercise price of the options granted is the average daily high and low of the board lot trading prices of the Common Shares on the TSX for the five trading days prior to the date of the grant of the options. The term of the options cannot exceed ten years from the date the option is granted. The vesting period for the options is in the discretion of the Board.

Options that are not exercised within the exercise period are forfeited. The Board has the discretion, upon the grant of options, to determine the period during which the options may continue upon resignation, retirement or termination. It has been the recent practice of the Board to have the options expire immediately upon the occurrence of any of these events. If a participant dies while employed and has exercisable options outstanding at the time of death, the options may be exercised by the participant's personal representatives or executors within six months after the participant's death. The options under the Share Option Plan are not assignable.

The Board may amend or terminate the Share Option Plan and may amend the terms of options granted thereunder. The Board may adjust the number of options in the Share Option Plan in the circumstances of recapitalization, amalgamation, reorganization, arrangement, stock dividends, combinations or splits or exchanges of Common Shares or similar events. Except for adjustments in these circumstances, the Board may not, without the approval of the holders of a majority of the



outstanding Common Shares, increase the maximum number of common Shares that may be issued under the Share Option Plan, reduce the option price per Common Share below the exercise price set out above, extend the term of an option held by an insider (as defined in the applicable rules of the TSX for this purpose) or change the class of participants eligible to participate in the Share Option Plan.

On December 19, 2007 the Board granted 333,333 share options, along with a tandem Share Appreciation Right (SAR) in respect of each option share, to each of Frank Hasenfratz, Linda Hasenfratz and Jim Jarrell. On August 14, 2008 the Board granted the same number of share options and SARS to the same individuals.

Effective December 31, 2008, each of Frank Hasenfratz, Linda Hasenfratz and Jim Jarrell voluntarily surrendered all of their share options and SARs, such that there are currently no share options or SARS outstanding to any individuals under the Share Option Plan. Given the challenging and uncertain economic and market conditions that developed in the later stages of 2008, those individuals felt it was appropriate and in the best interests of the Corporation to surrender their share options and SARs.

### ***ELEMENTS OF THE NAMED EXECUTIVE OFFICERS (“NEO”) COMPENSATION***

The previous discussion regarding the objectives of the compensation strategy and Chairman and CEO compensation apply equally to the compensation of the other NEO's, with the following differences.

The CEO has the responsibility to determine the level of salary and benefits of the other senior executive officers and NEOs of the Corporation. This includes the setting of base salary, the percentage to be paid, if any, on the Earnings Calculation, and any recommendation to the Committee to issue any stock options to an individual under the Stock Option Plan. The NEOs are all eligible to receive up to 15% of their base salary under the Linamar Stepping Stool Program.

In addition, for NEOs who have direct responsibility for a group (for instance, Kenneth McDougall, who is President of Skyjack Inc. and an NEO for the year 2008), their annual incentive is not calculated as the Earnings Calculation. Their annual incentive is a return on adjusted assets calculation (“Adjusted Asset Calculation”). It compares their group's operating earnings to a threshold percentage of the group's adjusted asset base, represented by the level of capital assets and working capital of their group. The NEO receives 1% of the amount by which the operating earnings exceeds the adjusted asset base for the group. Those NEOs responsible for a group are also entitled to receive a bonus of 25% of their base salary if their group achieves growth in operating earnings equal to or greater than 20% of the previous year's operating earnings (“Growth Bonus”).

Overall compensation to the Chairman, CEO and NEOs is achieved by the following mix which, in the view of the Board, best achieves the objectives discussed at the outset of this analysis: a relatively low base salary as compared to salaries paid by manufacturers of similar size; the annual incentive bonuses, comprised of the Earnings Calculation and up to 15% of an individual's base wages under the Linamar Stepping Stock program and/or the Adjusted Asset Calculation and Growth Bonus, as the case may be; and stock options.

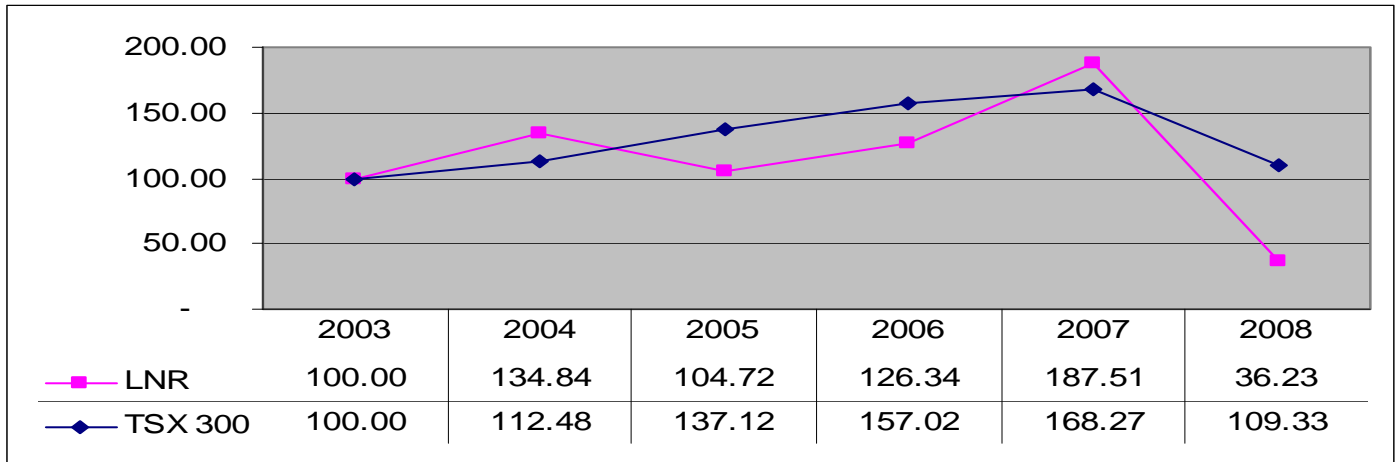
For the NEOs other than the Chairman and the CEO, the following companies were used for comparative purposes in addition to those already listed under the discussion for the Chairman and the CEO: Woodbridge; Borg Warner; Arvin Meritor; Superior Industries; Tenneco; JCI; and Metaldyne.

The CEO uses these comparators to ensure the amounts and mix of compensation are commensurate with the position held by the NEO in order to attract and retain the best people for the Corporation.



**PERFORMANCE GRAPH**

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Common Shares (TSX symbol: LNR) over the last five years with the cumulative total return of the S & P/TSX Composite Total Return Index (formerly the TSX 300 Stock index), assuming reinvestment of all dividends.



Generally, Linamar’s compensation rose at a slower rate than the stock performance over the last 5 years. In 2008, there was tremendous market volatility due to the economic developments in the United States and globally. The automotive sector was especially volatile and this is reflected in the graph for 2008.

**SUMMARY COMPENSATION TABLE**

The following table sets forth a summary of all compensation earned during the 2008 completed financial year by the Named Executive Officers.

In light of the significant changes to the requirements, content and format for executive compensation disclosure made by the Canadian Securities Administrators applicable to issuers with a December 31, 2008 or later year end, the Corporation has disclosed compensation for the Summary Compensation Table below for the 2008 fiscal year only, in accordance with such requirements. Disclosure for the compensation for prior years, in accordance with then applicable requirements, is contained in the Company’s previous Management Information Circular dated March 5, 2008, which is available on [www.sedar.com](http://www.sedar.com).



Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(1)</sup>	Long-term incentive plans			
<b>Frank Hasenfratz Chairman of the Board</b>	2008	351,000	-	-	1,880,282 <sup>(2)</sup>	-	-	211,293 <sup>(7)</sup>	2,442,575
<b>Linda Hasenfratz Chief Executive Officer</b>	2008	549,438	-	-	1,581,047 <sup>(3)</sup>	-	3,500	279,942 <sup>(8)</sup>	2,413,927
<b>Jim Jarrell President &amp; Chief Operating Officer</b>	2008	377,885	-	-	1,263,764 <sup>(4)</sup>	-	3,500	169,097 <sup>(9)</sup>	1,814,246
<b>Edward (Ted) Mahood Chief Financial Officer &amp; Treasurer</b>	2008	198,462	-	-	61,138 <sup>(5)</sup>	-	3,500	4,555	267,655
<b>Kenneth McDougall President, Skyjack Inc.</b>	2008	230,833	-	-	362,359 <sup>(6)</sup>	-	3,500	8,708	605,400

- (1) Amounts disclosed under the "Annual Incentive Plan" column include bonuses paid under the Earnings Calculation or Adjusted Asset Calculation and Stepping Stool program for all NEOs.
- (2) Of this amount, \$38,761.76 represents payment under the Stepping Stool program and \$1,841,520 represents payment under the Earnings Calculation.
- (3) Of this amount, \$50,946.07 represents payment under the Stepping Stool program and \$1,530,101 represents payment under the Earnings Calculation.
- (4) Of this amount, \$36,084.41 represents payment under the Stepping Stool program and \$1,227,680 represents payment under the Earnings Calculation.
- (5) Of this amount, \$10,213.38 represents payment under the Stepping Stool program and \$50,925 represents payment under the Earnings Calculation.
- (6) Of this amount, \$25,179.39 represents payment under the Stepping Stool program; \$322,179.39 represents payment under the Adjusted Asset Calculation and \$15,000 represents a one time discretionary bonus.
- (7) Of this amount, \$191,597 represents vacation pay.
- (8) Of this amount, \$159,836 represents vacation pay and \$83,584 represents personal use of the Corporation's jet. The methodology used to calculate the incremental cost to the Corporation of the use of the jet was to use the difference in cost of having the jet not in use from the actual cost of using the jet on an hourly basis.
- (9) Of this amount, \$128,071 represents vacation pay.

## INCENTIVE PLAN AWARDS

The following table sets forth a summary as at December 31, 2008, of the compensation awarded to the NEOs under compensation plans under which option-based share-based awards of the Corporation are authorized for issuance.



Name	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Frank Hasenfratz Chairman of the Board	-	-	-	-	-	-
Linda Hasenfratz Chief Executive Officer	-	-	-	-	-	-
Jim Jarrell President & Chief Operating Officer	-	-	-	-	-	-
Edward (Ted) Mahood Chief Financial Officer & Treasurer	-	-	-	-	-	-
Kenneth McDougall President, Skyjack Inc.	-	-	-	-	-	-

(1) On December 19, 2007, the Board granted 333,333 share options, along with a tandem Share Appreciation Right (SAR) in respect of each optioned share, to each of Frank Hasenfratz, Linda Hasenfratz and Jim Jarrell.

On August 14, 2008, the Board granted 272,667 share options, along with a SAR in respect of each optioned share, to each of Frank Hasenfratz, Linda Hasenfratz and Jim Jarrell.

In December, 2008, each of Frank Hasenfratz, Linda Hasenfratz and Jim Jarrell voluntarily surrendered all of their share options and SARs to the Corporation, and the share options and SARs were returned to the Share Option Plan. All three individuals felt that, given the recent developments in the general economy and automotive industry, it was in the best interests of the Corporation that they return all granted shares and SARs.

The following table sets forth a summary as at December 31, 2008, of the compensation plans under which any incentive plan awards vested or were earned during the year by the NEO's.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(1)</sup> (\$)
Frank Hasenfratz Chairman of the Board	-	-	1,880,282
Linda Hasenfratz Chief Operating Officer	-	-	1,581,047
Jim Jarrell President & Chief Operating Officer	-	-	1,263,764
Edward (Ted) Mahood Chief Financial Officer & Treasurer	-	-	61,138
Kenneth McDougall President, Skyjack Inc.	-	-	362,359

(1) The amount for each NEO is the same amount as disclosed in the Summary Compensation Table in the column designated "Non-equity incentive plan compensation, Annual Incentive Plans."



## PENSION PLAN BENEFITS

The corporate pension plan is a defined contribution plan. The following table sets forth a summary as at December 31, 2008, of the contributions to, and value of, the pension plan applicable to the NEO's.

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-Compensatory (\$)	Accumulated value at year end (\$)
Frank Hasenfratz Chairman of the Board	-	-	-	-
Linda Hasenfratz Chief Operating Officer	\$70,891.57	3,500	-	\$77,044.17
Jim Jarrell President & Chief Operating Officer	\$75,742.88	3,500	-	\$82,140.42
Edward (Ted) Mahood Chief Financial Officer & Treasurer	-	3,500	-	\$3,311.11
Kenneth McDougall President, Skyjack Inc.	\$6,046.68	3,500	-	\$7,873.34

The Corporation's pension plan is a defined contribution plan. The Corporation pays 10% of an NEO's wages, up to a maximum of \$3,500 per year, into the pension plan. The NEO designates where the money is to be invested within the options offered by the Plan. No contributions are made by the Corporation beyond the age of 65. When an individual retires, whatever amount is in their pension account is transferred by the individual to an appropriate individual retirement vehicle, such as an annuity, LIRA or LIF/LRIP and the Corporation has no liability other than to transfer the existing amount over to the individual's account.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Frank Hasenfratz, Linda Hasenfratz, Jim Jarrell and Kenneth McDougall do not have any written employment or other agreements or arrangements with the Corporation.

Ted Mahood has a written employment agreement with the Corporation.

Mr. Mahood's contract provides for a base salary of \$200,000, along with a bonus of up to 15% of his base wages under the Linamar Stepping Stool program. In addition, Mr. Mahood is entitled to a bonus based on the Earnings Calculation, as discussed under the "Annual Incentive" heading of this Statement of Executive Compensation. Mr. Mahood is eligible for a car allowance and stock option grants under the terms of the Stock Option Plan. Mr. Mahood's contract also provides for pay in lieu of notice upon termination without cause of six (6) months base salary and bonus if the termination occurs in the first six (6) years of employment with the Corporation and, thereafter, one (1) months pay in lieu of notice for each completed year of service up to a maximum of twenty-four (24) months. Assuming Mr. Mahood was terminated without cause on December 31, 2008, he would be entitled to approximately \$130,567. This amount is made up of six (6) months of his salary and bonus payments for 2008.



## DIRECTOR COMPENSATION

The following table sets forth the compensation provided to the Directors for the financial year ended December 31, 2008:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Terry Reidel	53,100	-	-	-	-	-	53,100
David Buehlow	52,300	-	-	-	-	3,310 <sup>(1)</sup>	55,610
William Harrison	50,800	-	-	-	-	-	50,800

(1) This amount represents mileage paid to the Director for travel to and from Board and Committee meetings.

For 2008, each Director who was not an employee of the Corporation (an "Eligible Director") was paid as remuneration for his/her services as a Director of the Corporation the amounts as set out below:

Annual Board Retainer	\$30,000
Annual Committee Chair Retainer	\$ 2,500
Annual Committee Retainer	\$ 1,000
Board Meeting – Personal Attendance	\$ 1,500
Board Teleconference	\$ 750
Committee Meeting – Personal Attendance	\$ 1,500
Committee Teleconference	\$ 750

The Board of Directors has adopted a policy requiring outside Directors to own shares in the Corporation with a value equal to three times the amount of the annual retainer paid to outside Directors. New and existing Directors will have five years to reach that level of shareholding.

The following table sets out the shareholdings and their respective values of the independent directors, as at the close of business on March 17, 2009.

Director	Shares Owned (#)	Value as at March 17, 2009
David Buehlow	5,255	\$12,086.50
William Harrison	15,000	\$34,500.00
Terry Reidel	3,250	\$7,475.00

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the Directors, executive officers or senior officers of the Corporation or any of their associates were indebted to the Corporation or its subsidiaries, and no guarantee, support agreement, letter of credit or similar arrangement was provided to the Directors, executive officers, senior officers of the Corporation or any of their associates by the Corporation or its subsidiaries during the financial year ended December 31, 2008, nor as of February 17, 2009.



## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased Directors' and Officers' liability insurance. The premium paid by the Corporation for this policy in 2008 was approximately \$65,500.00. The policy provides coverage for up to \$15,000,000 per policy period, subject to a deductible of \$500,000 per occurrence to be paid by the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

For the purpose of this Report, the term "independent" has the meaning ascribed to it under National Policy 58-201 Corporate Governance Guidelines.

