



Guided Portfolio: Large Cap Update

Private Client Research Group

Minneapolis, MN
(612) 371-7280

New York, NY
(212) 703-6105

San Francisco, CA
(415) 445-8536

February 26, 2010

All values in U.S. dollars unless otherwise noted.

Priced as of February 25, 2010, market close, ET (unless otherwise stated).

For Important Disclosures, see pages 15-16.

GPLC Investment Committee
Dan Smith, CFA, Analyst

Guided Portfolio: Large Cap

Guided Portfolio: Large Cap is designed to provide a disciplined approach to selecting large-cap stocks in the S&P 500, diversified by sector. The underlying investment strategy is a combination of top-down economic analysis and bottom-up company screening to ensure that the portfolio holds quality companies that have passed a multi-disciplinary (fundamental, technical, and quantitative) screening process. Guided Portfolio: Large Cap seeks to own the highest-quality companies that have attractive potential within their peer groups, diversified by sector and based upon the RBC Investment Strategy Committee's assessment of which industry sectors offer attractive potential. The global economy, equity market, industry sectors, and individual stocks in the portfolio are reviewed quarterly, and more often as necessary, to help ensure the portfolio reflects the current outlook.

Changes to the Guided Portfolio: Large Cap

Additions (Page 3)

American Electric Power Co., Inc. (NYSE: AEP, \$33.68)
Colgate-Palmolive Co. (NYSE: CL, \$83.11)
CVS Caremark Corp. (NYSE: CVS, \$34.00)
Microsoft Corp. (Nasdaq: MSFT, \$28.60)
Schlumberger Limited (NYSE: SLB, \$60.81)
Viacom Inc. (NYSE: VIA.b, \$29.69)

Deletions (Page 9)

Apache Corp. (NYSE: APA, \$103.14)
Halliburton Co. (NYSE: HAL, \$30.00)
Intel Corp. (Nasdaq: INTC, \$20.63)
Kohl's Corp. (NYSE: KSS, \$54.08)
The Coca-Cola Co. (NYSE: KO, \$53.12)
Wal-Mart Corp. (NYSE: WMT, \$54.15)

Guided Portfolio: Large Cap

	Symbol	Company Name	Price	Calendar Year EPS			P/E		Dividend
			2/25/10	2009A	2010E	2011E	2010E	2011E	Yield
CONSUMER	Consumer Discretionary								
	MCD	McDonald's Corp.	\$64.38	\$3.98	\$4.43	\$4.82	14.5x	13.4x	3.42%
	VIA.B	Viacom Inc.	\$29.69	\$1.70	\$2.01	\$2.21	10.8x	9.8x	0.00%
	Consumer Staples								
	CL	Colgate-Palmolive Co.	\$83.11	\$4.37	\$4.85	\$5.36	17.1x	15.5x	2.55%
	CVS	CVS Caremark Corp.	\$34.00	\$2.64	\$2.80	\$3.11	12.1x	10.9x	1.03%
	Health Care								
	MHS	Medco Health Solutions Inc.	\$62.92	\$2.83	\$3.35	\$3.99	18.8x	15.8x	0.00%
	PFE	Pfizer Inc.	\$17.69	\$2.02	\$2.19	\$2.32	8.1x	7.6x	4.07%
	DGX	Quest Diagnostics Inc.	\$56.69	\$3.88	\$4.22	\$4.63	13.4x	12.2x	0.71%
INTEREST SENSITIVE	Financials								
	GS	Goldman Sachs Group Inc.	\$156.44	\$22.13	\$18.75	\$20.73	8.3x	7.5x	0.89%
	JPM	JPMorgan Chase & Co.	\$40.64	\$2.24	\$2.99	\$4.74	13.6x	8.6x	0.49%
	TRV	Travelers Cos. Inc.	\$52.75	\$6.32	\$5.91	\$5.89	8.9x	9.0x	2.50%
	Utilities								
AEP	American Electric Power Co., Inc.	\$33.68	\$2.97	\$3.06	\$3.24	11.0x	10.4x	4.87%	
INDUSTRIAL	Industrials								
	HON	Honeywell International Inc.	\$40.19	\$2.85	\$2.39	\$2.93	16.8x	13.7x	3.01%
	UTX	United Technologies Corp.	\$68.67	\$4.12	\$4.61	\$5.29	14.9x	13.0x	2.48%
	Information Technology								
	CSCO	Cisco Systems Inc.	\$24.33	\$1.43	\$1.62	\$1.84	15.0x	13.2x	0.00%
	EMC	EMC Corp.	\$17.32	\$0.90	\$1.14	\$1.30	15.2x	13.3x	0.00%
	HPQ	Hewlett-Packard Co.	\$50.92	\$3.85	\$4.44	\$4.88	11.5x	10.4x	0.63%
MSFT	Microsoft Corp.	\$28.60	\$1.70	\$2.01	\$2.21	14.2x	12.9x	1.82%	
RESOURCE	Energy								
	OXY	Occidental Petroleum Corp.	\$79.03	\$3.78	\$5.99	\$7.62	13.2x	10.4x	1.67%
	SLB	Schlumberger, Limited	\$60.81	\$2.78	\$2.91	\$3.83	20.9x	15.9x	1.38%
Materials									
APD	Air Products & Chemicals Inc.	\$68.98	\$4.28	\$5.10	\$5.75	13.5x	12.0x	2.61%	

