

The Alberta Capital Market:  
A Comparative Overview

**2008  
Report**

Alberta  
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Commission

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## Introduction

Approximately five years ago, the Alberta Securities Commission (ASC) undertook a review of Alberta's capital market. This research project, the Alberta Capital Market Project, was undertaken to focus and enhance the regulatory efforts of the ASC through the acquisition of better insights into the features of the capital market regulated by the ASC. The information gathered has been used to help identify priorities for the ASC and provide background information for projects and rules, including those relating to continuous disclosure, corporate governance, prospectuses and capital raising in the exempt market. Further, the information has been used to highlight the importance and rapid growth of the Alberta capital market in relation to the other major capital markets in Canada.

The first iteration of this report, "The Alberta Capital Market: A Comparative Overview" was released in March 2004 (the "2004 Report"<sup>1</sup>). The ASC prepared a second report (the "2006 Report"<sup>2</sup>) released in May 2006 comparing December 2005 data to the data contained in the 2004 Report. A third report (the "2007 Report"<sup>3</sup>) was published last May comparing December 2006 data to the data contained in the 2004 and 2006 Reports. This report consists of an overview of companies listed on the Toronto Stock Exchange (TSX) - Canada's senior equities market - and the TSX Venture Exchange (TSXV) - Canada's junior equities market. The report reviews the number, size (by market capital) and industry classifications of public companies<sup>4</sup> with publicly listed securities on these two exchanges<sup>5</sup>. It also reviews Alberta's market relative to the markets in British Columbia, Ontario and Québec. The report focuses on these four provinces as public companies based in these jurisdictions represent 92 per cent of all public companies listed on the two exchanges (2004 Report - 92 per cent, 2006 Report - 93 per cent, 2007 Report 92 per cent) and 85 per cent of the aggregate market capital of companies listed on those exchanges (2004 Report - 83 per cent, 2006 Report and 2007 Report - 86 per cent).

“ Alberta’s market is the second largest in Canada, representing 26 per cent of the Canadian capital market.”

<sup>1</sup> The 2004 Report was based on TSX data as at August 31, 2003 and TSXV data as at September 30, 2003.

<sup>2</sup> The 2006 Report was based on TSX and TSXV data as at December 31, 2005.

<sup>3</sup> The 2007 Report was based on TSX and TSXV data as at December 31, 2006.

<sup>4</sup> In this report, the term "company" means company, trust or partnership. The analysis in the report is limited to companies listed on the TSX or TSXV.

<sup>5</sup> This update is based on TSX and TSXV data as at December 31, 2007.

## Overview

Through the examination of information respecting public companies listed on the TSX and TSXV, the following findings were made:

- The aggregate market capital of companies listed on the TSX and TSXV has grown by 1.8 per cent (from \$2.12 trillion to \$2.15 trillion) since the 2007 Report, 15 per cent (from \$1.87 trillion) since the 2006 Report and 84 per cent (from \$1.17 trillion) since the 2004 Report. Comparing the TSX to some other major exchanges, between the end of 2003 and the end of 2007, the World Federation of Exchanges shows 146 per cent growth in the TSX, 38 per cent growth in the NYSE, 41 per cent growth in Nasdaq, 57 per cent growth in the London Stock Exchange and 103 per cent growth in Euronext<sup>6</sup>.
- The aggregate market capital of Alberta based companies listed on the two exchanges has grown 1.3 per cent (from \$558 billion to \$566 billion) since the 2007 Report, 15 per cent (from \$494 billion) since the 2006 Report and 170 per cent (from \$210 billion) since the 2004 Report. Twenty per cent of the growth in aggregate Canadian market capital since the 2007 Report is attributable to the growth associated with Alberta based companies.
- Canadian based companies represent approximately 96 per cent of the companies listed on the two exchanges (unchanged from 2007 Report) and 92 per cent of the aggregate market capital of public companies (unchanged from 2007 Report). Foreign companies continue to represent a relatively small, but increasing, number of the total TSX or TSXV listings (see discussion of Table A).
- The largest provincial markets (based on aggregate market capital of companies with head offices in the respective provinces) are Ontario at 40 per cent (down one per cent from the 2007 Report), Alberta at 26 per cent (unchanged from 2007 Report), Québec at 11 per cent (unchanged from the 2007 Report), and British Columbia at eight per cent (unchanged from the 2007 Report).
- Of companies based in the four largest provincial markets, Alberta based companies have the highest average market capital by a significant margin at \$785 million<sup>7</sup>. Ontario follows at \$700 million, then Québec at \$653 million and BC at \$133 million. The average market capitalization of Alberta based companies has steadily increased since the 2004 Report (2004 Report - \$292 million; 2006 Report - \$677 million; and 2007 Report - \$768 million). The

<sup>6</sup> World Federation of Exchanges 2007 Market Highlights and 2004 Annual Report and Statistics.

<sup>7</sup> The average market capitalization of Manitoba (44 companies) is \$1.29 billion; Newfoundland (12 companies) is \$529 million; Yukon (two companies) is \$491 million; New Brunswick (eight companies) is \$324 million; Nova Scotia (40 companies) is \$323 million; and Saskatchewan (25 companies) is \$254 million.

average market capitalization of both BC and Ontario decreased since the 2006 Report, from \$136 million to \$133 million and from \$728 million to \$700 million, respectively.

- Alberta’s market has maintained its significant position within the Canadian capital markets. Specifically:
  - Alberta’s capital market is second only to Ontario’s in terms of aggregate public company market capital, and almost 2.5 times greater than that of Québec which is the next most significant jurisdiction; and
  - Alberta has the third largest number of publicly listed companies after Ontario and British Columbia. Alberta is second only to Ontario with respect to the number of TSX listed companies and third after both British Columbia and Ontario with respect to TSXV listed companies (unchanged from 2007 Report).
- Alberta’s public equities market is a tiered market with a relatively even distribution of small, medium and large companies. Although roughly 59 per cent of Alberta based public companies are listed on the TSXV (2007 Report - 58 per cent), the aggregate market capital of TSX listed companies represents 98 per cent of the total market capital of Alberta based public companies (unchanged from 2007 Report).
- Canada’s public equities market is a similarly tiered market with 59 per cent of companies listed on the TSXV (2007 Report - 58 per cent) and TSX listed companies representing 97 per cent of the total aggregate Canadian market capital (unchanged from 2007 Report).
- Based on aggregate market capital, the oil & gas industry is the most significant industry in Canada (24.9 per cent), with financial services (24.8 per cent) and mining (17 per cent) filling the second and third positions, respectively (2007 Report - financial services, first, followed by oil & gas and diversified industries); and it is by far the most significant industry in Alberta, almost seven times bigger than diversified industries<sup>8</sup>, the next largest category in Alberta. Forty-one per cent of Alberta based public companies are engaged in oil & gas (2007 Report - 42 per cent). Further, oil & gas public companies represent 73 per cent of the aggregate market

“Of companies based in the four largest provincial markets, Alberta based companies have the highest average market capital at **\$785 million**”

<sup>8</sup> Oil and gas drilling and service companies are included in the TSX Group Inc.’s “Diversified Industries” category.

capital in Alberta (2007 Report - 75 per cent) and 19 per cent of the aggregate market capital in Canada (2007 Report - 20 per cent). In contrast, 11 per cent of all public companies listed in Canada representing 25 per cent of the aggregate market capital (unchanged from 2007 Report), are engaged in the oil & gas industry.