The Corporation has adopted a number of mandates, charters, policies and codes respecting the governance of the Corporation. Attached to this Circular are the following corporate governance documents of the Corporation:

Appendix A	-	Corporate Governance Practices
Appendix B	-	Board of Directors Mandate
Appendix C	-	Code of Governance Practice
Appendix D	-	Charter of Expectations
Appendix E	-	Mandate of the Audit Committee
Appendix F	-	Mandate of the Human Resources and Corporate Governance Committee
Appendix G	-	Employee Code of Conduct

Some of the provisions of these corporate governance documents are highlighted below. The Corporation urges all shareholders to review the Appendices in their entirety.

### Corporate Governance Practices

For a description of the Corporation's corporate governance practices as compared to the guidelines and requirements set out in National Policy 58-201 - "Corporate Governance Guidelines" and National Instrument 58-101 - "Disclosure of Corporate Governance Practices" of the Canadian Securities Administrators, please see the chart set out in Appendix A.

### Mandate of the Board

The mission of the Board of Directors is to be a strategic asset of the Corporation measured by the contribution the Directors make, both individually and collectively, to the long-term success of the Corporation. The Board of Directors has a dual role to all shareholders of oversight and advisory. As such, the Board of Directors has several policies/guidelines in place to assist in discharging their duty, including the Board of Directors Mandate (attached as Appendix B), a Code of Governance Practices (attached as Appendix C) and a Charter of Expectations (attached as Appendix D).

The Board oversees the business and affairs of the Corporation, establishes or approves overall corporate policies where required and involves itself jointly with management in the creation of shareholder value, the preservation and protection of the Corporation's assets and the establishment of the Corporation's strategic direction. For these purposes, the Board holds regularly scheduled meetings on a fiscal quarterly basis, with additional meetings held as required. Separate annual strategic planning and business plan review meetings initiated in 2002 provide the Board the opportunity for a detailed discussion of strategy with management. Bi-annually, the Board meets separately to review governance practices and processes to ensure their relevance and effectiveness. There were five meetings in total of the Board during fiscal 2008. At each meeting the Board holds an in camera session attended solely by the independent Directors. In addition, there is continued communication between senior management and Board members on an informal basis and through Committee meetings.

The following table illustrates the total number of Board and Committee meetings for 2008 and the attendance at those meetings by each Director.



Director	Total Number of Regularly Scheduled Directors' Meetings	Number Attended	Percentage Attendance	Total Number of Audit Committee Meetings	Number Attended	Percentage Attended	Total Number of Human Resources and Corporate Governance Committee Meetings	Number Attended	Percentage Attendance
Frank Hasenfratz	5	3	60%	-	-	-	-	-	-
David Buehlow	5	5	100%	4	4	100%	4	4	100%
William Harrison	5	5	100%	4	4	100%	4	4	100%
Terry Reidel	5	4	80%	4	4	100%	4	4	100%
Linda Hasenfratz	5	5	100%	-	-	-	-	-	-
Mark Stoddart	5	5	100%	-	-	-	-	-	-

### Term of Office

In accordance with the Code of Governance Practices, Directors of the Corporation are nominated and elected on an annual basis for a one year term of office. Nomination for election or re-election is determined in consultation with the Chairman of the Board and the Human Resources and Corporate Governance Committee, and is based on the expected contribution of each Director to Board effectiveness. The Board has established a retirement date for Directors which is the date of the Annual Meeting of the Corporation following the Director's 70th birthday. Exceptions to this rule will be evaluated in consultation with the Chairman, Chief Executive Officer and Human Resources and Corporate Governance Committee.

Directors whose principal employment changes materially from that which they held when elected to the Board (including retirement from their principal employment) must tender a written offer to resign to the Chairman of the Board, who in consultation with the Human Resources and Corporate Governance Committee will make a recommendation for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board, however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances.

### Board Committees

The Board has established two standing committees, the Audit Committee and the Human Resources and Corporate Governance Committee, and has prescribed the responsibilities and mandates of both Committees. From time to time, the Board has established special committees composed entirely of independent Directors (within the meaning of National Policy 58-201-Corporate Governance Guidelines) to review and make recommendations on specific business matters. Each such committee operates pursuant to written guidelines or the mandate set out in their respective authorizing resolutions. The Corporation does not have an executive committee.

### Audit Committee

During fiscal 2008, the Audit Committee was comprised of three Directors: Messrs. Buehlow (Chairman), Reidel and Harrison of whom all are independent Directors within the meaning of National Instrument 52-110-Audit Committees.

The Audit Committee operates under the Corporation's by-laws and applicable law, and, in accordance with the Audit Committee Mandate, the text of which is attached as Appendix E to this Circular, has general authority in relation to the Corporation's financial affairs as well as the specific responsibility to: review all fees paid to the auditors; review the Corporation's quarterly and annual financial statements (including management's discussion and analysis of financial condition and results of operations) and report thereon to the Board; and make recommendations to the Board as to the annual appointment or re-appointment of the auditors for the Corporation. The Audit Committee also has certain additional responsibilities relating to internal and external audits, oversight of management reporting on internal controls and procedures, the application of significant accounting principles, financial reporting and integrity, relations with the



Auditors and other matters. To assist in fulfilling its responsibilities, the Audit Committee has the authority to retain external legal counsel and other advisors. Effective March 5, 2003, the Board adopted an Audit Committee Mandate. The Board agreed to adopt the Audit Committee Mandate, recommended by the Audit Committee, to enhance the Corporation's existing corporate governance structures and practices. The Audit Committee met four times during fiscal 2008 with management and/or representatives of PricewaterhouseCoopers LLP.

Additional information regarding the Audit Committee is set out in the section entitled "Audit Committee" in the Corporation's Annual Information Form, dated March 5, 2009 filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Human Resources and Corporate Governance Committee**

During fiscal 2008, the Human Resources and Corporate Governance Committee was comprised of three Directors: Messrs. Reidel (Chairman), Harrison and Buehlow, of whom all are independent Directors within the meaning of National Policy 58-201. Effective October 4, 2003, the Board adopted a Human Resources and Corporate Governance Committee Mandate, the text of which is set out in Appendix F to this Circular. The Human Resources and Corporate Governance Committee met four times in 2008 to review and make recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chairman of the Board and the Chief Executive Officer. The Human Resources and Corporate Governance Committee also reviews and approves the disclosure relating to the compensation of Directors and officers of the Corporation contained in this Circular (or other documents prior to their distribution to Linamar's shareholders), prepares the Report on Executive Compensation contained herein, administers the Linamar Stock Option Plan and performs such other functions as requested or delegated by the Board. In addition, the Committee also assists the Board by reviewing the effectiveness with which the Corporation meets its obligations pertaining to the policies and legal requirements of human resources and corporate governance; environmental; health and safety; and capital accumulation plans.

### **Shareholders' Feedback and Additional Information**

Interested investors and analysts are invited, after all significant public announcements, including the release of interim and annual financial information, to discuss with senior management the impact on the Corporation of such information. The Chief Executive Officer of the Corporation is available to discuss matters of concern to shareholders, and she can be reached at:

Linamar Corporation Office  
287 Speedvale Avenue West  
Guelph, Ontario, CANADA, N1H 1C5  
Telephone: (519) 836-7550  
Facsimile: (519) 836-9175  
Email: [investorrelations@linamar.com](mailto:investorrelations@linamar.com)

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com), including financial information, which is provided in the Corporation's comparative financial statements and MD&A for the most recently completed financial year. Copies of the annual financial statements and MD&A for the most recently completed financial year may also be obtained by contacting the Company Secretary at the address, phone number, fax number or email address noted above.

### **Expectation of Management**

The Board expects management to act in the best interests of the Corporation. To this end, the Board must have confidence in the quality of the reports provided to it. The Board will continue to monitor the adequacy of the information requested by and provided to the Board.