Inception date is June 23, 2005.

Dividend yield is calculated based on the most recent distribution (not the most recent declaration). A stands for actual earnings, E stands for estimated earnings based on First Call Consensus estimates. Information regarding returns is presented as total return and therefore includes dividends as well as capital appreciation and presumes reinvestment of dividends. Return is calculated on an equal-weighted, total return basis, and includes dividends, which are assumed to be reinvested. Return calculations do not include the deduction of commissions, advisory program fees, interest charges or other expenses that would be associated with an investment in the securities mentioned that are paid to RBC Wealth Management will reduce client's overall return. Return calculations for the Guided Portfolio: Large Cap include securities that have been removed from the portfolio. Performance information on removed stocks is available upon request. Prices utilized for performance calculation purposes are closing prices one full trading session following additions to or removals from the Guided Portfolio: Large Cap. S&P 500 index in an unmanaged index of 500 widely held common stocks and Real Estate Investment Trusts (REITS) of domestic operating companies traded on the New York Stock Exchange, American Stock Exchange or NASDAQ National Market List and is often used as a measure of large capitalization-weighted common stock performance in the United States. An investment cannot be made directly into an index. Past performance should not be viewed as an indicator of future results. Portfolio P/E ratios are derived from a simple average of individual stock P/E ratios.

Source: FactSet and our national research correspondents.

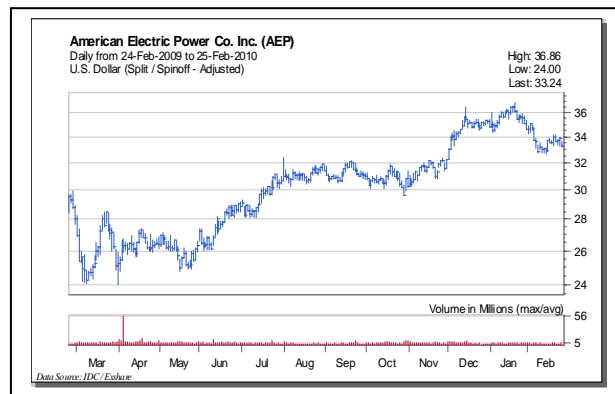
American Electric Power Co. Inc. (NYSE: AEP, \$33.68)

We are adding American Electric Power Co. Inc. to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Outperform
RBC Capital Markets	Not Rated
Standard & Poors	Buy

2010E/2011E EPS*:	\$3.06 / \$3.24	2010E/2011E P/E*:	11.0x / 10.4x
Market Cap (MM):	\$16,079	52-Week Range:	\$24 - \$37
Total Debt/Total Cap:	57%	S&P Total Debt Rating:	BBB
Dividend Yield:	4.93%	Fiscal Year End:	December

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

American Electric Power is a utility holding company that owns a number of subsidiaries covering portions of more than 11 states, including Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Texas, Tennessee, Virginia, and West Virginia. Its utilities provide electric service, consisting of generation, transmission, and distribution, on an integrated basis, to their retail customers. Retail operations account for ~75% of total utility operating revenue, driven by Residential (~40% of retail), Commercial (30%), and Industrial (30%). The company's wholesale operations, which supply power to other electric utilities, account for the remaining 25% of total utility operating revenue. American Electric Power's fuel supply is predominantly coal (86%), with natural gas (6%) and nuclear (8%) accounting for the remaining fuel sources.

