



*"The beaver is known for the industry and perseverance it brings to building and shaping its habitat. Through market integrity, the VSE is changing and shaping the venture marketplace to improve access to capital for listed companies, while protecting investors."*

## BUILDING OPPORTUNITIES

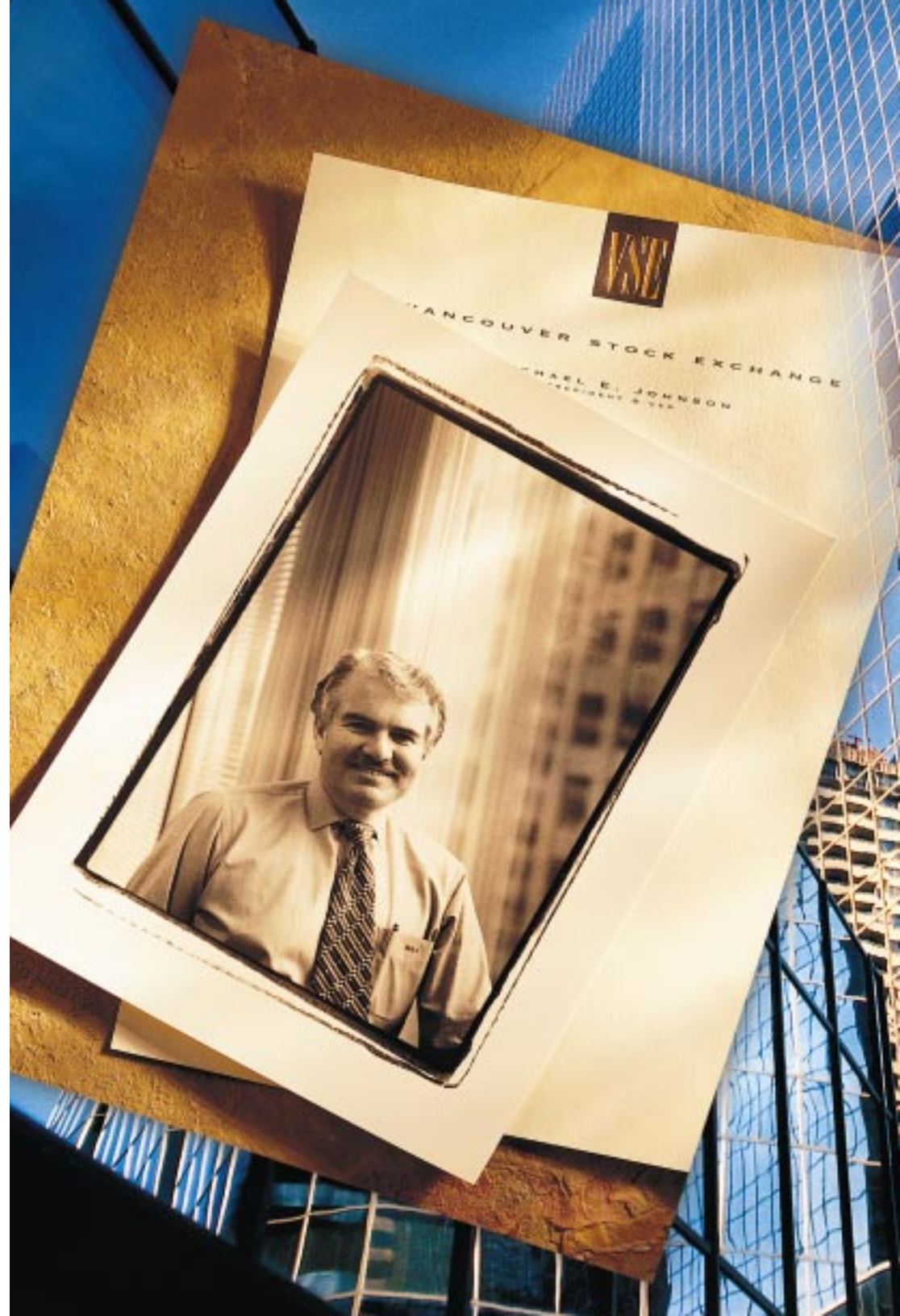
The planned merger of the Vancouver and Alberta stock exchanges to form a national venture market is the most significant announcement the VSE has made since mining broker Charles Rand declared the Exchange open for business 92 years ago. His mandate to "protect the public and enhance economic activity" is as vital to our future as it was to our past.

The new exchange will play a unique role in the restructured Canadian capital marketplace, providing effective access to capital for emerging growth companies. It will consolidate the expertise of the VSE and ASE and incorporate the Canadian Dealing Network as a pre-listing trading mechanism. The merger will represent one of three specialized markets in Canada, complementing a senior equities market and a derivatives market.

The Canadian securities industry's key advantage in global competition is a vibrant market for emerging growth companies that will graduate seamlessly to the senior market. Further, a strong derivatives market will support increased liquidity and investor following of the equities markets.

By building on each exchange's strengths and reducing fragmentation, we can create a market that benefits all participants.

Our listed companies will have improved access to capital through regional representation provided by all exchanges. In addition, listed







companies will benefit through harmonization of regulations, elimination of overlapping fees, improved service levels and broader investor following.

Our investors will benefit from a well-regulated, fair and accessible marketplace with enhanced protection through uniform regulatory standards, consistent enforcement and improved market information.

Our members will benefit from common exchange technology, which will enable greater efficiencies within their operations. Members may also participate in collaborative marketing programs to leverage their niche expertise and expand business within Canada and worldwide.

On another front, the VSE unveiled new regulatory innovation initiatives that will bring listed companies faster service, fewer limitations and reduced fees. As with last year's venture capital pool program and VSE vetting of IPOs, these new initiatives provide improved access to capital.

I congratulate Judi Sullivan, employee of the year, Susan Copland, manager of the year, and Lloyd Costley, executive of the year, and I thank all of our employees for their continued commitment.

Emerging growth companies are the strongest job creators in Canada. National and regional member participation in the new market, complemented by institutional funding, will develop opportunities for today's entrepreneurs to build tomorrow's leading senior companies.

Michael E. Johnson  
President & CEO