- Based on numbers of public companies, the mining industry is also quite significant within Canada, representing 36 per cent of the number of public companies (2007 Report - 35 per cent), although only 17 per cent of the aggregate market capital (2007 Report - 15 per cent). In comparison, the mining industry is less significant in Alberta, representing only 13 per cent of Alberta based public companies (2007 Report - 12 per cent) and 3.5 per cent of the aggregate market capital (2007 Report - two per cent).
- Alberta's public equities market is quite distinct from other provincial markets. In fact, each of the provincial markets is distinct from the others. For example:
  - Although Alberta and British Columbia are both known for having strong junior markets, there are 113 per cent more companies in Alberta's senior market (companies with over \$1 billion in market capital) than in British Columbia, although that gap has decreased since the 2007 Report when Alberta had 196 per cent more companies than British Columbia in the senior market. Conversely, British Columbia has significantly more smaller companies than Alberta - 84 per cent of British Columbia based companies have a market capital of under \$100 million (2007 Report - 88 per cent), while in Alberta, 69 per cent of companies have under \$100 million of market capital (2007 Report - 67 per cent).
  - Alberta and British Columbia are also quite different with respect to the types of public companies located in the two provinces. The



“ Alberta based oil and gas companies represent almost 20 per cent of Canada's capital market. ”

principal industry classifications (based on market capitalization) of Alberta's public companies are oil & gas, followed by diversified industries and utilities and pipelines. In comparison, British Columbia's principal industries are mining followed by diversified industries and media and communications. Mining and media and communications combined represent only five per cent of the aggregate market capital of Alberta public companies (2007 Report - three per cent).

- With 11 per cent of the aggregate market capital of public companies (unchanged from 2007 Report), Québec has a lower aggregate market capital than Alberta by more than half. Although both Québec and Alberta public companies have a significant representation in the diversified industries category, the oil and gas industry has virtually no representation in Québec. Instead, Québec has a significant number of public companies engaged in the mining sector.
- Ontario and Alberta have a similar number of junior public companies listed on the TSXV - 458 and 422, respectively (2007 Report - 466 and 420, respectively); however, Ontario has many more public companies listed on the TSX than does Alberta - 764 and 299, respectively (2007 Report - 744 and 307, respectively) and a larger aggregate market capital than Alberta. Based on aggregate market capital, the most significant industries among Ontario public companies are financial services at 48 per cent and mining at 14 per cent (2007 Report - 50 per cent and 14 per cent, respectively). Alberta's primary industry, oil & gas, forms an extremely small part of Ontario's aggregate capital market at only 0.2 per cent (2007 Report - 0.3 per cent).
- Income trusts represent almost nine per cent of the aggregate market capital in Canada and six per cent of the listings on the TSX and TSXV (2007 Report - nine per cent and seven per cent, respectively). The aggregate market capital associated with income trusts has decreased almost four per cent and the number of income trusts has decreased by almost 16 per cent since the 2007 Report. These figures stand in sharp contrast to the growth between the 2004 and 2007 Reports where we saw 200 per cent growth in the aggregate market capital associated with income trusts and an 108 per cent rise in the number of income trusts.
- Income trusts represent 18 per cent of the aggregate market capital of Alberta based companies and 12 per cent (both are double the percentage represented in the aggregate Canadian capital market) of the total number of Alberta based companies (2007 Report - 19 per cent and 13 per cent, respectively). Since the 2007 Report, with respect to Alberta based income trusts, aggregate market capital has decreased by two per cent and the number of trusts has decreased by roughly 10 per cent. Again, the dramatic growth between the 2004 Report and 2007 Report bears mention. During that period, Alberta based income trusts saw their aggregate market capital grow by 235 per cent and the number of trusts increase by 102 per cent.

## **Methodology**

With the exception of information from the World Federation of Exchanges that is referenced for comparative purposes in item one under the heading “Significant Observations”, all of the information presented in this report has been derived from comprehensive information provided by TSX Group Inc.<sup>9</sup>. The information includes data respecting every public company listed on either of the two exchanges, including the market capital for each company as at December 31, 2007. The TSX Group Inc. calculates market capitalization for each company by multiplying the number of outstanding shares by the closing price, in this case, on December 31, 2007.

The compiled information does not take into account reporting issuers that are not listed on either the TSX or TSXV. In addition, companies that were halted or suspended from trading on either of the exchanges are included in the market capital calculations as \$0 unless the relevant stock traded at some time during 2007, in which case the market cap calculation is based on the last closing price in 2007.

<sup>9</sup> TSX Group Inc. has not reviewed or endorsed this report.

# Findings

## ***International Representation in the Canadian Capital Market***

Table A below provides an indication of the degree to which international public companies are represented in the Canadian capital market. Canadian-based public companies represent approximately 92 per cent (unchanged from 2007 Report) of the aggregate \$2.15 trillion market capital and 96 per cent of the head offices of the 3,948 public companies listed on the TSX and TSXV (unchanged from 2007 Report). Although representation of foreign public companies has not changed in terms of aggregate market capital on the two exchanges, the degree to which certain countries are represented has changed. For example, as compared to the 2006 Report, the amount of market capital represented by the UK increased by eight per cent (moving from \$102 billion to \$109 billion) and four countries saw dramatic increases in their representation of aggregate market capital - Brazil (639 per cent), New Zealand (516 per cent), Columbia (456 per cent) and China (322 per cent). The UK and US still have the largest representation at five per cent and one per cent, respectively (2007 Report - five per cent and two per cent).