Investment Thesis

- Potential for recovery in power demand.** United States electricity consumption declined for two consecutive years in 2008 and 2009, driven by a deep recession, a collapse in capacity utilization and industrial production, and the housing crisis. We believe power demand may show signs of moderate growth in 2010, driven by continued improvements in economic activity and the impact from stimulus-related projects. With meaningful exposure to industrial customers, we believe American Electric Power is well positioned for a rebound in power demand.
- American Electric enjoys lower regulatory risk than many of its peers.** American Electric Power serves territories in more than 11 U.S. states. This broad-based geographic coverage limits its exposure to any one particular geography and state-level regulatory risk. While regulatory outcomes are still pending in Ohio and Virginia this year, we believe they are not significant in terms of earnings risk. Overall, we believe American Electric Power is very favorably positioned from a regulatory perspective compared to some of its peers that face bigger hurdles this year.
- Valuation appears compelling.** Shares of American Electric Power currently trade at 11.0x and 10.4x the 2010 and 2011 consensus earnings estimates, respectively, while offering a dividend yield of 4.9%. We believe this valuation is among the most attractive within the electric utility industry. Within the S&P 500, electric utilities trade at 12.1x and 11.1x their 2010 and 2011 EPS estimates, respectively, on average.

Risks

Key risks include a prolonged period of weak power demand, a sharp rise in coal prices, regulatory uncertainty that could pressure rate base growth and limit profitability, and a period of rising interest rates that could impact valuation.

Colgate Palmolive Co. (NYSE: CL, \$83.11)

We are adding Colgate Palmolive Co. to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Not Rated
RBC Capital Markets	Outperform
Standard & Poors	Buy

2010E/2011E EPS*:	\$4.85 / \$5.36	2010E/2011E P/E*:	17.1x / 15.5x
Market Cap (MM):	\$41,247	52-Week Range:	\$55 - \$87
Total Debt/Total Cap:	66%	S&P Total Debt Rating:	AA-
Dividend Yield:	2.28%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Colgate-Palmolive Company (Colgate) is a consumer products company whose products are marketed in over 200 countries and territories globally. The company operates its business through two product segments: Oral, Personal, and Home Care, and Pet Nutrition. Colgate's Oral Care products include Colgate Total and Colgate Max Fresh toothpastes, Colgate 360° manual toothbrushes, and Colgate Plax oral rinses. Colgate's Personal Care products include Palmolive and Softsoap brand shower gels; Palmolive, Irish Spring, and Protex bar soaps, and Speed Stick and Lady Speed Stick deodorants and antiperspirants. Colgate manufactures and markets a range of products for Home Care, including Palmolive and Ajax dishwashing liquids, Fabuloso and Ajax household cleaners, and Murphy's Oil Soap. Colgate, through its Hill's Pet Nutrition segment, offers specialty pet nutrition products for dogs and cats with products marketed in over 90 countries globally.

Investment Thesis

- **Prospects for double-digit earnings growth are apparent.** Colgate-Palmolive is currently one of the few stocks in the Consumer Staples sector we believe can increase earnings at a double-digit pace over the near term. The company, which recently reported financial results and presented at a key conference hosted by the Consumer Analyst Group of New York, expects volume growth of 4%-7% as well as net margin growth. While pricing is expected to remain flat, Colgate does not face significant competition from private label brands as is the case for other stocks in the Consumer Staples sector.
- **Oral care is a key driver of growth in emerging and developing markets.** Colgate currently generates just under 50% of its revenue from developing markets, but notes that current per capita consumption is less than half what it is in developed markets. Using experience gained in markets such as Brazil, Chile, and Uruguay, the company is committed to increasing health care education in key markets that in turn are expected to translate into higher sales. In emerging markets, such as China, the company is rolling out initiatives targeted at members of the middle class who are going to the dentist for the first time. With an established brand, as well as limited competition from home countries in many of these markets, we believe Colgate is well positioned to achieve volume growth at a time that earnings growth in the Consumer Staples sector is limited.
- **Colgate is trading at a discount to its historical average and versus peers on a relative historical basis.** Shares of Colgate currently trade 17.1x consensus 2010 earnings, which is toward the lower end of its historical range over the last decade (15x to 31x). In addition, shares trade at only a modest premium to their large-cap peers (5%) and a premium to the S&P 500 (10%), which is well below the 5-year average (25%). In our view, Colgate also possesses a stronger earnings growth profile, established track record of successful execution, and a shareholder friendly approach to cash flow deployment that we believe should translate into a premium valuation.