### **Normal Course Issuer Bid**

On February 4, 2009, the Corporation filed a Notice of Intention to Make A Normal Course Issuer Bid (the "Bid") with the TSX, which accepted such Notice effective February 4, 2009, with the Bid commencing effective February 9, 2009.

The maximum number of shares that the Corporation may repurchase under the Bid is 3,791,858, representing approximately 10% of the public float of 37,918,582 Common Shares outstanding as at January 30, 2009. The Bid commenced on February 9, 2009 and will terminate on the earliest of Linamar purchasing 3,791,858 Common Shares, the Corporation providing notice of termination, and February 8, 2010. The price the Corporation will pay for any Common Shares acquired will be the market price at the time of acquisition. Purchasing may be suspended at any time. All Common Shares purchased will be cancelled by the Corporation. A copy of the Notice may be obtained by contacting the Corporation at the phone number and address set out in the section entitled "Shareholders Feedback" in this section.

Under the Corporation's previous normal course issuer bid, which expired on January 30, 2009, the Corporation purchased an aggregate of 5,084,600 Common Shares at an average price of \$12.87 per Common Share. The shares purchased under that bid were cancelled.

### **INTEREST OF MANAGEMENT, NOMINEES AND OTHERS IN MATERIAL TRANSACTIONS**

During the year ended December 31, 2008, other than as described below, no Director, senior officer or principal shareholder of the Corporation, nor any associate or affiliate thereof, has had any material interest, direct or indirect, in any transaction which has materially affected or will materially affect the Corporation or any of its shareholders.

The Corporation paid to Kiwi-Newton Construction Ltd. approximately \$12.6 million in fiscal year 2008 in respect of the construction of buildings, building additions and building improvements for certain of the Corporation's subsidiaries with operations in Ontario. Kiwi-Newton Construction Ltd. is owned by the spouse of the Chief Executive Officer of the Corporation. In order to address any potential conflict of interest, building contracts are tendered through a closed bid process on a periodic basis and submitted to an independent Director.

### **DIRECTORS' APPROVAL**

The Board has approved the contents of this Information Circular and the sending of it to shareholders.

DATED as of March 17, 2009.

ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Linda Hasenfratz", written over a light grey rectangular background.

Linda Hasenfratz  
Chief Executive Officer



## APPENDIX A

### Corporate Governance Practices

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("TSX"), the Corporation has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices", which are the initiatives of the Canadian Securities Administrators ("CSA") and which supplant the previous Toronto Stock Exchange corporate governance guidelines.

The Corporation recognizes that its governance practices must evolve to respond to changes in the regulatory environment. Many regulatory changes have come into effect in the past years, including rules issued by the CSA relating to audit committees and disclosure of corporate governance practices. The Corporation is regularly adjusting its governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its governance practice if need be.

### Corporate Governance Disclosure

The following compares the Corporation's governance practices against National Policy 58-201 and National Instrument 58-101 as required under Form 58-101 F1 "Corporate Governance Disclosure".

#### 1. Board of Directors

(a) Disclose the identity of Directors who are independent.

The Board of Directors is composed of 6 persons: of those persons, David Buehlow, William Harrison and Terry Reidel are independent

(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.

The Directors who are not independent are Frank Hasenfratz, Linda Hasenfratz and Mark Stoddart.

Frank Hasenfratz, the Chairman of the Board is considered a related Director as he is an executive officer of the Corporation, a significant shareholder and the father of the Chief Executive Officer. Linda Hasenfratz is considered related as she is the Chief Executive Officer of the Corporation and daughter of the Chairman of the Board. Mark Stoddart is considered a related Director as he is the Chief Technology Officer and Executive Vice President of Marketing for the Corporation and the son-in-law of the Chairman of the Board.

(c) Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board of Directors (the "Board") does to facilitate its exercise of independent judgment in carrying out its responsibilities.

One half of Linamar's Directors, three of six, are independent Directors as defined in National Instrument 52-110 of the Canadian Securities Administrators.

The Board takes several measures to facilitate the exercise of independent judgment. The two Committees of the Board are comprised entirely of independent Directors and, at every Committee meeting, as well as at every Board meeting, "In Camera" sessions are held. The Board has set out its roles and responsibilities in formal charters as well as adopting a Code of Governance Practices and Charter of Expectations for Directors. The full text of these can be promptly provided upon written

request or found at Appendices B, C, D, E and F of this Management Information Circular. These documents are reviewed annually to ensure they reflect best practices and are in compliance with applicable regulatory requirements. In addition, outside experts are brought in to various Board meetings for continuing education on topics related to the Corporation. Monies are also set aside for Directors to attend conferences and seminars as they deem appropriate to further their knowledge and ability to carry out their responsibilities.

(d) If a Director is presently a Director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.

See the description of Directors' tenure as members of other corporate boards at pages 4 to 5 of this Circular.

(e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent Directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent Directors.

Directors hold "In Camera" sessions, in the absence of non-independent Directors or senior executives of the Corporation, at every regularly scheduled Board and committee meeting. For fiscal 2008, the Board held five regularly scheduled meetings, each having an agenda which specifically provided for an "In Camera" session.

The two Committees of the Board are composed entirely of independent Directors and, as with the Board meetings, each Committee meeting has an agenda which specifically provides for an "In Camera" session. In fiscal 2008, four such Audit Committee meetings were held and four such Human Resources and Corporate Governance Committee meetings were held.

(f) Disclose whether or not the Chair of the Board is an independent Director. If the Board has a chair or lead Director who is an independent Director, disclose the identity of the independent chair or lead Director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead Director that is independent, describe what the Board does to provide leadership for its independent Directors.

The Chairman of the Board and founder of the Corporation, Frank Hasenfratz, is not an independent Director. The Chairman of the two Board Committees, as well as the entire composition of the two Committees, are independent Directors. In addition, "In Camera" sessions are provided for at each regularly scheduled Board meeting and are always held in the absence of non-independent Directors and management. Feedback from the "In Camera" sessions is then brought to the attention of the Chairman of the Board and/or the Chief Executive Officer by one of the independent Directors. A Director-Peer Feedback process was implemented in 2003. The Human Resources and Corporate Governance Committee, comprised entirely of independent Directors, surveys Directors to provide feedback on the effectiveness of the Board. The Committee assesses the operation of the Board and the Committees, the adequacy of information given to Directors, communication between the Board and management and the strategic direction and processes of the

(g) Disclose the attendance record of each Director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

Board and Committees. The Committee also assesses the performance of the Chairman of the Board as well as the Chief Executive Officer.

See the full attendance record of each Director for each of the Board and its Committees at page 16 of this Management Information Circular.

## **2. Board Mandate**

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board, either directly or through Board committees, is responsible for management and supervision of the business and affairs of the Corporation with the objective of enhancing shareholder value.

The roles and responsibilities of the Board and each of its committees are set out in formal written charters (the full text of which can be promptly provided upon written request or found at Appendices B, C and D of this Management Information Circular which Circular is available on SEDAR at [www.sedar.com](http://www.sedar.com)). These charters are reviewed annually to ensure they reflect best practices and are in compliance with applicable regulatory requirements.

## **3. Position Descriptions**

(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Chairman of the Board and each Committee chair.

(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

The Board has developed a written position description for the Chief Executive Officer.

## **4. Orientation and Continuing Education**

(a) briefly describe what measures the Board takes to orient new Directors regarding:

The Corporation has an orientation and education program in place for new Directors. All new Directors receive an Orientation Manual containing a record of historical public information about



- (i) the role of the Board, its committees and its Directors, and
- (ii) the nature and operation of the issuer's business.

the Corporation, as well as the charters of the Board and committee mandates, copies of all Board governance documents and other relevant corporation and business information. The orientation also includes a thorough review of key issues facing the Corporation, a review of Corporate strategy and plans, a snapshot of current performance, a familiarization with Board documents and information sources and a tour of the Corporation's various facilities.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its Directors. If the Board does not provide continuing education, describe how the Board ensures that its Directors maintain the skill and knowledge necessary to meet their obligations as Directors.

