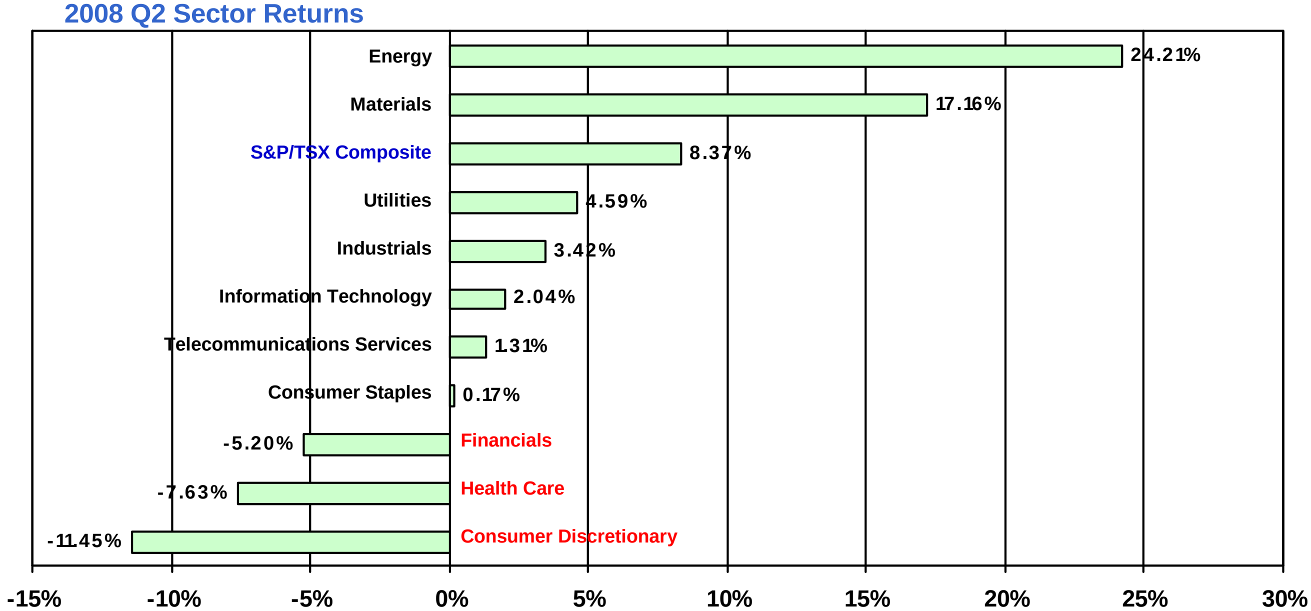
LINDE EQUITY RESEARCH *TSX Performance Review*

2008 Q2: TSX has strong second quarter thanks to Energy, Materials

Canadian market among best performers in the world in Q2

2008 Q2 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 Q2. The S&P/TSX Composite returned 8.4% versus -3.2% for the S&P 500 (-3.9% in Canadian dollar terms).
- The dramatic spike in oil prices to around $140 per barrel by quarter-end drove strong performance in energy stocks throughout the world. The large weighting of Energy stocks in the Canadian market was the primary reason for Canada's strong relative performance.
- Materials stocks were also a strong driver of performance. The Canadian Materials sector performed better than comparable sectors in other countries due its higher exposure to fertilizer and gold stocks.
- The Financial sector had the biggest negative impact on Q2 performance. Seven of the top ten detractors list came from this sector. While Canadian Financials are outperforming their US and overseas counterparts, they are still suffering from the effects of the global credit crunch, exposure to the sub-prime mortgage mess and lower returns on investment holdings.

2008 Index Returns	Q2	YTD
S&P/TSX Composite	**8.37%**	**4.58%**
S&P/TSX 60 (Large Cap)	10.18%	6.76%
S&P/TSX Mid Cap	2.53%	-2.32%
S&P/TSX Small Cap	2.85%	-2.22%

Q2 Biggest Contributors	Q2 Biggest Detractors
Potash Corporation	Manulife Financial
Cdn Natural Resources	CIBC
EnCana	Sun Life Financial
Suncor Energy	Centerra Gold
Husky Energy	Royal Bank of Canada
Agrium	Magna International
Fording Coal	Great-West Lifeco
Canadian Oil Sands	Bank of Montreal
Petro-Canada	Gildan Activewear
Nexen	Power Financial Corp.