Risks

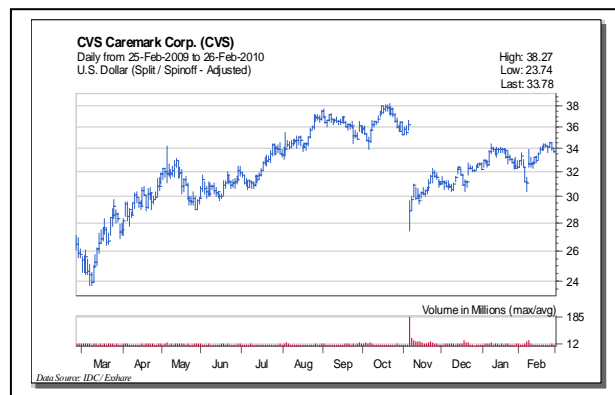
Key risks for Colgate-Palmolive include increased competitive activity, rising commodity costs, and global macro conditions, particularly in Latin America and Asia.

CVS Caremark Corp. (NYSE: CVS, \$34.00)

We are adding CVS Caremark Corp. to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Outperform
RBC Capital Markets	Not Rated
Standard & Poors	Buy

2010E/2011E EPS*:	\$2.80/ \$3.11	2010E/2011E P/E*:	12.1x / 10.9x
Market Cap (MM):	\$47,362	52-Week Range:	\$24 - \$38
Total Debt/Total Cap:	24%	S&P Total Debt Rating:	BBB+
Dividend Yield:	0.90%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

CVS Caremark Corp. is a domestic provider of prescriptions and related health care services. It is a pharmacy services company and drives value for its customers through its approximately 6,900 CVS Pharmacy and Longs Drug retail stores; CVS Caremark's pharmacy benefit management (PBM), mail order and specialty pharmacy division, Caremark Pharmacy Services; its retail-based health clinic subsidiary, MinuteClinic, and its online pharmacy, CVS.com. The company operates in two business segments: Pharmacy Services and Retail Pharmacy. October 20, 2008, CVS Caremark acquired Longs Drug Stores Corporation, which included 529 retail drug stores (the Longs Drug Stores) and RxAmerica LLC (RxAmerica), which provides pharmacy benefit management services and certain other related assets.

Investment Thesis

- **We view the valuation as attractive.** Shares of CVS currently trade at 12.1x consensus 2010E EPS, having sold off in late 2009 as a result of challenges in its Pharmacy Benefits (PBM) business. While the 2006 merger between CVS and Caremark has not gone as planned, at current levels investors are ascribing a value of approximately \$7/share to the segment despite the fact it represented approximately 44% of operating income in 2009. Investors are clearly concerned about the company's execution in the PBM segment following key contract losses in 2009, but we believe that at current prices shares do not reflect the positive catalysts that exist as a result of recent management initiatives. We regard the current entry point to be very compelling since the downside is likely limited, and we believe the upside potential to the stock from earnings growth and/or a valuation re-rating is significant.
- **Management has taken steps to address issues in the PBM business.** Following disappointing results from much of 2009 in its PBM business, CVS recruited an experienced veteran of 30 years (Per Lofberg) to run the business, in time for the 2011 selling season. A key challenge for Mr. Lofberg will be to simplify the marketing message and make the necessary investments in the pharmacy services business in order to better compete with Medco (NYSE: MHS) and Express Scripts (NYSE: ESRX). Customers of CVS have let it be known that the company had become singularly focused on marketing delivery benefits that existed due to the CVS Caremark merger while competitors developed more simplified and attractive pricing schemes. Mr. Lofberg indicated recently that he views last year's challenges as isolated issues and that he is optimistic on the company's prospects in the 2011 selling season when there are a large number of prospects out for bid.

Risks

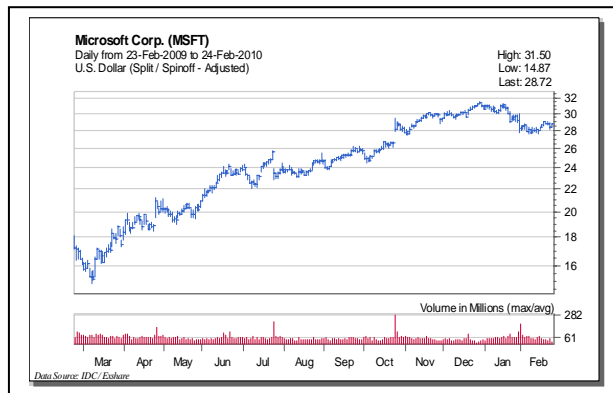
Key risks for CVS Caremark include weakness in its core retail operations, weaker-than-expected new business wins or client retention on the PBM side; margin pressure due to competition, and a slowdown in prescription in prescription drug utilization.

