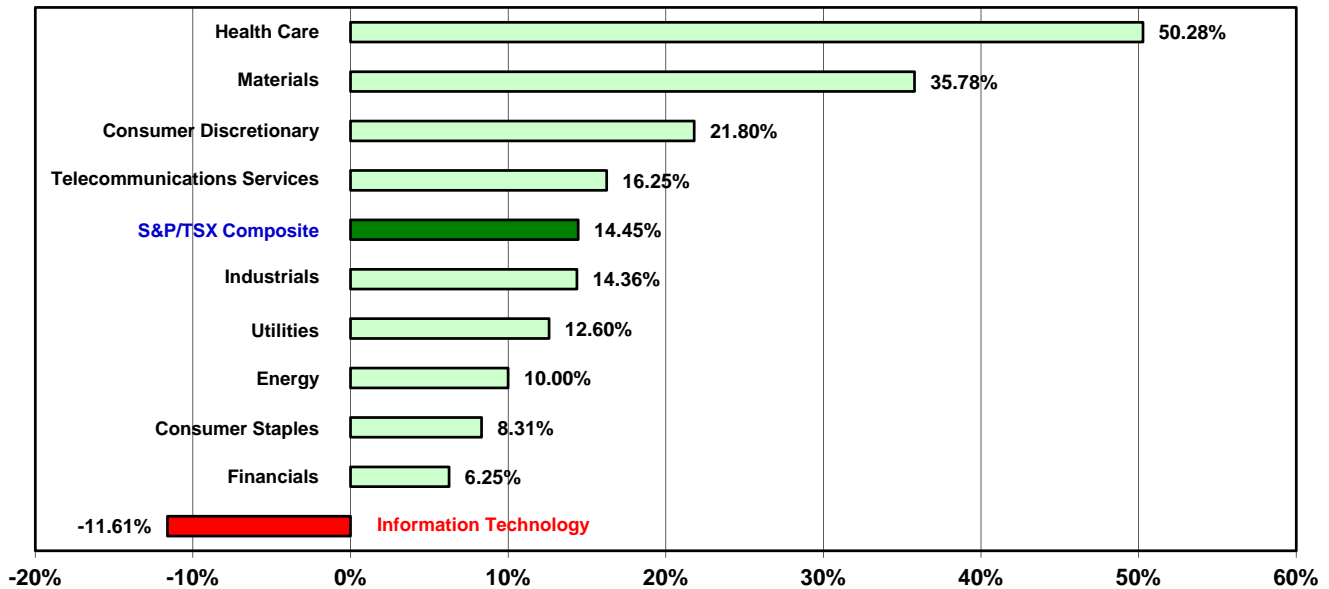


**2010: Canadian Markets see broad based gains for the year**  
 Seven sectors deliver double-digit percentage gains

**2010 Sector Returns**



- The S&P/TSX Composite gained 14.5% in 2010.
- Of the 252 stocks that were in the TSX Composite at some point during the year, 196 (78%) showed a gain for the year.
- Small-cap and mid-cap stocks outperformed the TSX 60 (large cap) for the year.
- In 2010, the Canadian market bettered the US market in home currency terms (US returned +12.8%) and in Canadian dollar terms (US returned +6.7% in C\$ terms).
- Health Care was the leading percentage gainer but its small weighting in the index meant it was not a big overall contributor.
- Materials generated strong sector performance due to strong pricing in industrial metals, agricultural commodities and gold and due to several takeover offers, most notably that for Potash (which was blocked by the Canadian government).
- Information Technology was the only losing sector in 2010 due to losses from Research in Motion on strong competition in the industry.
- Financials was the second worst performing sector as weakness in Royal Bank and the life insurance companies offset strength in certain big banks.

| 2010 Index Returns           | Q4            | YTD            |
|------------------------------|---------------|----------------|
| <b>S&amp;P/TSX Composite</b> | <b>+8.69%</b> | <b>+14.45%</b> |
| S&P/TSX 60 (Large Cap)       | +7.49%        | +10.88%        |
| S&P/TSX Completion (Mid)     | +12.37%       | +26.47%        |
| S&P/TSX Small Cap            | +17.45%       | +31.32%        |