Time is allocated at various Board meetings throughout the year for continuing education on topics related to the business of the Corporation. On occasion, outside experts are brought in as part of that process. The Board meets in a retreat every second year to review its role, functionality, and any other topics related to its ability to fulfill its responsibilities to the Corporation. In addition, monies are set aside for members to attend conferences and seminars as they deem appropriate to further their ability to fulfill their roles as a Director of the Corporation.

## 5. Ethical Business Conduct

(a) Disclose whether or not the Board has adopted a written code for the Directors, officers and employees. If the Board has adopted a written code:

- (i) disclose how a person or company may obtain a copy of the code;
- (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and
- (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the code.

(i) The Board has adopted a Code of Governance Practices and Charter of Expectations for Directors. The full text of these can be promptly provided upon written request or found at Appendices C and D of this Management Information Circular.

(ii) As well, Linamar's officers and employees are subject to the provisions of the Corporation's Code of Conduct (the full text of which can be promptly provided upon written request or found at Appendix G of this Management Information Circular).

The Code of Governance Practices and Charter of Expectations for Directors, and Code of Conduct provide a framework for Directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board, through its Human Resources and Corporate Governance Committee, reviews the implementation and respect of these three documents throughout the Corporation.

(iii) There have been no material change reports filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the Code of Governance Practices, Charter of Expectations or Code of Conduct.



(b) Describe any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.

The Corporation's Code of Governance Practices states clearly that Directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a Director or executive officer has a material interest, full disclosure to the Board is required and such Director must abstain from voting on any such matter. In addition, every Board meeting agenda has a specific item requiring any Director at the outset of the meeting to declare a conflict of interest with any item existing on the agenda.

(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

The Corporation's Code of Conduct, Code of Governance Practices and Charter of Expectations for Directors, together with statements included in the Board and Committee mandates encourage and promote an overall culture of ethical business conduct. The Board's adherence to these measures and principles also encourages ethical business conduct throughout the Corporation. In 2006, the Board approved a Whistleblower Policy and Procedure whereby any employee is able to anonymously report any financial related behaviour they believe may be in violation of any law, to an independent third party for investigation.

## 6. Nomination of Directors

(a) Describe the process by which the Board identified new candidates for Board nomination.

The Human Resources and Corporate Governance Committee is responsible for assisting the Board in identifying qualified individuals who would be suitable nominees for election to the Board. To accomplish this duty, the Committee and the full Board:

(i) assesses the composition and size of the Board and, in doing so, reviews the breadth and diversity of experience of the Directors by having created and updated, on a yearly basis, a competency matrix that sets out the current areas of expertise of the Board;

(ii) identifies the challenges facing the Corporation; and

(iii) approaches competent nominees.

Prior to agreeing to join the Board, new Directors are given a clear indication of the workload and time commitment required.



(b) Disclose whether or not the Board has a nominating committee composed entirely of independent Directors. If the Board does not have a nominating committee composed entirely of independent Directors, describe what steps the Board takes to encourage an objective nomination process.

The Human Resources and Corporate Governance Committee is composed exclusively of Directors who are independent and acts as the nominating committee when Board positions are required to be filled.

(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Mandate of the Human Resources and Corporate Governance Committee, which describes the responsibilities, powers and operation of the nominating committee can be promptly provided upon written request or found at Appendix F of this Management Information Circular.

## 7. Compensation

(a) Describe the process by which the Board determines the compensation for the issuer's Directors and officers.

The Human Resources and Corporate Governance Committee of the Board annually reviews the compensation paid to Directors, the Executive Chair of the Board and the Chief Executive Officer. In doing so, the Committee takes into account any factors it deems appropriate, such as the Corporation's performance and operating criteria, the value of similar compensation levels to persons holding comparable positions at comparable companies and the compensation levels given in prior years, as well as other factors that may be relevant from time to time. With respect to officers of the Corporation, the Committee reviews, approves and recommends to the Board the adoption of a compensation strategy for the Corporation.

(b) Disclose whether or not the Board has a compensation committee composed entirely of independent Directors. If the Board does not have a compensation committee composed entirely of independent Directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Human Resources and Corporate Governance Committee is composed entirely of independent Directors.

(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Human Resources and Corporate Governance Committee's mandate, which describes the responsibilities, powers and operation of the compensation committee can be promptly provided upon written request or found at Appendix F of this Management Information Circular.

(d) If a compensation consultant or advisor

No such consultant was retained during the Corporation's most



has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

recently completed financial year.

## **8. Other Board Committees**

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has no other standing committees other than those of the Audit Committee and the Human Resources and Corporate Governance Committee.

## **9. Assessments**

Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual Directors are performing effectively.

A Director-Peer Feedback process was implemented in 2003. The Human Resources and Corporate Governance Committee, comprised entirely of independent Directors, surveys Directors to provide feedback on the effectiveness of the Board and individual Directors. The Committee assesses the operation of the Board and the Committees, the adequacy of information given to Directors, communication between the Board and management, the Director-Peer Feedback information results and the strategic direction and processes of the Board and Committees. The full Board discusses the Peer-Feedback survey results in order to identify improvements to address any areas requiring attention. The Committee also assesses the performance of the Chairman of the Board as well as the Chief Executive Officer.



## APPENDIX B

### LINAMAR CORPORATION

#### Board of Directors Mandate

##### Mission

To be a strategic asset of the organization measured by the contribution the Directors make – individually and collectively – to the long-term success of the enterprise.

The Board of Directors has a dual role to all shareholders of oversight and advisory.

In discharging this duty, the Board has the following overall stewardship responsibilities.

##### *Board*

- Planning Board size and composition, establishing committees, determining director compensation, evaluating and selecting candidates for election.
- Maintaining a formal orientation and education program for new directors, and ongoing programs for all directors.
- Assessing its own effectiveness and the effectiveness of individual directors.

##### *Senior Management*

- Selecting and evaluating the performance of the Chief Executive Officer.
- Delegating to management powers to manage the Corporation.
- Overseeing succession planning for senior management positions.
- Approving the compensation of the Chairman and the Chief Executive Officer.
- Approve the compensation strategy and program of the management of the corporation.
- Advising and counselling the Chief Executive Officer.

##### *Strategy*

- Approving the Corporation's vision and mission statements.
- Reviewing the effectiveness of the strategic planning process, approving business objectives and strategic plans.
- Monitoring corporate performance against these statements, objectives and plans.

##### *Risk Management, Capital Management and Internal Control*

- Reviewing, approving and monitoring adherence to policies and procedures for the management and control of risk, including capital management, and the internal control and management information systems that provide reasonable assurance as to the reliability of the Corporation's financial information and the safeguarding of its assets.
- Reviewing compliance with legislative and regulatory requirements, and monitoring compliance with the Code of Business Conduct.

##### *Material Transaction*

- Reviewing and approving material investments and transactions such as establishment and closure of plants, acquisitions and divestitures and establishment of joint.

##### *Financial Reporting*



- Reviewing and approving the annual and quarterly financial statements and management discussion and analysis.
- Appointment auditors.

*Communication*

- Reporting the financial results to shareholders and other stakeholders.
- Approving policies with regard to confidentiality of information and securities trading by employees, corporate communications and public disclosure.

*Other*

- Performing such other functions as prescribed by law or as assigned to the Board in the Corporation's governing documents

March 5, 2008



## APPENDIX C

### LINAMAR CORPORATION

#### Code of Governance Practices

##### 1. **Charter of Expectations**

The Company has adopted a charter of expectations which sets out the specific responsibilities to be discharged by the Company's Directors, as well as the characteristics expected of directors (attachment).

##### 2. **Term of Office**

Directors of the Corporation are nominated and elected on an annual basis for a one year term of office. Nomination for election or re-election is determined in consultation with the Chairman of the Board and the Human Resources Corporate Governance Committee, and is based on the expected contribution of each Director to Board effectiveness. Contribution is assessed in part on a Director Peer Feedback Process conducted annually by the Human Resources Corporate Governance Committee of the Board.

The Board has established a retirement date for directors which is the date of the Annual Meeting of the Corporation following the director's 70<sup>th</sup> birthday. Exceptions to this rule will be evaluated in consultation with the Chairman, Chief Executive Officer and Human Resources Corporate Governance Committee.