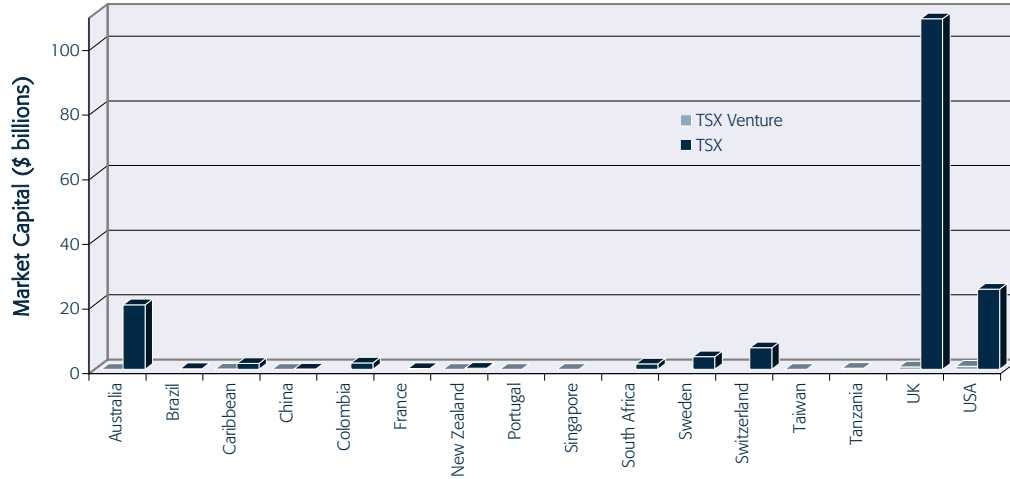
**Table A International Representation in the Canadian Capital Market**

Country	Number of Public Companies	Total Market Capital (\$)	Country	Number of Public Companies	Total Market Capital (\$)
Australia	24	20,013,326,769	Singapore	1	0
Brazil	1	219,833,400	South Africa	4	1,664,816,911
Canada	3776	1,981,212,046,090	Sweden	1	3,907,671,782
Caribbean	11	1,927,818,426	Switzerland	1	6,684,244,376
China	5	84,376,984	Taiwan	1	2,061,148
Colombia	1	2,007,689,023	Tanzania	1	329,357,526
France	2	266,874,502	UK	17	109,264,688,103 <sup>10</sup>
New Zealand	2	376,466,900	USA	99	25,790,420,421
Portugal	1	3,683,612	<b>Total</b>	<b>3948</b>	<b>2,153,755,375,971</b>

The following Chart 1 illustrates the comparative distribution of market capital attributed to foreign public companies on the TSX and TSXV. Virtually all foreign market capital (99 per cent) is found at the TSX level (2007 Report - 98 per cent).

<sup>10</sup> BP p.l.c. represents 96 per cent of the market capital represented by UK based companies.

**Chart 1 Distribution of Aggregate Market Capital by Country and Exchange**



**Provincial Representation in the Canadian Capital Market**

The distribution of market capital represented by provincial markets is illustrated in Chart 2. Ontario has the largest aggregate market capital at \$855 billion or 40 per cent (2007 Report - \$866 billion or 41 per cent) followed by Alberta at \$566 billion or 26 per cent (2007 Report - \$558 billion, also 26 per cent) and Québec at \$239 billion or 11 per cent (2007 Report - \$234 billion, also 11 per cent). The aggregate market capital in British Columbia is \$178 billion or eight per cent (2007 Report - \$170 billion, also eight per cent). Together, these four provinces represent 85 per cent of the aggregate market capital in Canada (2007 Report - 86 per cent).

**Chart 2 Distribution of Aggregate Market Capital by Province**

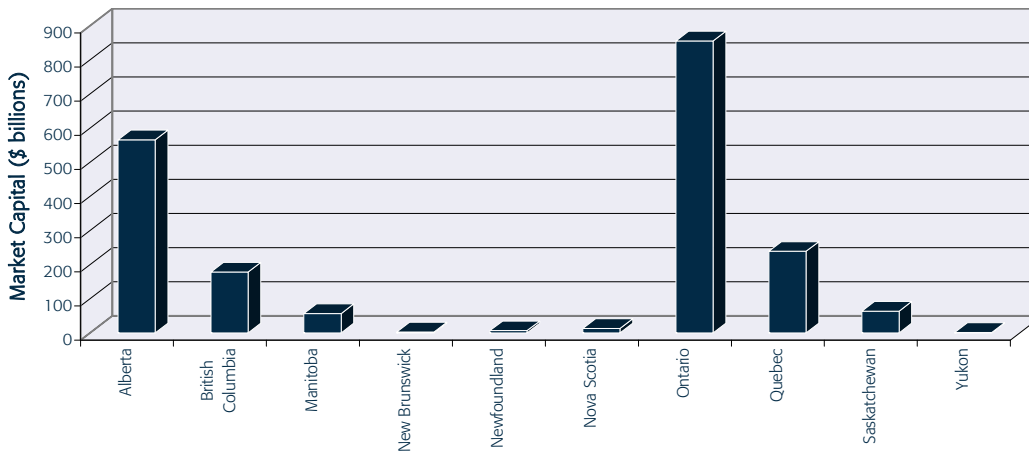
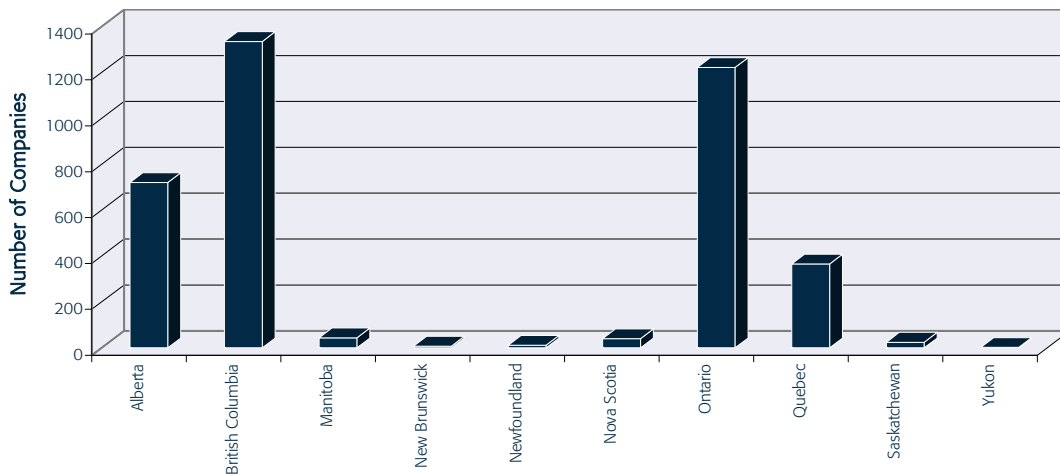


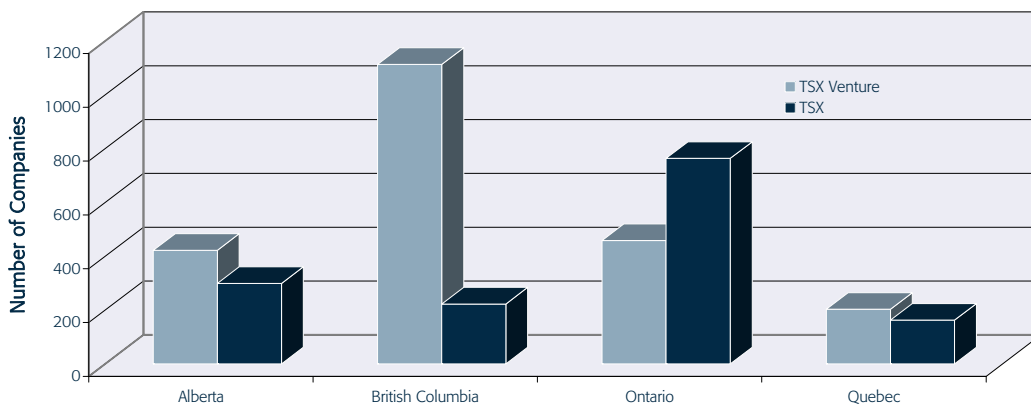
Chart 3 illustrates that these four provinces are also home to 92 per cent or 3,645 of the total 3,948 public companies listed on the two exchanges (2007 Report - 92 per cent, 3,542 and 3,841, respectively).

