



UPDATE

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

Objectives

Preferred Shares (TSX: LFE.PR.A):

(i) to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield **5.25% per annum** on the original issue price; and (ii) on or about December 1, 2012 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

Class A Shares (TSX: LFE):

(i) to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.10 per Class A Share to yield **8.0% per annum** on the original issue price; and (ii) on or about December 1, 2012 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Distributions (by record date)

| | LFE | LFE.PR.A | Total |
|---------------|--------|-----------|-----------|
| Total to Date | \$0.90 | \$0.4133 | \$1.3133 |
| 2006 YTD | \$0.10 | \$0.04375 | \$0.14375 |
| 2005 | \$0.80 | \$0.3695* | \$1.1695 |

*Initial distribution for the period Apr 18/05 to May 31/05.

Commentary

Manulife (TSX: MFC) reported 3rd quarter results on November 3, 2005 with a 5% increase in net income over a year earlier. Premiums and deposits hit record levels in the quarter. In addition, MFC had strong wealth management sales. Q3 was a solid quarter for Manulife despite some Hurricane (Katrina) related charges.

GWO (TSX: GWO) reported 3rd quarter results on November 2, 2005 with solid operating results in the quarter. Net income was \$421 M which was an increase over the period a year earlier. Canadian operations continue to outperform while the U.S. operations show signs of improvement.

Industrial Alliance (TSX: IAG) reported 3rd quarter results on November 2, 2005 with good operating results in the quarter. Premium and deposits were up 33% over the same period last year. IAG raised its annual dividend to \$0.56 per share, up 12% from \$0.50 per share last quarter. IAG has made an offer to buy Clarington Corp. (TSX: CFI) for \$15.00.

IAG closed its purchase of Clarington in January 2006. IAG has executed a number of successful acquisitions and the integration of Clarington should be relatively smooth as there is little operational overlap. The premium paid for Clarington does not allow for any significant level of redemptions. Strong equity markets going into RRSP season may allow asset growth at Clarington and IAG.

All of the above companies are holdings of Canadian Life Companies Split.

Details

| | |
|----------------------------|---------------------|
| Gross Proceeds: | \$207,551,950 |
| Units Issued: | 8,302,078 |
| Inception Date: | April 18, 2005 |
| Termination Date: | Dec 1, 2012 |
| Net Asset Value: | \$25.58 (Jan 31/06) |
| Cash Weighting: | 11% |
| Canadian Equity Weighting: | 89% |

| | |
|-----------------------------|---------------------|
| LFE.PR.A Issue Price | \$10.00 |
| Trading Price: | \$11.14 (Jan 31/06) |
| Current Yield: | 4.7% annually |

| | |
|-------------------------|---------------------|
| LFE Issue Price: | \$15.00 |
| Trading Price: | \$16.49 (Jan 31/06) |
| Current Yield: | 7.3% annually |

Core Holdings By Weight Symbol

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

Weightings subject to change at any time.