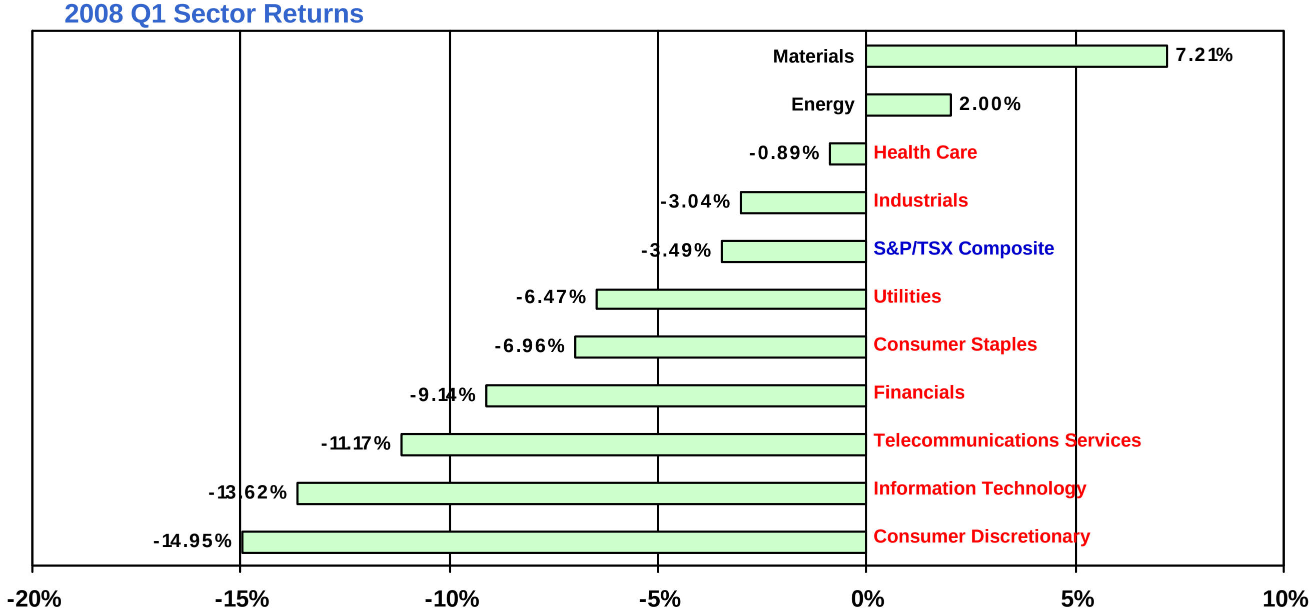
LINDE EQUITY RESEARCH — *TSX Performance Review*

2008 Q1: TSX joins global markets in first quarter downturn

High Canadian market exposure to Materials, Energy limits losses

2008 Q1 Sector Returns



- TSX 60 (large cap) stocks continued to outperform the broader market, a trend which began in Q2 2007.
- The Canadian market again outperformed the US market (S&P 500) in Q1. The S&P/TSX Composite returned -3.5% versus -9.9% for the S&P 500 (-6.7% in Canadian dollar terms). Canada's concentration in energy and materials stocks drove its out-performance. Had the Canadian market had a similar sector composition as the US market, it would have had a return of -6.3%.
- The Canadian market's losses were limited due to the positive contribution of the Materials sector and particularly of gold miners. Four gold stocks were on the top ten contributors list. Canada's large gold component was the primary reason the Canadian Materials sector outperformed its US counterpart (+7.2% versus -3.5%).
- While other sectors had higher percentage losses, the Financial sector had the biggest impact on the poor quarterly performance. Six of the top ten detractors list came from the Financial sector. The global credit crunch, exposure to the sub-prime mortgage mess and lower returns on investments all hurt the Financial stocks.