**Chart 3 Distribution of Head Offices by Province**



The comparative representation of public companies on the TSX and TSXV in each of Alberta, British Columbia, Ontario and Québec is demonstrated in Chart 4. Alberta has the second largest number of companies (19 per cent) listed on the TSX following Ontario (47 per cent) and the third largest number of companies (18 per cent) listed on the TSXV following BC (48 per cent) and Ontario (20 per cent). In total, Alberta based companies represent 18 per cent of the listings on the two exchanges, with BC at 34 per cent, Ontario at 31 per cent and Québec at nine per cent (2007 Report - AB: 19 per cent, BC: 33 per cent, ON: unchanged and PQ: 10 per cent).

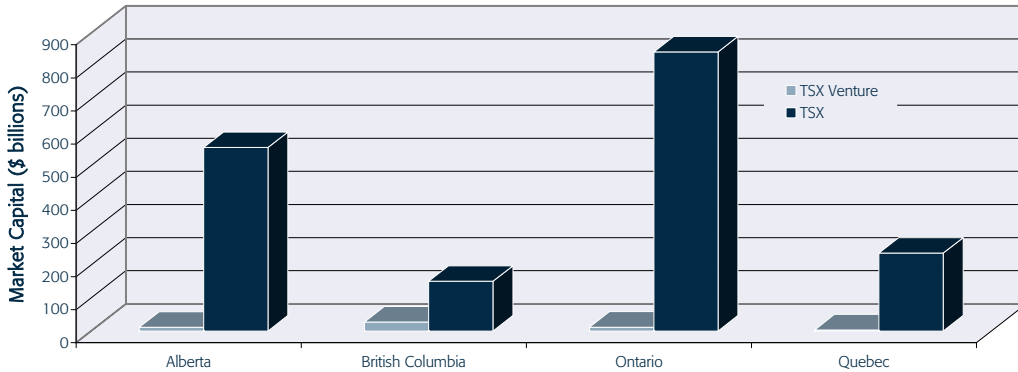
**Chart 4 Distribution of Head Offices by Province and Exchange**



Viewing Chart 4 and Chart 5 together shows that out of the four provinces, British Columbia has the largest number of head offices and yet the smallest aggregate market capital. Although Alberta has

roughly half the number of head offices as British Columbia, the aggregate market capital of those Alberta public companies is more than three times larger than that of British Columbia companies, placing Alberta second in Canada behind Ontario for aggregate market capital.

**Chart 5 Aggregate Market Capital by Province and Exchange**



Based on market capital, Chart 6 illustrates that Alberta and Ontario have nearly identical representation on the TSXV. Alberta’s representation on the TSX shows the ratio of companies with over \$50 million in market capital to companies having less than \$50 million in market capital being larger (3.5:1) than in Ontario (1.8:1). Chart 6 also shows that the capital market structure (i.e. the representation of different sizes of public companies) on the two exchanges is quite different between Alberta and British Columbia. British Columbia has 628 companies listed on the TSXV that have market capital of less than \$10 million (2007 Report - 567). Alberta has 231 companies in that category (2007 Report - 220). Conversely, Alberta has 136 companies listed on the TSX, each with market capital of over \$250 million (2007 Report - 149), whereas British Columbia has 85 public companies in that category (2007 Report - 69).

**Chart 6 Distribution of Companies by Market Capital, Province and Exchange**

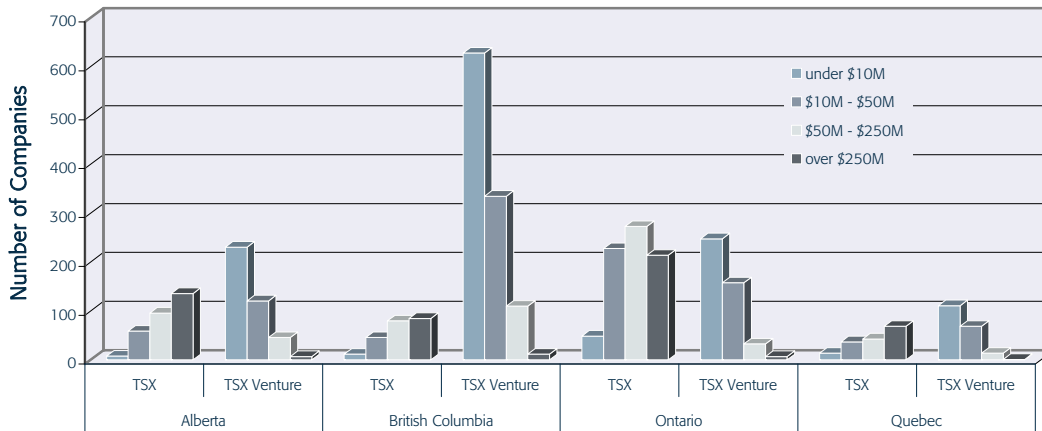
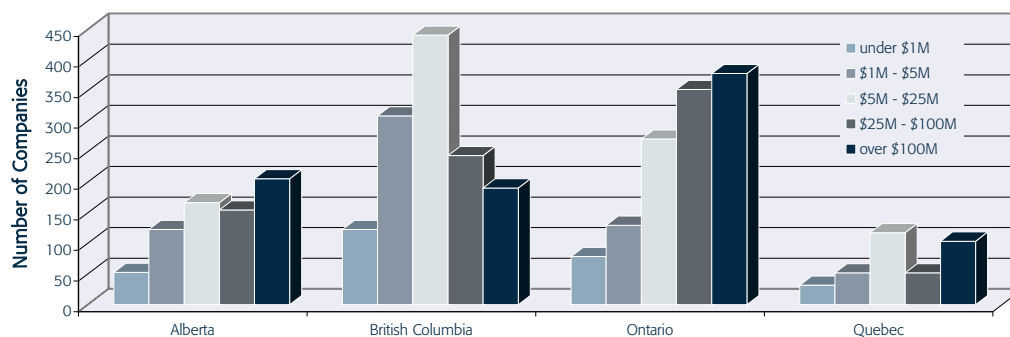


Chart 6 and Chart 7 indicate that Alberta is second only to Ontario with respect to the number of public companies with market capital over \$25 million - 361 and 730, respectively (2007 Report - 390 and 714, respectively). The majority, 67 per cent, of British Columbia's capital market is made up of companies with less than \$25 million in market capital (2007 Report - 68 per cent). Companies with market capital of less than \$25 million represent 49 per cent of Alberta's capital market, 40 per cent of Ontario's capital market and 56 per cent of Québec's capital market (2007 Report - AB: 45 per cent, ON: 39 per cent and PQ: 55 per cent).