##### 3. **Attendance at Board & Committee Meetings**

Each director is expected to attend all meetings of the Board, as well as all meetings of the Board Committees of which the director is a member. The Board recognizes that additional meetings may need to be scheduled on short notice when participation by all directors may not be possible. In addition, directors may not be able to attend meetings from time to time for medical reasons or due to other unusual circumstances. The Human Resources Corporate Governance Committee reviews the attendance of directors each year. Any director who does not, in two consecutive years, attend at least 75% of the regularly scheduled meetings of the Board and the Committees to which he/she is assigned, must tender a written offer to resign to the Chairman of the Board, who in consultation with the Human Resources Corporate Governance Committee will make a recommendation for acceptance or rejection by the Board. It should be noted that it is our practice to report director attendance in our yearly Management Information Circular.

##### 4. **Change of Occupation**

Directors whose principal employment changes materially from that which they held when elected to the Board (including retirement from their principal employment) must tender a written offer to resign to the Chairman of the Board, who in consultation with the Human Resources Corporate Governance Committee will make a recommendation for acceptance or rejection by the Board. The Board is not of the view that directors in such circumstances must always leave the Board, however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances.

##### 5. **Conflict of Interest**

A director's business or personal relationships may occasionally give rise to a material personal interest in a business matter or relationship of the Corporation that conflicts, or appears to conflict, with the interests of the Corporation. In such circumstances, the issue should be raised with the Chairman and the Chief Executive Officer. Appropriate steps will then be taken to determine whether an actual or apparent conflict exists, and in accordance with statutory requirements, determine whether it is necessary for the director to be excused from discussions on the issue.

In addition, each director must ensure that he/she is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from holding shares of the Corporation. Directors who are also members of management of the Corporation are recognized by statute as being "affiliated" directors.

#### **6. Orientation of New Directors**

The Corporation has formal orientation and education arrangements for new members of the Board. This orientation begins with meetings with the Chief Executive Officer, followed by meetings or briefing sessions with selected company executives. A new director will be provided with a range of written materials including those which outline the organization of the Board and its Committees, the powers and duties of directors, the Board of Directors Mandate, the Charter of Expectations for Directors, the Committee Mandates and this Code of Governance Practices for directors.

Management will also review the current corporate strategy with the new director, and will arrange site visits as well as private meetings with members of management, as requested by the director. The director will also be provided the information on the products and services provided by the Corporation in each of the Territories in which it carries on business, as well as a review of the financial statements of the Corporation including a copy of current commentary on the Corporation from outside investment analysts.

#### **7. Personal Liability of Directors**

In discharging their duties, directors of the Corporation are required by statute to act honestly and in good faith with a view to the best interests of the Corporation, and they may incur personal liability if they breach such duties. In addition, directors may incur personal liability if they fail to meet certain standard of performance – the general requirement being that directors must exercise the care, diligence and skill that reasonably prudent person would exercise in comparable circumstances. Directors also have potential liability under certain statutes in the various jurisdictions in which the Corporation carries on business.

To protect directors who have discharged their duties within the law. The Corporation maintains Directors & Officers indemnity insurance on behalf of all directors.

#### **8. Share Ownership**

Each outside director of the Corporation is required to acquire and own common shares in the Corporation equal in value to three times the annual retainer paid to outside directors by the Corporation. Furthermore, each outside director will have five years from his or her initial appointment to the Board to attain that level of shareholdings.

#### **9. Interaction with the Media**

The Board believes that it is the responsibility of management, rather than members of the Board, to speak on behalf of the Corporation. From time to time, directors may be requested by the media, or by institutional investors, shareholders, customers or policyholders, to discuss certain issues on behalf of the Corporation. Any director to whom such a request is made should review the request with the Chairman and Chief Executive Officer of the Corporation before responding.

March 5, 2008



## APPENDIX D

### LINAMAR CORPORATION

#### Charter of Expectations for Directors

To execute the board's mandate, directors must possess certain characteristics and traits:

##### **Integrity and Accountability**

- Directors must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on – and remain accountable for – their boardroom decisions.

##### **Informed Judgment**

- The ability to provide wise, thoughtful counsel on a broad range of issues ranks high among the qualities required in directors.
- A knowledge of local, national and international business issues is a key element in this regard.

##### **Financial Literacy**

- Directors must have a high level of financial literacy. They should know how to read financial statements, and they should understand the use of financial ratios and other indices for evaluating company performance.

##### **Mature Confidence**

- *Teamwork*  
Directors who value Board and team performance over individual performance, and who possess respect for others, facilitate superior Board performance.
- *Communication*  
Openness to others' opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Directors must approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussions.

##### **Track Record and Experience**

- In today's highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Directors must bring a history of achievement that reflects high standards for themselves and others.

March 5, 2008

## APPENDIX E

### Mandate of the Audit Committee

#### I. Purpose of Audit Committee

The Audit Committee has been formed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- review and report to the Board on the financial statements, related MD&A and other financial disclosures of the Company;
- monitor the integrity of the financial reporting process and system of internal controls in respect of the Company's financial reporting and accounting compliance;
- monitor the management of the principal risks that could impact the financial reporting and related disclosure of the Company; and
- monitor the independence, qualifications and performance of the Company's external auditors and internal auditing department.
- monitor the Company's compliance with legal and regulatory requirements in all jurisdictions in which the Company carries on business.
- establish and monitor procedures for adherence to reporting requirements.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and has direct access to the external auditors as well as any officer or employee of the Company.

#### II. Audit Committee Composition, Meetings and Organization

##### **Composition:**

The Audit Committee members shall meet the requirements of the *Business Corporations Act* (Ontario) (the "OBCA") and National Instrument 52-110. The Audit Committee shall be comprised of three or more directors as determined by the Board, a majority of whom must be resident Canadians (as defined in the OBCA), each of whom shall be independent directors (as defined in Schedule "A" to this Appendix E) and none of whom shall be officers or employees of the Company or its affiliates. All members of the Audit Committee shall be financially literate (as defined in Schedule "A"). A director who is not financially literate may be appointed to the Audit Committee provided that such director becomes financially literate within a reasonable period of time following his or her appointment.

##### **Appointment of Members and Chair:**

Members of the Audit Committee shall be appointed by the Board on the recommendation of the Human Resources and Corporate Governance Committee and shall serve at the pleasure of the Board, or until the close of the next annual meeting of shareholders of the Company. If the Chair of the Audit Committee is not designated or present at a duly called meeting of the Audit Committee, the members of the Audit Committee may designate a Chair by a majority vote of the Audit Committee membership.

##### **Meetings:**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair, any member of the Audit Committee, the external auditors or the Chairman of the Board may, with reasonable notice, call a meeting of the Audit Committee by notifying the secretary of the Board who will notify the



members of the Audit Committee. The external auditors are entitled to receive notice of every meeting of the Audit Committee and to attend and be heard at such meetings. A majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee Chair shall prepare and approve an agenda in advance of each meeting.

The Audit Committee should meet privately at least annually with management, the external auditors, and as a committee to discuss any matters that the Audit Committee or any of these groups believe should be discussed.

#### **Access to Outside Advisors:**

The Audit Committee shall have the authority to retain external legal counsel and other advisors to assist it in fulfilling its responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

### **III. Audit Committee Responsibilities and Duties**

The Audit Committee shall have the duties and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these duties and responsibilities, the Audit Committee shall perform the duties required of the Audit Committee by the OBCA, binding requirements of the stock exchanges on which the securities of the Company are listed and all other applicable laws. The Audit Committee may designate a sub-committee to review any matter within this Mandate.

