

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	\$3.80	\$1.6820	\$5.4820
2008 YTD	\$0.60	\$0.2625	\$0.8625
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

Overall financial markets continue to be adversely impacted by the confluence of record high commodity prices and the continuing credit related problems originating from the US sub prime lending market. These conditions have caused economic growth to slow considerably in both Canada and the United States while at the same time high commodity prices are beginning to lead to a marked increase in inflationary pressures. In particular, the dramatic increase in oil prices has become a large obstacle for economic recovery. Although it is difficult to know when these conditions will ease, the financial markets tend to act as a leading indicator and have in the past anticipated economic recoveries, sometimes 6 to 12 months in advance of the actual pick up in economic activity. Based on market recoveries over the past 25 years, the financial services sector has quite often been among the strongest leading sectors.

The LifeSplit portfolio has a current dividend yield of approximately 3.2%.

Details

Gross Proceeds:	\$241,751,950
Units Issued:	9,670,078
Inception Date:	April 18, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$21.93 (Jun 30/08)
Cash Weighting:	1%
Canadian Equity Weighting:	99%
LFE.PR.A Trading Price:	\$10.16 (Jun 30/08)
Current Yield:	5.2% annually
Asset Coverage:	219%
Market Capitalization:	\$92,059,039
LFE Trading Price:	\$12.99 (Jun 30/08)
Current Yield:	9.2% annually
Market Capitalization:	\$117,701,468

Core Holdings By Weight

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

Weightings subject to change at any time.