The mid ranges of market capital have relatively equal representation in Alberta's capital market, with public companies in the over \$100 million range having the highest representation at 29 per cent (2007 Report - 33 per cent) and the under \$1 million range having the lowest representation at eight per cent of the market (2007 Report - seven per cent). This can be contrasted with British Columbia where the highest representation is in the \$5 million to \$25 million range at 34 per cent (2007 Report - 38 per cent).

**Chart 7 Distribution of Companies by Province and Market Capital**



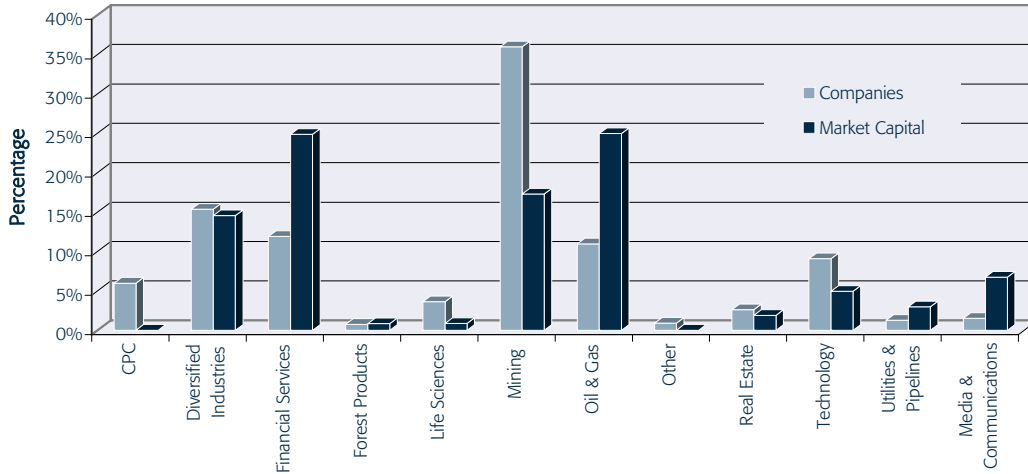
### ***Major Industries in the Canadian Capital Market***

Based on aggregate market capital, the Canadian capital market is primarily represented by six major industrial groups: oil & gas; financial services; mining; diversified industries; media and communications; and technology. Chart 8 illustrates the relative percentages of public companies engaged in each industry as compared with the percentage of market capital associated with each industry. Based on market capital, the most significant industries are oil & gas, financial services and mining, in that order (2007 Report - financial services, oil & gas and diversified industries). In contrast, based on number of public companies, the principal industries are mining, diversified industries and financial services (unchanged from 2007 Report). The oil & gas industry ranks fourth and technology ranks fifth in number of public companies (unchanged from 2007 Report).

Note that of the six major industries, mining companies tend to be significantly smaller than those engaged in financial services, communications, oil & gas and utilities & pipelines. For example, Chart 8

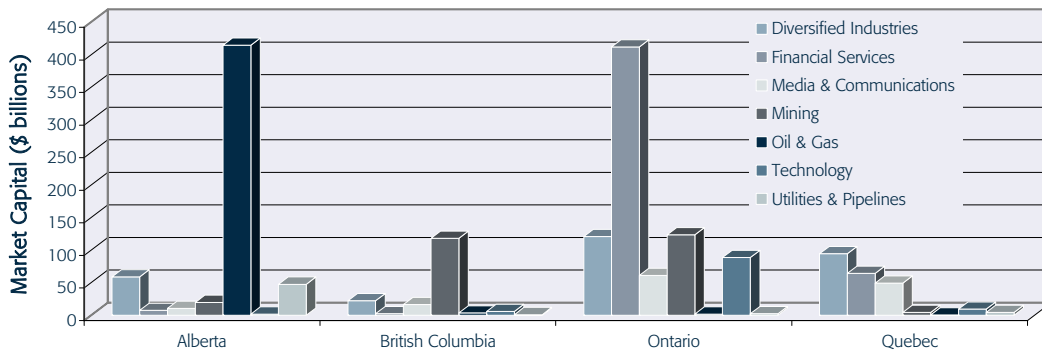
indicates that mining companies represent 36 per cent of all public companies in Canada, but only 17 per cent of the market capital (2007 Report - 35 per cent and 15 per cent, respectively). Conversely, oil & gas companies, while representing only 11 per cent of the public companies, make up 25 per cent of the aggregate Canadian market capital (unchanged from 2007 Report).

**Chart 8 Distribution of Industries by Companies and Market Capital**



Viewing Chart 9 and Chart 10 together provides a closer look at the distribution of the major industries in the four major Canadian capital markets. Of note is the fact that oil & gas and financial services companies have much larger market capitalization per company than mining companies. Based on aggregate market capital (Chart 9) the primary industries are: Alberta - oil & gas, diversified industries and utilities & pipelines; British Columbia - mining, diversified industries and media & communications; Ontario - financial services, mining and diversified industries; and Québec - diversified industries, financial services and media & communications.

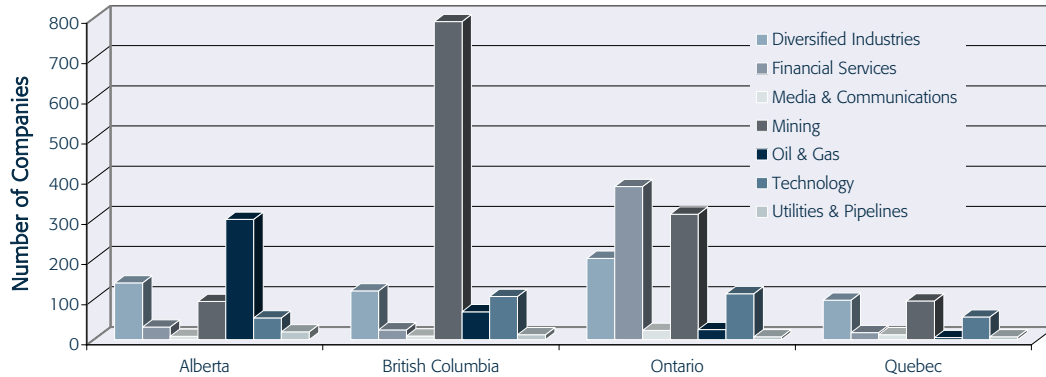
**Chart 9 Distribution of Market Capital by Industry and Province**



Based on number of companies engaged in each industry (Chart 10) the primary industries are: Alberta - oil & gas, diversified industries and mining; British Columbia - mining, diversified industries and

technology; Ontario - financial services, mining and diversified industries; and Québec - diversified industries, mining and technology.