2008 Index Returns	Q1	YTD
S&P/TSX Composite	**-3.49%**	**-3.49%**
S&P/TSX 60 (Large Cap)	-3.10%	-3.10%
S&P/TSX Mid Cap	-4.73%	-4.73%
S&P/TSX Small Cap	-4.93%	-4.93%

Q1 Biggest Contributors	Q1 Biggest Detractors
EnCana	Rogers Communications
Potash Corporation	Bank of Montreal
Goldcorp	Toronto Dominion Bank
Kinross Gold	Sun Life Financial
Teck Cominco	Petro-Canada
Barrick Gold	Great-West Lifeco
Fording Coal	Brookfield Asset Mgmt
Agnico-Eagle Mines	Power Financial Corp
Research in Motion	BCE Inc.
Canadian Oil Sands	Suncor Energy

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Sector	Q1 Return	Biggest Impacts
Materials 19% of S&P/TSX Composite	+7.21%	• Materials stocks were big beneficiaries of the Federal Reserve's attempts to prevent a recession through interest rate reductions. • Potash Corp. of Saskatchewan (+11%) was the biggest contributor as fertilizer demand remained strong amid strong food pricing. • Gold prices surged to over $1020 US per oz (up 22%) before settling back and ending Q1 up around 11%. As a result, Canadian gold stocks had a very volatile, but positive quarter. Goldcorp (+18%), Kinross Gold (+25%), Barrick Gold (+7%) and Agnico-Eagle Mines (+28%) were major contributors to sector performance. • Teck Cominco (+19%) also contributed to sector performance on a stronger outlook for the price of copper.
Energy 29% of S&P/TSX Composite	+2.00%	• The Canadian Energy sector considerably outperformed the US sector (-8%) in Q1. The fall in the Canadian dollar and higher natural gas exposure assisted Canadian firms. • EnCana (+16%) was by far the biggest contributor to sector performance – the sector would have declined if not for EnCana. • Petro-Canada (-16%), Suncor (-8%), Husky Energy (-10%) and Imperial Oil (-2%) were among the biggest detractors from sector performance. These "integrateds" along with other companies involved in petroleum marketing and refining in North America have faced higher input costs with less ability to raise output prices.
Health Care <1% of S&P/TSX Composite	-0.89%	• The sector represents less than 0.5% of the Canadian market so it has very little impact on the overall market. • Biovail (-17%) was the significant detractor to sector performance.
Industrials 5% of S&P/TSX Composite	-3.04%	• Canadian National Railways (+7%) led sector contributors in Q1 due to decent forward earnings guidance and a dividend increase. • Two of 2007's biggest gainers – Bomabrdier (-8%) and SNC-Lavalin (-8%) – were among the biggest detractors in Q1 as recession fears raised concerns about demand.
Utilities 2% of S&P/TSX Composite	-6.47%	• Eight of the sector's ten stocks were down for the quarter. • Canadian Utilities (-11%) was the biggest detractor from performance on a weaker earnings outlook.
Consumer Staples 2% of S&P/TSX Composite	-6.96%	• 11 of 13 sector constituents were down in Q1. • Grocery chain Loblaws (-10%) and its majority owner George Weston (-13%) were the biggest sector detractors.
Financials 28% of S&P/TSX Composite	-9.14%	• Canadian financials fell in sympathy with US (-15%) and Global (-13%) financials in Q1 with only 4 of 42 Canadian stocks positive. • BMO (-18%) and TD Bank (-9%), both of whom have sizable exposure to the US retail banking market, led detractors in Q1. • Sun Life (-14%), Great-West Lifeco (-13%) and Power Financial (-14%) declined on worse than expected earnings, downwardly revised analyst expectations and the weak investment environment.
Telecommunications Services 5% of S&P/TSX Composite	-11.17%	• Rogers Communications (-18%) was the biggest detractor on fears about potential for increased competition in the wireless industry. • BCE (-12%) was also a large detractor. Its shares ended Q1 19% below its takeover offer price on fears that the banks financing the acquisition might pull their funding due to the credit crisis.
Information Technology 5% of S&P/TSX Composite	-13.62%	• Blackberry maker Research in Motion (+3%) was the key contributor mostly due to its large market capitalization. • Nortel Networks (-53%) was the major reason for the sector's negative performance.
Consumer Discretionary 4% of S&P/TSX Composite	-14.95%	• Only two of 26 components were up for the quarter. • Thomson Corp (-14%) was the biggest detractor as investor doubts lingered about the impact of its takeover of Reuters. • Shaw Communications (-21%) also hurt sector performance.