#### **(a) Review Procedures**

- (i) The Audit Committee shall review and report to the Board on the Company's annual audited financial statements, unaudited quarterly financial statements, related MD&A, annual and interim earnings press releases and other related financial disclosures (including financial disclosures of the Company provided in prospectuses) prior to filing or distribution. The Audit Committee's review should include discussions with management and the external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
- (ii) At least annually, in consultation with management and the external auditors, the Audit Committee shall consider the integrity of the Company's financial reporting processes and internal controls. The Audit Committee shall discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. The Audit Committee shall also review significant findings prepared by the external auditors together with management's responses.
- (iii) The Audit Committee shall review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and the steps Management has taken to monitor, control and report thereon and provide the Audit Committee's view to the Board.
- (iv) The Audit Committee shall review and assess the adequacy of this Mandate at least annually and submit this Mandate to the Board for approval.
- (v) The Audit Committee will review any material changes in accounting standards and securities policies or regulation relevant to the Company's financial statements.
- (vi) The Audit Committee shall review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
- (vii) The Audit Committee shall review the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Company's quarterly and annual consolidated financial statements.

- (viii) The Committee shall review annually a letter of certification from the Chief Executive Officer on the Company's compliance with the Code of Conduct.

**(b) External Auditors**

- (i) The Audit Committee is responsible for overseeing the work of the external auditors who report directly to the Committee. The Audit Committee shall, at least annually, review the independence and performance of the external auditors, including the qualifications and performance of the lead partners of the external auditors, and recommend to the Board the appointment and the compensation of the external auditors or approve any discharge of the external auditors when circumstances warrant.
- (ii) The Audit Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditors.
- (iii) At least annually, the Audit Committee shall review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence.
- (iv) At least annually, the Audit Committee shall review the external auditors' audit plan and discuss and approve the audit scope, staffing, locations, reliance upon management, and general audit approach.
- (v) Prior to releasing the year end financial results, the Audit Committee shall discuss the results of the audit with the external auditors and discuss any matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- (vi) The Audit Committee shall consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.
- (vii) The Audit Committee shall review with the external auditors any audit problems or difficulties and management's response thereto.

**(c) Internal Audit Department and Compliance**

- (i) At least annually, the Audit Committee shall review the independence of the internal audit department from management and review any difficulties encountered by the internal audit department in the course of its internal audit.
- (ii) At least annually, the Audit Committee shall review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or government agencies.
- (iii) At least annually, the Audit Committee shall review the report on compliance with the Company's Code of Conduct and any instances of material deviation therefrom with corrective actions taken.

(d) **Other Audit Committee Responsibilities**

- (i) At least annually, the Audit Committee shall assess its effectiveness and each of its members against this Mandate and report the results of the assessment to the Board.
- (ii) At least annually, the Audit Committee shall disclose this Mandate to shareholders, as required by applicable law.
- (iii) The Audit Committee shall maintain minutes of its meetings and periodically report to the Board on significant results of its activities and deliberations.
- (iv) The Audit Committee shall review senior financial and accounting personnel succession planning within the Company.
- (v) The Audit Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company. This policy is defined in the Standard Practice Manual, # 4-000X.
- (vi) The Audit Committee shall receive reports from management in respect of procedures established for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
- (vii) The Chair of the Audit Committee shall coordinate orientation and continuing director development programs relating to this Mandate for Audit Committee members.

**IV. Currency of the Audit Committee Mandate**

This Mandate was last reviewed by the Board of Directors on November 4, 2008.



## SCHEDULE "A" TO APPENDIX E

### Definitions

#### Definitions<sup>(1)</sup>:

##### Meaning of Independence --

1. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company.
2. For the purposes of Section 1, a material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
3. Despite Section 2, the following individuals are considered to have a material relationship with the Company:
  - a. an individual who is, or has been within the last three years, an employee or executive officer of the Company;
  - b. an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
  - c. an individual who is a partner or employee of a firm that is the internal or external auditor of the Company, or was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
  - d. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual, is a partner or employee of a firm that is the internal or external auditor of the Company; or is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time ;
  - e. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serve or served at that same time on the entity's compensation committee; and
  - f. an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years;
  - g. an individual who:
    - i. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
    - ii. is an affiliated entity of the Company or any of its subsidiary entities.
4. Despite Section 3, an individual will not be considered to have a material relationship with the Company solely because:
  - a. he or she had a relationship identified in Section 3 if that relationship ended before March 30, 2004; or

(1) Derived from National Instrument 52-110 Audit Committee

- b. he or she had a relationship identified in Section 3 by virtue of Section 9.
5. For the purposes of Sections 3(c) and (d), a partner does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued service.
  6. For the purposes of Section 3(f), direct compensation does not include (i) any remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee or (ii) any fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.
  7. For the purposes of Section 3(g):
    - a. the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
      - i. an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
      - ii. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary entity of the Company; and
    - b. compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.
  8. Despite Section 3, a person will not be considered to have a material relationship with the Company solely because he or she:
    - a. has previously acted as an interim Chief Executive Officer of the Company; or
    - b. acts, or has previously acted, as a chair or vice-chair of the Board of Directors or any Board committee on a part-time basis.
  9. For the purposes herein (other than Sections 3(g) and (7)), reference to the Company includes a subsidiary entity of the Company.

Meaning of Financial Literacy -- An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.



APPENDIX F  
LINAMAR CORPORATION  
Mandate of the  
Human Resources and Corporate Governance Committee

Purpose of the Committee:

The Committee assists the Board of Directors by:

- Reviewing the effectiveness with which the Corporation meets its obligations pertaining to the Human Resources, Corporate Governance, Environment, Health & Safety, and Capital Accumulation Plans.
- Reviewing the effectiveness with which the Corporation: (a) establishes appropriate Human Resources, Corporate Governance, Environment, Health & Safety, and Capital Accumulation Plan policies having regard to legal, industry, and community standards in those areas; and (b) has and maintains management systems to implement such policies and monitor compliance therewith.
- Establishing and monitoring adherence to procedures for identifying and entering into transactions with related parties, including procedures for the identification of potential conflicts of interest and resolution thereof.

The Committee does not have decision making authority, except where and to the extent that such authority is expressly delegated by the Board of Directors. The Committee conveys its findings and recommendations to the Board of Directors for consideration and, where required, action by the Board of Directors.

As the Committee is responsible for Linamar global operations all reports to the Board must clearly include data for all geographical locations and the reporting of such must contain reference to legal and regulatory standards.

Composition & Organization:

The Human Resources and Corporate Governance Committee of the Board of Directors shall consist of a minimum of three Directors. Members of the Committee shall be appointed and may be removed by the Board of Directors. All members of the Committee shall be independent Directors.

Responsibilities & Duties:

A. Corporate Governance

The Committee shall assist the Board in identifying qualified individuals to become Board members, in determining the composition of the Board of Directors and its Committees, in monitoring a process to assess Board effectiveness and in developing and implementing the Company's corporate governance guidelines. In furtherance of this purpose, the Committee shall have the following authority and responsibilities:

1. To participate in the search for individuals qualified to become members of the Board of Directors and to select Director nominees to be presented for shareholder approval at the annual meeting. The Committee shall recommend individuals as Director nominees who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the shareholders.
2. To review the Board of Directors' Committee structure and to recommend to the Board for its approval Directors to serve as members of each Committee. The Committee shall review and recommend



Committee slates annually and shall recommend additional Committee members to fill vacancies as needed.

3. To develop and recommend to the Board of Directors for its approval a set of corporate governance guidelines. The Committee shall review the guidelines on an annual basis, or more frequently if appropriate, and recommend changes as necessary.
4. To develop and recommend to the Board of Directors for its approval an annual evaluation process of the Board and its Committees. The Committee shall oversee the annual evaluations.
5. To review on an annual basis Director compensation and benefits.
6. The Committee shall review annually a letter of certification from the Chief Executive Officer on the Company's compliance with the Code of Conduct.
7. At least annually, the Human Resources and Corporate Governance Committee shall:
  - a) review a summary of related party transactions and potential conflicts of interest of directors and officers of the Company;
  - b) review the practices of the Company to identify any transactions with related parties; and
  - c) monitor the procedures established to identify and resolve conflicts of interest.