Microsoft Corp. (Nasdaq: MSFT, \$28.60)

We are adding Microsoft Corp to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poors	Buy

2010E/2011E EPS*:	\$2.01 / \$2.21	2010E/2011E P/E*:	14.2x / 12.9x
Market Cap (MM):	\$250,853	52-Week Range:	\$31 - \$42
Total Debt/Total Cap:	12%	S&P Total Debt Rating:	AAA
Dividend Yield:	1.82%	Fiscal Year End:	June



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Microsoft, the world's largest software company, with over \$58 billion in calendar 2009 sales, has the dominant market position in both operating systems software (*Windows* brand) and business productivity solutions software (*Office* brand). The company is divided into five divisions: Client; Server and Tools; Online Services Business; Microsoft Business Division; and the Entertainment and Devices Division. Traditionally a PC software-oriented company, Microsoft's strategy is now focused on creating seamless user experiences across multiple different devices—from PCs, to cell phones, to personal digital assistants, to home entertainment equipment.

Investment Thesis

- **Personal computer (PC) sales appear to be in the early stages of a revenue recovery.** Recent data from Gartner Group suggests that worldwide PC shipments increased by 22.1% in the final quarter of 2009 versus the same quarter in 2008. We attribute this recovery to two primary causes: 1) a rebound in global economic activity; and 2) the release of Microsoft's Windows 7 operating system. We think this trend of higher growth may be sustainable for longer than the most recent cycle due to the depth of the recent recession and the softness of the prior operating systems upgrade cycle, which was adversely impacted by performance issues with Windows 7 predecessor, Vista. Vista's relative failure has left a large percentage of currently-deployed PCs with a nine-year-old operating system, which is rapidly becoming obsolete as the computing and networking environment evolves. As a result, we believe the replacement cycle for Vista could last several years.
- **Improving cost management.** Historically, cost management has not been one of Microsoft's strengths, but in the most recently reported quarter (December 2009), operating margins increased by 910 basis points over the same quarter in 2008. Looking forward, we think the company could sustain much of these gains, due to product mix toward higher-margin operating systems (Vista) sales, headcount management, and lower component costs for hardware items, notably, the Xbox.
- **New initiatives in cloud computing and wireless handset operating systems could serve as a wild card.** Traditionally, Microsoft has been effective in only a few areas it tends to dominate, namely PC operating systems and office applications software (Microsoft Office). Success in more competitive business areas have been few and far between, with the most notable of these successes being the Xbox franchise. Some investors are concerned that the changing of the computing landscape, potentially towards a trend of hosted software (a.k.a. cloud computing) could threaten sales in Microsoft's core operating systems and Office franchise. However, we expect Microsoft to address many of these concerns with new product announcements in 2010, potentially quieting some of those concerns. To date, Microsoft has had very limited success in the wireless handset operating system market. In February, the company announced a revision to its operating system, which we believe could potentially be competitive enough to gain market share, though its competitors are formidable.
- **Valuation appears reasonable.** Trading at 13.3x next 12 months' EPS, shares of Microsoft are valued at an 11% discount to its five-year historical average, a level we view as attractive given our expectation of above-historical growth over the next few years.

Risks

Microsoft's revenues are subject to corporate IT-spending budget fluctuations to a degree, as well as the level of consumer spending. In recent years, the European Union (EU) has taken to litigating against and fining Microsoft for various reasons, on a regular basis. The potential advent of a hosted-software computing model could present a longer-term competitive challenge to the company.

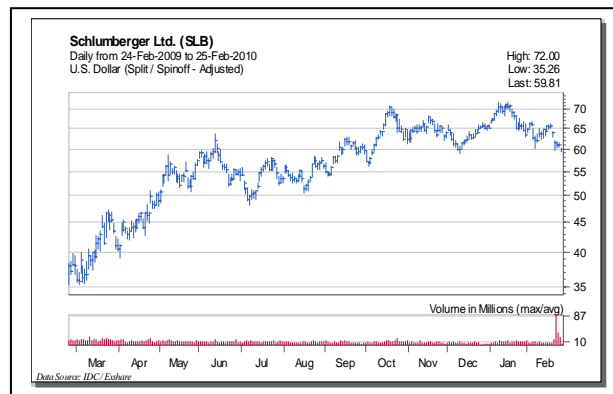
Schlumberger Ltd. (NYSE: SLB, \$60.81)

We are adding Schlumberger Ltd. to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Sell
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poors	Hold