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Sector	Q2 Return	Biggest Impacts
Energy 32% of S&P/TSX Composite	+24.21%	• The Energy sector was the top performer primarily due to the steep run up in the price of oil. Exploration and production companies tended to outperform due to positive leverage to higher crude prices. • The rally was broad-based as 66 of 70 companies that were in the sector during the quarter were up in Q2. • Sector contributors included Canadian Natural Resources (+44%), EnCana (+19%), Suncor (+19%), Husky (+21%), Canadian Oil Sands (+33%), Petro-Canada (+28%), Nexen (+33%) and Talisman (+24%).
Materials 18% of S&P/TSX Composite	+17.16%	• Materials stocks performed very well in Q2, primarily due to the fertilizer sub-sector. However the rally in Materials stocks was not broad-based with over half of sector constituents down in the quarter. • Potash Corp. of Saskatchewan (+48%) – now Canada's largest company by market capitalization – and Agrium (+72%) were the biggest contributors on strong food prices and fertilizer demand. • Fording Coal (+81%) gained as coal prices hit record levels in Q2. • In spite of more stable gold prices, most major Canadian gold stocks had a positive quarter. Goldcorp (+18%), Barrick Gold (+4%) and Yamana Gold (+13%) all contributed to sector performance.
Utilities 2% of S&P/TSX Composite	+4.59%	• Transalta (+15%) was the biggest contributor to sector performance. Although classified as a utility company, its performance largely tracked that of the Energy sector during Q2.
Industrials 5% of S&P/TSX Composite	+3.42%	• Bombardier (+35%) and SNC-Lavalin (+26%) led sector contributors in Q2, both rebounding from weak Q1 performance. Growing infrastructure demand worldwide is aiding both companies. • ACE Aviation (-25%) and WestJet (-32%) were detractors in Q2 as rising oil prices jeopardize airline profitability and financial viability.
Information Technology 5% of S&P/TSX Composite	+2.04%	• Research in Motion (+4%) was the key sector contributor. RIM's small Q2 gain masks a hefty decline in late June when it announced weaker than expected results and a disappointing outlook. • Nortel Networks (+19%) also contributed to Q2 performance.
Telecommunications Services 5% of S&P/TSX Composite	+1.31%	• Rogers Communications (+7%) was the biggest contributor in Q2. • BCE (+2%) also contributed, rebounding somewhat from weak Q1 share performance and a severe share price decline in May. As June progressed, investors gained confidence that the planned acquisition of BCE would occur (this was confirmed a few days into Q3).
Consumer Staples 2% of S&P/TSX Composite	+0.17%	• Shoppers Drug Mart (+8%) was the major contributor in Q2. • Quebec pharmacy Jean Coutu (-20%) and convenience store operator Alimentation Couche-Tard (-15%) were sector detractors.
Financials 27% of S&P/TSX Composite	-5.20%	• Life insurance companies led the sector downward in Q2. Manulife (-9%), SunLife (-13%) and Great-West Lifeco (-6%) declined as weaker investment returns and exposure to sub-prime paper hurt earnings and expectations for future earnings. • CIBC (-15%), Royal Bank (-4%) and Bank of Montreal (-8%) led banking detractors. Exposure to sub-prime lending and to the US retail banking market were leading causes of investor concern. • Brookfield Asset Management (+20%) was the leading contributor in the sector on the back of a positive earnings surprise and the announcement of a large share buyback.
Health Care <1% of S&P/TSX Composite	-7.63%	• The sector has very little impact on the Canadian market. • MDS (-17%) was the significant detractor to sector performance based on a negative earnings surprise and lowered expectations.
Consumer Discretionary 4% of S&P/TSX Composite	-11.45%	• Like its US and Global counterparts, this sector continues to fall on concerns of recession, high gas prices and consumer debt levels. • Magna International (-19%) led detractors based on a significantly weakening outlook for North American automobile manufacturing. • Gildan Activewear (-32%) declined on substantially reduced earnings expectations.