**Chart 10 Distribution of Industries by Province**



***Income Trusts in the Canadian Capital Market***

Income trusts represent roughly nine per cent (\$185 billion) of the aggregate market capital in Canada and six per cent (230 trusts) of the total listings on the TSX and TSXV (2007 Report - nine per cent (\$192 billion) and seven per cent (273 trusts), respectively). Chart 11 illustrates that although Alberta and Ontario have the largest percentage of income trusts at 37 per cent and 34 per cent, respectively (2007 Report - 35 per cent and 36 per cent respectively), by market capital, the income trusts based in Alberta represent almost 57 per cent of the aggregate income trust market capital in Canada, whereas Ontario based trusts represent 24 per cent (2007 Report - AB: 56 per cent and ON: 26 per cent).

**Chart 11 Distribution of Income Trusts by Location of Head Office**

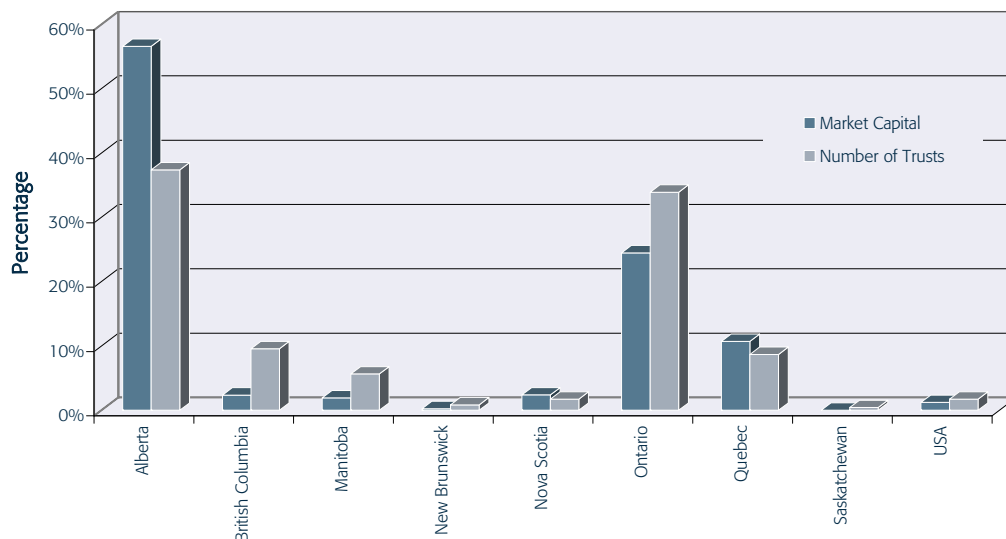
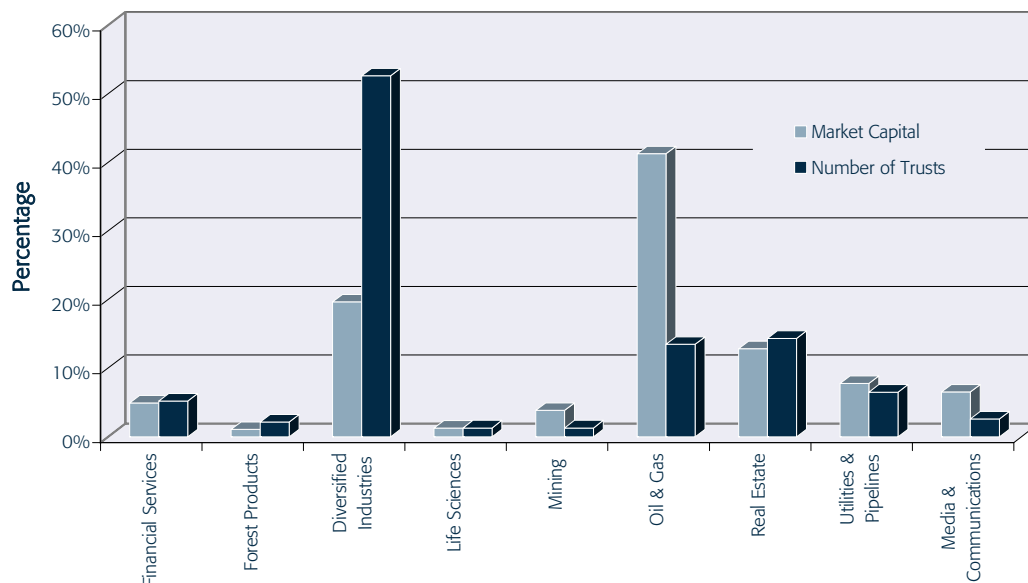


Chart 12 demonstrates the distribution of income trusts among industries both in terms of numbers of trusts and in terms of aggregate market capital. Oil & gas and diversified industries trusts dominate the income trust market. The oil & gas industry represents almost 41 per cent (\$76 billion) of the aggregate market capital associated with income trusts and 13 per cent (31 trusts) of the total number of listed income trusts (2007 Report - 39 per cent (\$75 billion) and 12 per cent (34 trusts), respectively). Income trusts in the diversified industries category have the opposite representation at 53 per cent (121 trusts) of the number of listed income trusts and 20 per cent (\$36 billion) of the aggregate market capital associated with income trusts (2007 Report - 53 per cent (146 trusts) and 21 per cent (\$41 billion), respectively).

Oil & gas income trusts represent 3.5 per cent of aggregate Canadian market capital (2007 Report - 3.6 per cent).