2010E/2011E EPS*:	\$2.91 / \$3.83	2010E/2011E P/E*:	20.9x / 15.9x
Market Cap (MM):	\$72,668	52-Week Range:	\$35 - \$72
Total Debt/Total Cap:	22%	S&P Total Debt Rating:	A+
Dividend Yield:	1.29%	Fiscal Year End:	December

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

Schlumberger Ltd. is the largest supplier of technology, integrated project management, and information solutions to customers working in the oil and gas industry. The company operates in two business segments: Schlumberger Oilfield Services, which generated approximately 91% of revenues in 2009, and WesternGeco (9% 2009 revenues). The company is largely focused on international operations, with only 18% of oilfield services revenues coming from North America in 2009. The company's oilfield services are organized into eight technologies 1) wireline services; 2) drilling and measurements; 3) well testing; 4) well services; 5) completions; 6) artificial lift; 7) data and consulting; and 8) information solutions.

Investment Thesis

- The pending acquisition of Smith International bolsters its competitive position.** The recently-announced acquisition of Smith International (NYSE: SII) reinforces Schlumberger's position as the leading global oilfield services company. The deal provides the company with an extensive line-up of fluids and drill bits, where Schlumberger previously had little exposure. The wider product service offering positions it as the dominant player in the deepwater and global shale gas arenas, which are viewed as two integral markets in the energy sector from a long-term perspective. The merger has the potential to be highly accretive to earnings in the long run, because the company's vast relationships with national oil companies should allow it to increase its newly acquired fluids and drill-bit foot print. Finally, we note the fact that the companies have worked together on projects in the past, which may mitigate integration risks to a degree.
- Fundamentals for oilfield services remain attractive.** We believe the prospects for a reacceleration in oil and gas exploration and production spending and drilling activity look strong as companies have become more comfortable with the global economic outlook and their abilities to sustain cash flows. The oilfield services sector typically discounts potential improvements in fundamentals in advance of an actual earnings recovery. Consequently, we believe the services sector offers significant potential, provided we are moving towards a period of improved oil and gas demand and reacceleration in global exploration and drilling activity.
- Valuation appears compelling.** Schlumberger has long been regarded as a best-in-class oilfield services company, attributable to its quality of management, execution, and market leadership. One obstacle to investing in the company historically has been its premium valuation. With the shares having been recently under pressure following the acquisition of Smith International, the shares now trade at roughly 16x 2011 earnings, which is at the low end of the company's historical P/E range of 16x-27x. Given our positive view of the fundamentals for the oilfield services group and the merger, we believe the weakness related to the announcement of the Smith International acquisition has provided investors a rare opportunity to acquire shares of Schlumberger Ltd. at a highly attractive valuation.

Risks

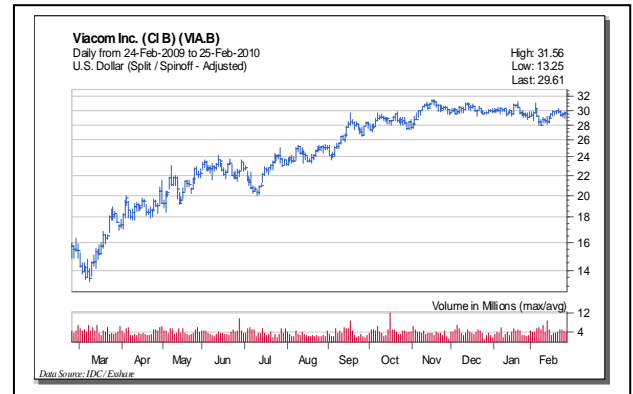
Key risks include global economic growth and lower crude oil and natural gas prices that could reduce global drilling activity. Integration risks related to the Smith International transaction are also a risk.

Viacom Inc. (Cl. B) (NYSE: VIA.B, \$29.69)

We are adding Viacom Inc. (Cl. B) to the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Neutral
RBC Capital Markets	Outperform
Standard & Poors	Hold

2010E/2011E EPS*:	\$2.74 / \$3.02	2010E/2011E P/E*:	10.8x / 9.8x
Market Cap (MM):	\$18,034	52-Week Range:	\$13 - \$32
Total Debt/Total Cap:	44%	S&P Total Debt Rating:	BBB
Dividend Yield:	0.00%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Viacom Inc. is an entertainment content company that operates in two segments: Media Networks and Filmed Entertainment. Its Media Networks segment provides entertainment content for consumers. It creates and acquires programming, video games, and other content for distribution to its audiences. The Filmed Entertainment segment produces, finances, and distributes motion pictures and other entertainment content under the Paramount Pictures, Paramount Vantage, Paramount Classics, MTV Films, and Nickelodeon Movies brands. The Filmed Entertainment segment also releases certain pictures under the DreamWorks brand.