## B Executive Compensation

1. With respect to matters of compensation of the Executive Chair of the Board and the Chief Executive Officer (CEO), the Committee shall:
  - 1(a) Review and approve periodically, but no less frequently than annually, the Company's goals and objectives relevant to compensation of the Executive Chair of the Board and the CEO, including the balance between short-term compensation and long-term incentives;
  - 1(b) Evaluate the performance of the Executive Chair of the Board and the CEO in light of those goals and objectives; and
  - 1(c) Determine and approve the compensation level of the Executive Chair of the Board and the CEO based on such evaluations.
  - 1(d) In determining compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the Company's performance and operating criteria during such periods as the Committee may deem appropriate, the value of similar compensation levels to persons holding comparable positions at comparable companies and the compensation levels given to the CEO in prior years. The Executive Chair of the Board shall be responsible for communicating to the CEO the evaluation of the performance and the level of compensation approved for the CEO.
2. Review, approve, and recommend to the Board the adoption of a compensation strategy for the company.
3. Annually review, approve and recommend to the Board of Directors, the Report on Executive Compensation for inclusion in the management proxy circular for the annual general meeting of Shareholders.

4. Review, approve, and recommend to the Board any stock option issue proposed by management.
5. Administer the Stock Option Plan.

C. Environmental, Health & Safety (EH&S)

1. Monitor the adequacy of the Corporation's system of internal controls in the areas of environment, health and safety.
2. Review and formulate recommendations to the Board of Directors with respect to the Corporation's strategies and policies pertaining to environment, health and safety.
3. Monitor emerging trends or issues pertaining to the environment, health and safety which are relevant to the Corporation.
4. Review the findings of any significant examination by (i) regulatory agencies; and (ii) external environmental, health and safety auditors; concerning the Corporation's environmental, health and safety matters.
5. Review quarterly, annual and other management reports to the Committee or the Board of Directors with respect to the Corporation's environmental, health and safety performance and issues.
6. Review and/or approve such other matters related to environmental, health and safety as are specifically delegated to it by the Board of Directors.
7. Report quarterly to the Board of Directors with respect to the foregoing matters, at each meeting of the Board with respect to any such matter of significance, and at any other time deemed appropriate by the Committee or upon request of the Board of Directors.

D. Succession Plan

Succession Planning and Organizational Change

1. Annually review the succession planning process and the succession plans for Senior Executive and Group Presidents roles including specific focus on the development and career planning for potential successors;
2. Review significant changes to the organization's structure as they arise and their impact on the Executive roles;

E. Capital Accumulation Plans Governance

1. The Committee will oversee the duties of the Pension Committee.
2. The Committee will review all reports and recommendations from the Pension Committee and make the appropriate recommendations to the Board.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.



The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

This mandate was last reviewed by the Board of Directors on November 4<sup>th</sup>, 2008.

## **APPENDIX G EMPLOYEE CODE OF CONDUCT**

### **1.0 Goal**

- 1.1 Establish the standards for ethical behavior expected of Linamar employees as detailed in the following areas:
- Relations with Suppliers, Dealers and Customers
  - Personal Interest
  - Disclosure of Information – Confidential or otherwise
  - Investor Relations/Insider Trading
  - Proper Reporting of Expenses
  - Use of Company Property
  - Workplace Conduct
- 1.2 Linamar Corporation is committed to conducting business activities in compliance with the applicable law governing the jurisdictions of our operations globally. Employees are responsible for being aware of and adhering to the legal requirements affecting their job, in their country/region/locality. All employees are responsible to comply with all sections listed in this Play.

### **2.0 Play**

- 2.1 Group Human Resources is responsible for ensuring all Employee Handbooks address all aspects of this Play and that all locations are being audited to ensure compliance to the Code of Conduct Play.
- 2.2 All General Managers are responsible for communicating and ensuring all employees from the facility adhere to all aspects of this Play.

### **3.0 Relations with Suppliers, Dealers and Customers**

- 3.1 Employees are not permitted to accept or solicit personal benefits from suppliers, dealers, customers, competitors, or other third parties that relate to their employment at Linamar. Examples of personal benefits include cash, gifts, gift certificates, trips, loans, special discounts, use of property and admission charges or contributions to events or parties.

#### Exceptions:

- 3.1.1 Employees are permitted to be guests of suppliers or dealers once a month, unless there are extenuating circumstances, (i.e. a supplier is on site for several days in a row for an equipment runoff).
  - 3.1.2 Employees may attend sports events, golf outings, shows or other appropriate entertainment or social activities as the guest of the same outside concern a maximum of four times a year.
  - 3.1.3 Employees may utilize Linamar suppliers to provide goods or perform services for themselves provided that fair market value is paid for the goods or services.
  - 3.1.4 Solicitation or acceptance of personal financial assistance of any kind from suppliers, other than financial institutions in the ordinary course of its business, is prohibited.
  - 3.1.5 Employees may take advantage of discounts and other promotions offered by suppliers or other outside concerns, provided that such discounts are offered to all Linamar employees. Customer vehicle purchase plans are exempt from this policy.
- 3.2 All unsolicited gifts directed to employees that do not meet the above criteria must be shared fairly with other employees as applicable, (i.e. door prizes at employee meetings/functions, Christmas gifts).



- 3.2.1 Employees are permitted to grant business to friends or relatives, if all things are equal (price, quality and delivery), the purchasing and quoting policies of Linamar are being complied with and the relationship is disclosed in writing to all approving parties.

#### **4.0 Personal Interest**

- 4.1 In general, employees must disclose and avoid any personal and/or business interests that may conflict, or may appear to conflict, with Linamar's interests or that may influence, or may appear to influence the employees judgment or actions in performing their job duties as a Linamar employee.
- 4.2 Working for or performing services on behalf of Linamar suppliers, customers or competitors is prohibited.
  - 4.2.1 Holding an equity position in a business which performs services for Linamar is prohibited.
  - 4.2.2 Employees may only serve on the Board of Directors of a company operated for profit with the written approval of Linamar Corporation's Chief Executive Officer.
  - 4.2.3 Preferential treatment of Linamar's suppliers for personal gain is prohibited.
  - 4.2.4 A supervisor or member of management will not enter into a financial contract with another employee in excess of \$250.00. Financial contracts between immediate family members are exempt from this clause.
  - 4.2.5 Employees contracting any Linamar entity for services in excess of CDN\$1,000 (or equivalent local currency) requires the written approval of the Chief Executive Officer.
  - 4.2.6 Employees must adhere to the terms and conditions listed in the Employee Handbook for the facility they are employed with.

#### **5.0 Disclosure of Information - Confidential or otherwise**

- 5.1 All employees must abide by the Disclosure of Information and Conflict of Interest clauses listed in the Employee Handbook for the facility they are employed with.
- 5.2 All employees must hold all confidential information in strict confidence during and after the term of the individual's employment with Linamar Corporation (any facility).
- 5.3 The release of any information to media, financial analysts, competitors or other outside concerns must be authorized in writing by the Chief Executive Officer prior to the information being released in order to avoid any disclosure that would give unfair business or personal advantage or damage the reputation of the Company in any way.

#### **6.0 Investor Relations/Insider Trading**

- 6.1 Employees must adhere to the provisions detailed in the Legal Play as well as the Employee Handbook for their facility.

#### **7.0 Use of Company Property**

- 7.1 Employees have a responsibility to protect Linamar property against loss, theft, abuse, unauthorized use, access or disposal. "Linamar property" refers to assets and other resources provided by Linamar for use by its employees in the course of their employment, whether tangible, intangible or electronic form (internet, phone or fax).
- 7.2 Employees are responsible for complying with all the applicable sections of the Employee Handbook for their facility (i.e. computer usage policy, use of company telephone). Use of company computers, telephones, etc. are a privilege and should not be abused.



## **8.0 Workplace Conduct**

- 8.1 Linamar Corporation has established standards for performance and conduct at work by employees. These standards are detailed in the Employee Handbook for each location.
- 8.2 Employees are urged to contact their supervisor or facility Human Resources contact regarding any questions, concerns or to report any violations of these workplace standards.
- 8.3 The Linamar Corporation Anti-Harassment Policy Statement is published in each Employee Handbook for all locations.

## **9.0 Measurement**

- 9.1 Each Director of Human Resources is responsible for auditing all Employee Handbooks as well as all facilities for compliance with the Code of Conduct Game Plan.

This mandate was last reviewed by the Board of Directors on March 5, 2009.