**2010 Biggest Contributors 2010 Biggest Detractors**

|                       |                          |
|-----------------------|--------------------------|
| Teck Resources        | Research in Motion       |
| Barrick Gold          | Royal Bank of Canada     |
| Potash Corporation    | EnCana                   |
| Bank of Nova Scotia   | Manulife Financial       |
| Toronto Dominion Bank | Husky Energy             |
| Silver Wheaton Corp   | Canadian Oil Sands Trust |
| Cdn Natural Resources | PetroBakken Energy       |
| Brookfield Asset Mgmt | Shoppers Drug Mart       |
| Magna International   | Nexen                    |
| Red Back Mining       | Power Corporation        |

| Sector  | 2010 Return | Biggest Impacts   |
|---|-------------|---|
| <b>Health Care</b><br>1% of S&P/TSX Composite                 | +50.28%     | <ul style="list-style-type: none"> <li>• Results were primarily driven by Valeant Pharmaceuticals (formerly Biovail) (+93%) on positive market reaction to its merger with US-based Valeant Pharmaceuticals and the cost synergies involved and SXC Health Solutions (+49%) on strong revenue growth.</li> <li>• Canada's Health Care sector outperformance was driven by individual stories as Health Care was the worst performing sector in the US and second worst performing sector worldwide.</li> </ul>  |
| <b>Materials</b><br>24% of S&P/TSX Composite                  | +35.78%     | <ul style="list-style-type: none"> <li>• Two themes drove outperformance for the Materials sector in 2010 – strong commodity prices (benefiting companies in industrial metals, gold and fertilizers) and takeover activity.</li> <li>• Teck Resources (+68%) led contributors based on strong commodity prices and positive market reaction to refinancing efforts.</li> <li>• Gold and silver prices were strong demonstrated by Barrick Gold (+28%) and Silver Wheaton Corp (+146%) which were the second and fourth leading contributors to sector performance, respectively.</li> <li>• Potash Corporation (+35%) was the third leading contributor due to a takeover bid by BHP Billiton (later blocked by the Canadian government) and strong agricultural commodity prices.</li> <li>• Several other companies benefited from takeovers, or takeover speculation, such as Red Back Mining (+132%) and Agrium (+40%).</li> </ul> |
| <b>Consumer Discretionary</b><br>4% of S&P/TSX Composite      | +21.80%     | <ul style="list-style-type: none"> <li>• Strong sector performance was consistent with world markets (the sector was the #1 performer in the US and #2 worldwide).</li> <li>• Magna International (+95%) was the leading sector contributor as there was a resurgence in the global auto industry.</li> </ul>   |
| <b>Telecommunications Services</b><br>4% of S&P/TSX Composite | +16.25%     | <ul style="list-style-type: none"> <li>• BCE (+22%) and TELUS (+33%) were the biggest contributors in 2010. These stocks benefited from relatively stable earnings profiles, reaffirmed guidance and relatively high dividend yields, which investors sought as interest rates on fixed income remained low.</li> </ul>   |
| <b>Industrials</b><br>5% of S&P/TSX Composite                 | +14.36%     | <ul style="list-style-type: none"> <li>• Canadian National Railways (+16%) led contributors based on better than expected earnings and increasing expectations.</li> <li>• Finning International (+62%) rose on strong demand for Caterpillar products in the agricultural, mining and construction industries.</li> </ul>  |
| <b>Utilities</b><br>2% of S&P/TSX Composite                   | +12.60%     | <ul style="list-style-type: none"> <li>• 9 of 10 stocks in the sector rose in 2010 (only Transalta did not).</li> <li>• Canadian Utilities (+24%) and Fortis (+18%) were the biggest contributors to sector performance during the year.</li> </ul>   |
| <b>Energy</b><br>27% of S&P/TSX Composite                     | +10.00%     | <ul style="list-style-type: none"> <li>• Most gains occurred in Q4 on a significant rise in oil prices.</li> <li>• Leading contributors were Canadian Natural Resources (+16%), Pacific Rubiales Energy (+118%) and Cenovus Energy (+26%).</li> <li>• Leading detractors were EnCana (-15%) and Husky Energy (-12%).</li> </ul>   |
| <b>Consumer Staples</b><br>3% of S&P/TSX Composite            | +8.31%      | <ul style="list-style-type: none"> <li>• George Weston (+26%) and its subsidiary Loblaws (+19%) were the two biggest sector contributors based on better earnings prospects. Weston also announced a special one-time dividend worth over 9% of the stock's value which helped boost the stock in December.</li> </ul>  |
| <b>Financials</b><br>28% of S&P/TSX Composite                 | +6.25%      | <ul style="list-style-type: none"> <li>• The first, second and fourth biggest contributors, respectively, were Bank of Nova Scotia (+16%), Toronto-Dominion Bank (+13%) and CIBC (+15%) on generally solid operating results.</li> <li>• Brookfield Asset Management (+42%) also contributed.</li> <li>• Royal Bank (-7%) was by far the biggest detractor based on a series of earnings disappointments.</li> <li>• Manulife (-11%) also detracted from performance due primarily to a major earnings disappointment on Q2 results.</li> </ul>   |
| <b>Information Technology</b><br>2% of S&P/TSX Composite      | -11.61%     | <ul style="list-style-type: none"> <li>• Research in Motion (-18%) was the major sector detractor as investor attention has focussed on lower growth expectations due to competition with the Apple iPhone and other competitors in the smart phone arena and concerns about the company's product cycle.</li> </ul>  |