Investment Thesis

- Improving domestic advertising and ratings appear supportive of earnings growth.** We expect Viacom to benefit from an environment that may be on the verge of witnessing an upturn in advertising trends. While domestic ad growth was sequentially flat with the prior quarter and down 4% on a year-over-year basis, this was partly attributable to upfront signings, which will improve as contracts are renewed. Another catalyst for advertising revenue is potentially higher ratings, especially at the company's key MTV franchise, which at times posted improvements of 20% versus the year-ago period. This improvement, coupled with sustained growth in affiliate fees, should allow for Viacom to record improving operating margins and EPS growth.
- Expense control could lead to margin expansion.** Viacom's management has identified cost containment as a key focus for 2010. We think cost reductions are likely to come from lower expenses in the company's Filmed Entertainment segment. At its Paramount operations, the company has reduced overhead expenses by approximately \$125 million over the last 24 months. The company is also expected to release between 13 and 15 films in 2010 (flat with 2009), down from the 20 released in 2008, which should also allow the company to exhibit cost control as a result of lower production costs.
- The current valuation is attractive in our view.** Shares of Viacom currently trade at less than 11x consensus 2010 earnings, which is a significant discount to the historical range of 12x to 22x. The high end of that range was characteristic in the higher growth period of the 1990s. However, we believe it is still reasonable for shares of VIA'b to trade within the 12x-15x range. This potential valuation expansion, along with the earnings upside we believe exists in the Media Networks division, leaves shares of Viacom at what we view as a very attractive entry point at the current time.

Risks

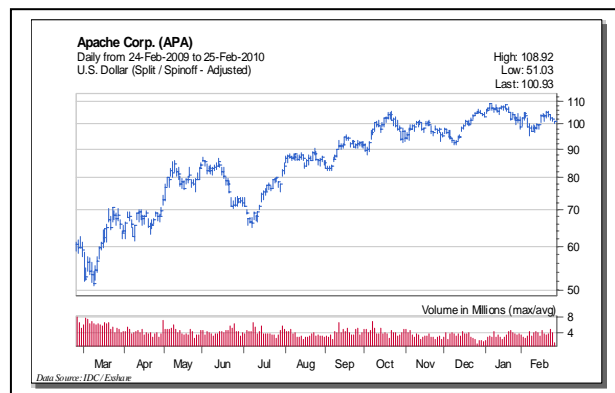
Key risks for Viacom include a slower-than-expected recovery in the global economy, which would hinder advertising revenue growth. Additionally, Viacom has a rich history of pursuing acquisitions in both traditional and new media markets. Dilutive acquisitions would present a risk to earnings and revenue estimates.

Apache Corp. (NYSE: APA, \$103.14)

We are deleting Apache Corp. from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Outperform
RBC Capital Markets	Sector Perform
Standard & Poors	Strong Buy

2010E/2011E EPS*:	\$10.09/12.75	2010E/2011E P/E*:	10.2x / 8.1x
Market Cap (MM):	\$34,700	52-Week Range:	\$51 - \$109
Total Debt/Total Cap:	24%	S&P Total Debt Rating:	A-
Dividend Yield:	0.94%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Apache Corp. is an independent exploration and production company engaged in the exploration, development, and production of natural gas, natural gas liquids, and crude oil. In 2009, oil and gas production averaged 583,328 barrels of oil equivalent per day, with 48% of reserves in the United States, 13% in Canada, 11% in Egypt, 17% in the North Sea, 8% in Australia, and 2% in Argentina. In 2009, crude oil generated ~71% of total revenue, while natural gas and natural gas liquids represented 28% and 1% of total revenue, respectively.

