

Monthly Update

Canadian Life Companies Split Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified portfolio consisting of four Canadian Life Insurance companies. Two types of shares are available, a Class A and a Preferred.

| | One Month to <u>Dec 31, 2009</u> | Year to Date <u>Dec 31, 2009</u> |
|---------|-------------------------------------|-------------------------------------|
| TSX | 2.61% | 30.69% |
| S&P 500 | 1.78% | 23.45% |
| DJII | 0.80% | 18.82% |
| NASDAQ | 5.81% | 43.89% |

Distributions (by record date)

| | LFE | LFE.PR.A | Total |
|----------------------|---------------|-----------------|-----------------|
| Total to Date | \$4.90 | \$2.4695 | \$7.3695 |
| 2009 YTD | \$0.60 | \$0.5250 | \$1.1250 |
| 2008 | \$1.10 | \$0.5250 | \$1.6250 |
| 2007 | \$1.20 | \$0.5250 | \$1.7250 |
| 2006 | \$1.20 | \$0.5250 | \$1.7250 |
| 2005 | \$0.80 | \$0.3695* | \$1.1695 |

*Initial distribution for the period Apr 18/05 to May31/05.

Commentary

December proved to be strong as all of the broad market indices posted continued gains and ended the year with solid returns, most coming since the March 2009 lows as shown below.

Leading indicators in both Canada and the United States continue to point to improving economic conditions. Overall confidence in the US financial system continues to improve as some of the larger US Banks continue to repay government funds and raise private capital. However, credit expansion through lending is still very sluggish and this will likely have the effect of dampening the recovery as many small businesses in particular have not been able to access capital. Concerns over commercial real estate and a still weak US housing market continue to weigh on the prospect of a more robust recovery. A surprisingly strong housing market and continued increases in commodity prices have continued to provide support to the Canadian economy.

Although economic conditions are continuing to improve, double digit unemployment in the U.S. is likely to keep fiscal and monetary stimulus in place for some time to come. The low levels of interest rates around the world are proving to provide significant fuel to propel the prices of financial assets and commodities. As Canadian and US government fixed income yields continue to remain at very low absolute and relative rates, this should continue to be very supportive to the strong dividend paying companies.

Attractive dividend yields, low historic valuations and significant option premiums available in the market place continue to bode well for the portfolio. The Manager continues to actively manage the relative weightings of the companies held within the portfolio.

Details

| | |
|-------------------|---------------------|
| Gross Proceeds: | \$241,751,950 |
| Units Issued: | 9,670,078 |
| Inception Date: | April 18, 2005 |
| Termination Date: | Dec 1, 2012 |
| Net Asset Value: | \$15.67 (Dec 31/09) |

| | |
|-------------------|-----|
| Cash Weighting: | 7% |
| Equity Weighting: | 93% |

| | |
|--------------------------------|--------------------|
| LFE.PR.A Trading Price: | \$9.90 (Dec 31/09) |
| Current Yield: | 5.3% annually |
| Asset Coverage: | 157% |
| Market Capitalization: | \$87,836,552 |

| | |
|---------------------------|--------------------|
| LFE Trading Price: | \$6.68 (Dec 31/09) |
| Market Capitalization: | \$59,267,492 |

Core Holdings By Weight

| | |
|---------------------|-----|
| Great-West Lifeco | GWO |
| Manulife Financial | MFC |
| Sun Life Financial | SLF |
| Industrial Alliance | IAG |

Weightings subject to change at any time.