**Chart 12 Distribution of Income Trusts by Industry**



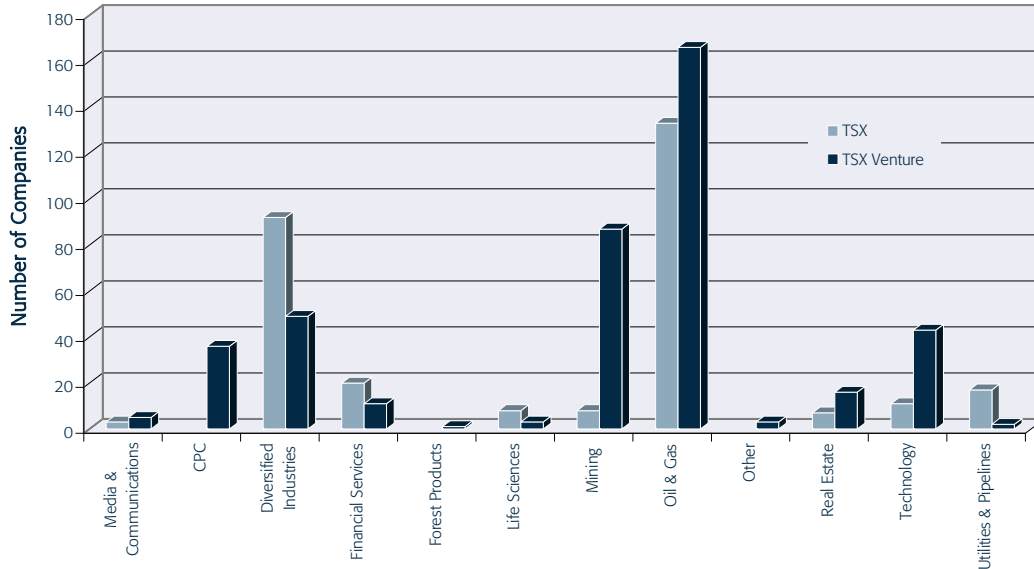
**Focus on Alberta’s Capital Market**

The industry classifications of Alberta based public companies listed on the TSX and TSXV are set out in Chart 13. Based on numbers of companies, the principal industries in which Alberta-based public companies are engaged are oil & gas (41 per cent), diversified industries (20 per cent), mining (13 per cent) and technology (eight per cent) (2007 Report - 42 per cent, 20 per cent, 12 per cent and eight per cent, respectively).

If we compare the Alberta based companies listed on the two exchanges there are some interesting observations. For example, 92 per cent of mining companies and 80 per cent of technology companies are listed on the TSXV (2007 Report - 92 per cent and 82 per cent, respectively). The comparison of the number of oil & gas listings on each of the TSXV and the TSX is not so stark at 56 per cent and 44

per cent, respectively (2007 Report - 53 per cent and 47 per cent, respectively). Sixty-five per cent of the companies in the diversified industries category are listed on the TSX (2007 Report - 60 per cent).

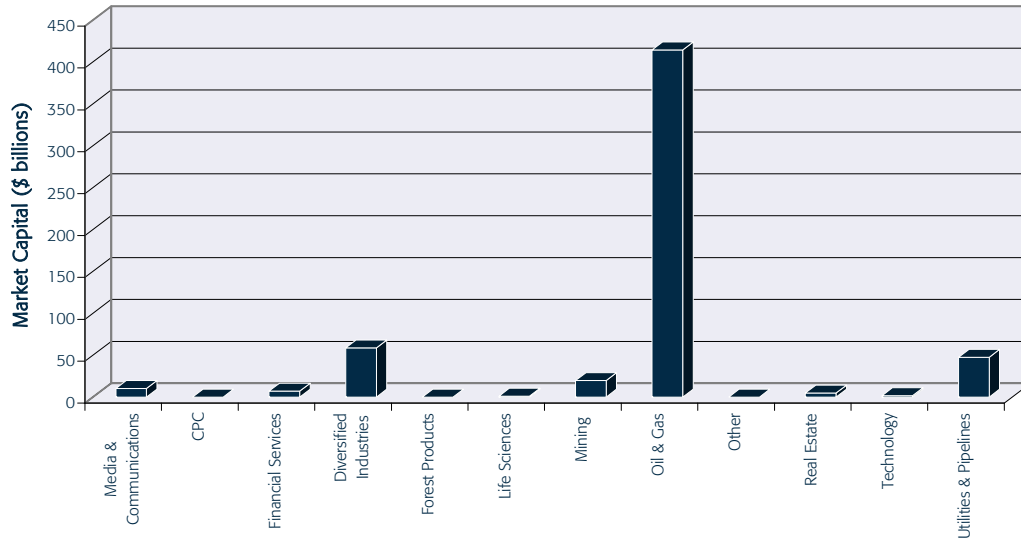
**Chart 13 Distribution of Alberta Industries by Exchange**



Contrasting numbers of public companies with aggregate market capital (see Chart 14), mining and technology companies represent 21 per cent of the number of Alberta based public companies but only four per cent of Alberta's capital market (2007 Report - 20 per cent and two per cent, respectively). Oil & gas and diversified industries represent 61 per cent of the number of Alberta public companies and 84 per cent of the aggregate Alberta market capital (2007 Report - 62 per cent of companies and 86 per cent of market capital).

The aggregate market capital of the oil & gas industry in Alberta is more than seven times larger than diversified industries, the second largest industry in Alberta (\$414 billion vs. \$59 billion) as illustrated in Chart 15 (2007 Report - six times larger, \$417 billion vs. \$62 billion).

**Chart 14 Distribution of Market Capital in Alberta by Industry**



As would be expected, and as illustrated in Chart 15, significantly more public companies with market capital under \$25 million are listed on the TSXV than the TSX. The reverse is also true for public companies with over \$25 million market capital. The largest proportion of Alberta based TSXV listed companies is in the \$1 million to \$5 million range (30 per cent); however, there is also a significant percentage in the \$10 - \$25 million range (19 per cent). In comparison, 89 per cent of Alberta based TSX listed companies have more than \$25 million in market capital (2007 Report - 95 per cent).

**Chart 15 Distribution of Alberta Market Capital by Exchange**

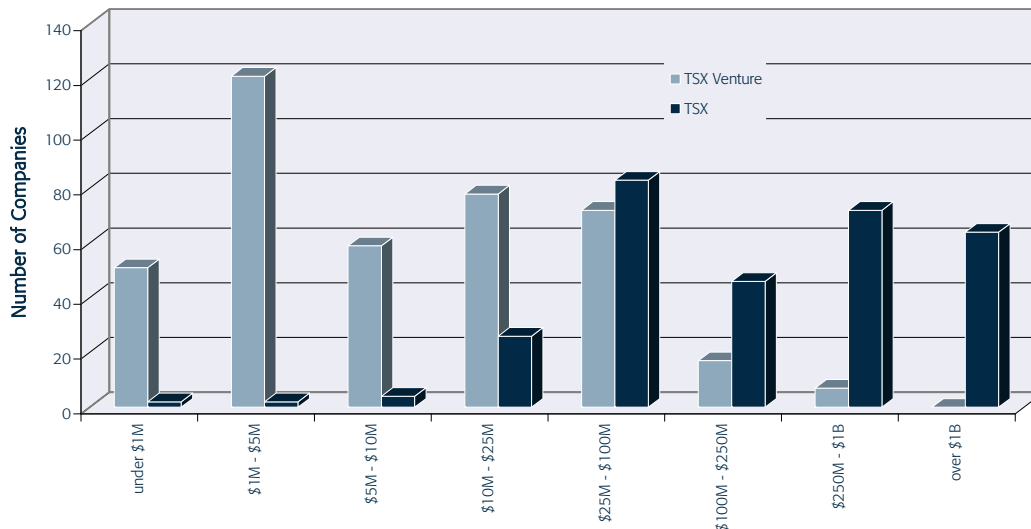


Chart 16 shows the industries of Alberta based public companies and the market capital ranges of companies engaged in each of those industries. Interestingly, the number of oil & gas companies increases in correlation with increases in market capital ranges; there are 11 times as many public oil & gas companies in Alberta with market capital of over \$100 million than there are public oil & gas

companies with market capital under \$1 million (2007 Report - there were 14 times more). Thirty-one per cent of Alberta's mining companies and 37 per cent of technology companies have market capital of under \$5 million (2007 Report - 29 per cent and 39 per cent, respectively).

