

ROC Pref III Corp.

Update: May 19, 2006

As per our usual practice of providing updated information at Connor, Clark & Lunn Capital Markets, we thought it would be helpful to provide you with an update on recent news with respect to the CC&L ROC Pref III Corp. Product ("RPB.PR.A").

ROC Pref III Corp. announced today that Standard & Poor's Ratings Services lowered the rating of ROC Pref III Corp.'s preferred shares to P-2 (mid) from P-1 (low) (the initial rating in March 2005) and removed them from CreditWatch. The preferred shares had been on CreditWatch with negative implications since the default of Dana Corp., a U.S. auto parts company, on March 3, 2006. In our press release on March 3, 2006 and our update on April 7, 2006, we had anticipated the downgrade.

As was stated back in early March 2006, the net exposure of ROC Pref III Corp. preferred shareholders to Dana Corp. at the fixed 40% recovery rate was 0.48% of the Reference Portfolio. Following the Dana Corp. default, the preferred shares benefit from the protection of a first loss tranche equal to 3.35% of the Reference Portfolio. Therefore, preferred shareholders' entitlement to receive \$25.00 per share on March 23, 2012 and payment of coupon at a rate of 4.40% per annum will not be affected by this first credit event on ROC Pref III Corp. The S&P rating addresses the product's ability to pay the distributions and the \$25.00 per share at maturity.

Following the credit event, ROC Pref III Corp. will be able to sustain 7 further defaults in the Reference Portfolio, which is approximately 2.5 times the average default rate and 1.6 times the worst default rate experienced in a portfolio of the same credit quality as the Reference Portfolio in any six-year period since 1981. The corresponding coverage levels at the time of issuance in March 2005 were 2.5 times the average and 1.7 times the worst level of defaults experienced in any seven-year period since 1981.

We currently are in a good credit environment with low default rates and the Investment Advisor, Connor, Clark & Lunn Investment Management Ltd., is comfortable with the quality of the current portfolio. In fact, over the last few months, the Advisor has made a number of substitutions with the result of improving the overall credit quality of the portfolio. As a result, the trading reserve account has declined by approximately \$0.8 million, back to the level of \$2.2 million, the same level as at issue.

The shares of ROC Pref III Corp. are listed for trading on The Toronto Stock Exchange under the symbol "RPB.PR.A", and as of May 15, 2006 had a NAV of \$21.27.

To see a listing of the portfolio names and ratings (as of April 12, 2006) please view the following web-link:

<http://www.cclgroup.com/portals/3/documents/rocIII/ROCIIReferecePortfolioHoldings.pdf>

There are three other CC&L Capital Markets Inc. ROC Pref Corp.'s managed by the same Investment Advisor, Connor, Clark & Lunn Investment Management Ltd.:

- Connor, Clark & Lunn ROC Pref Corp. ("RPQ.PR.A")
- ROC Pref Corp. ("PRF.PR.A")
- ROC Pref II Corp. ("RPA.PR.A")

The S&P ratings for each of these ROC Pref Corp. shares remain unchanged at P-1 (low).

The above information should be considered as background information only and should not be construed as investment or financial advice. Further, it should not be construed as an offer or solicitation to buy or sell. Investors should read fund documents available at www.cclcapitalmarkets.com or www.sedar.com, which further describe the risks and fees and expenses associated with an investment in the preferred shares, and should consult with professional advisors before investing. The S&P rating is not a recommendation to buy, hold or sell securities and may be subject to revision at any time. The preferred shares are not guaranteed, their value may change frequently and past performance may not be repeated.