Seventy-four per cent of pipelines & utilities companies based in Alberta have over \$100 million in market capital. Most companies (65 per cent) in the diversified industries category have over \$25 million in market capital, and both the mining and technology industries are dominated (73 per cent and 75 per cent, respectively) by companies with less than \$25 million in market capital (2007 Report - both 70 per cent).

**Chart 16 Distribution of Alberta Companies by Industry and Market Capital**

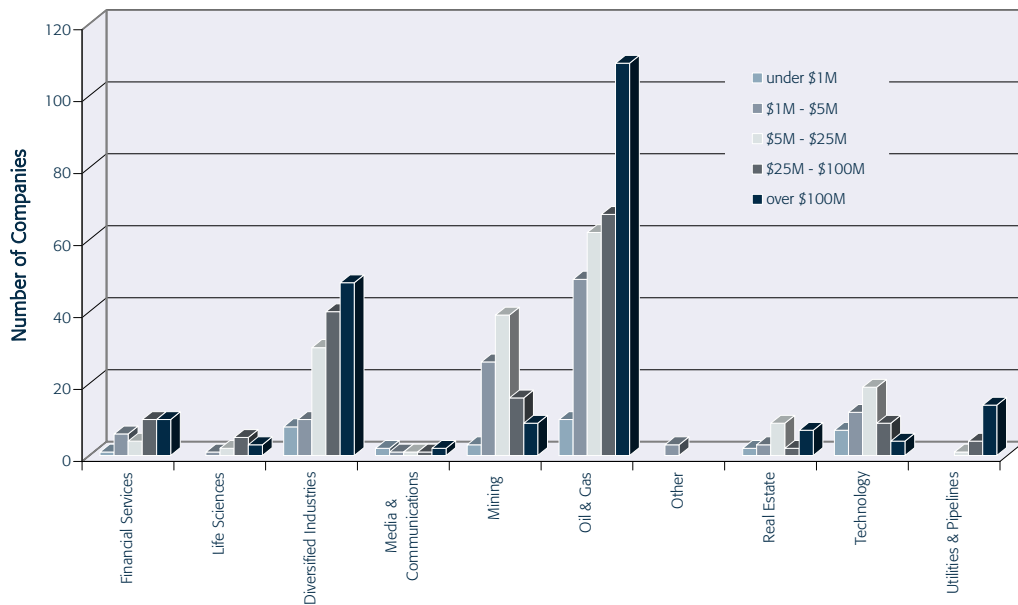
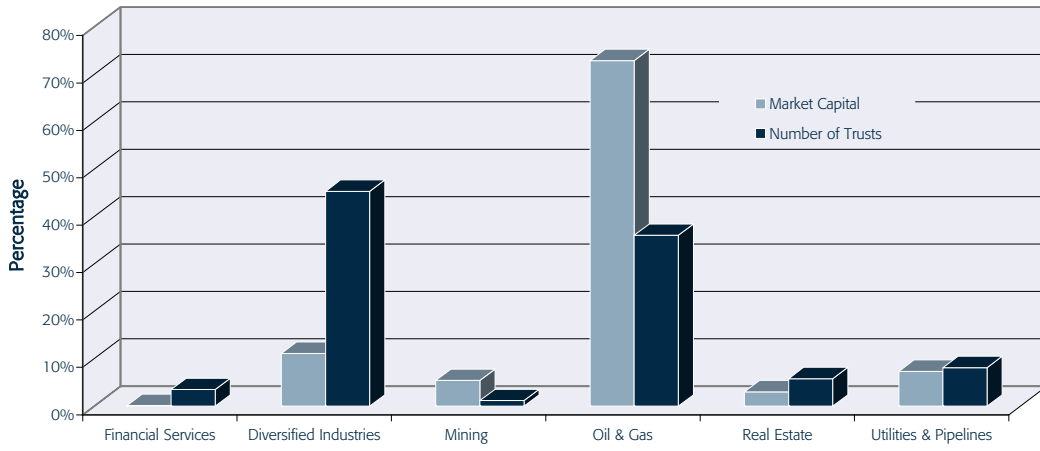


Chart 17 illustrates the distribution of income trusts among Alberta based companies by industry. Oil & gas trusts represent 73 per cent (\$76 billion) of the market capital associated with Alberta based income trusts and 13 per cent of Alberta's aggregate market capital (2007 Report - 71 per cent (\$75 billion) and 14 per cent, respectively).

**Chart 17 Distribution of Alberta Income Trusts by Industry**



## Significant Observations

Significant observations drawn from the findings include the following:

1. The Canadian capital markets have seen significant growth since the 2004 Report - 84 per cent (from \$1.17 trillion to \$2.15 trillion). Between the end of 2003 and the end of 2007, the World Federation of Exchanges shows 146 per cent growth in the TSX, 38 per cent growth in the NYSE, 41 per cent growth in the Nasdaq, 57 per cent growth in the London Stock Exchange and 103 per cent growth in the Euronext<sup>11</sup>.
2. The growth in the oil & gas industry has resulted in Alberta capturing an additional eight per cent of the aggregate Canadian market capitalization since the 2004 Report. This increased prominence of Alberta's capital market in the overall Canadian capital market was maintained during 2007.
3. The rapid growth of, and increased investment in, the oil & gas industry have resulted in that industry representing almost 25 per cent of Canada's aggregate market capital.
4. The Canadian capital market continues to be made up of very distinct provincial capital markets, each of which has its own unique characteristics.
5. The capital markets in Alberta and Canada are very clearly tiered markets, with a relatively even distribution of small, medium and large sized companies.
6. The rapid rise in the number and aggregate market capital associated with income trusts from the 2004 Report to the 2006 Report (almost doubling in number and almost tripling in aggregate market value) has not continued past the 2006 Report.

<sup>11</sup> World Federation of Exchanges 2007 Market Highlights and 2004 and 2005 Annual Report and Statistics.