Investment Thesis

- **Lower portfolio weighting in the Energy sector.** This quarter, the RBC Investment Strategy Committee lowered its weighting to the Energy Sector to Market Weight from Overweight. The decision was based on a more conservative near-term view of the recovery in global energy demand as well as valuations we believe appropriately reflect current fundamentals and forecasts. The outlook remains more positively biased to crude oil relative to natural gas as inventories for natural gas in North America stay elevated and may remain so over the intermediate term.
- **Production growth appears weighted to the second half of the year.** Apache recently guided to 5%-10% production volume growth for 2010. In the near term, Apache expects March-quarter production to be relatively flat with the prior quarter and accelerate thereafter. While we believe this is a strong outlook for the year, we also think it is weighted toward the second half and is dependent on the company's ability to execute on start-up projects and maintenance in Australia, Canada, and Egypt. We believe the lack of production growth in the near term may limit share price performance for the time being.
- **Longer-term prospects appear promising.** Apache remains one of the most balanced oil and gas producers globally from a geographic point of view. We believe its "portfolio" approach to its business has helped it diversify its geologic and geographic risk, its reserve life, and hydrocarbon risk. This lower-risk business model continues to generate more stable earnings and cash flow relative to some of its peers that are more natural gas-centric and domestically focused. Finally, Apache continues to be focused on the preservation of its balance sheet by funding capital expenditures predominantly through cash flow.

Risks

Revenues, earnings, and cash flow are sensitive to the price of crude oil and natural gas, which tends to be influenced by hard-to-forecast factors, such as weather and economic activity. The company's growth strategy is dependent on its ability to find attractive acquisitions and to execute on its pipeline of exploratory projects. Rising industry costs also present a risk.

Coca-Cola Co. (NYSE: KO, \$53.12)

We are deleting Coca-Cola Co. from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Outperform
RBC Capital Markets	Not Rated
Standard & Poors	Strong Buy

2010E/2011E EPS*:	\$3.41 / \$3.74	2010E/2011E P/E*:	15.6x / 14.2x
Market Cap (MM):	\$122,335	52-Week Range:	\$37 - \$59
Total Debt/Total Cap:	32%	S&P Total Debt Rating:	A+
Dividend Yield:	3.36%	Fiscal Year End:	December

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

The Coca-Cola Company is the world's largest producer of non-alcoholic beverage concentrates, syrups, juice, and juice-related products. Established in 1886, Coca-Cola now offers more than 450 brands in over 200 countries and is recognized as the world's most valuable brand. The company manufactures beverage concentrates and syrups, which are sold to bottling operations, fountain wholesalers, fountain retailers, as well as finished goods that are sold to distributors. In addition, the company has ownership interests in numerous unconsolidated bottling, canning, and distribution operations. Coca-Cola's North American business segment accounted for 26% of the company's 2009 revenues, with the Bottling Investments segment and International operations accounting for 27% and 46%, respectively.

Investment Thesis

- **We think the acquisition of Coca-Cola Enterprises assets could inhibit short- to intermediate-term share price performance.** On February 25, Coca-Cola announced it will acquire the North American bottling assets from Coca-Cola Enterprises (NYSE: CCE). We believe the transaction could be an overhang on the stock in the near term for a number of reasons. First, the transaction calls into question its management's credibility with investors, given they had previously said such a transaction had limited strategic value. Second, by assuming the outstanding debt and relinquishing its existing 34% stake of Coca-Cola Enterprises in exchange for the North American bottling assets of the company, Coca-Cola has paid a rich premium for the bottling assets, roughly 8x-8.5x EV/EBITDA in contrast to the less than 8x EV/EBITDA Pepsi paid for its bottling operations. Finally, the company could have to pay in the area of \$1 billion to Dr Pepper Snapple (NYSE: DPS), given Coca-Cola Enterprises' distribution contracts with that company.
- **Shares appear fully valued at current levels.** With shares of Coca-Cola trading at 15.6x consensus estimated 2010 EPS, re-establishing its premium to the beverage group over the past year, and given the overhang of the Coca-Cola Enterprises transaction, we believe the opportunity for further upside in the shares will be limited in the near term.

Risks

Key risks include a down turn in the emerging markets which have been integral to Coke's growth over the past few quarters. Higher input costs, namely sugar, could result in lower operating margins going forward.

Halliburton Co. (NYSE: HAL, \$30.00)

We are removing Halliburton Co. from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Hold
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poors	Hold

2010E/2011E EPS*:	\$1.40 / \$2.12	2010E/2011E P/E*:	21.4x / 14.2x
Market Cap (MM):	\$27,060	52-Week Range:	\$15 - \$35
Total Debt/Total Cap:	34%	S&P Total Debt Rating:	A
Dividend Yield:	1.20%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Halliburton Co. offers a range of products and services to customers who explore, develop, and produce oil and gas. The company serves major national and independent oil and gas companies throughout the world. In 2009, revenue was broken down as follows: 39% from North America, 27% from Europe/West Africa/CIS, 20% from the Middle East and Asia, and 14% from Latin America. The company's Completion and Production segment (51% of 2009 revenue) delivers cementing, pressure pumping, stimulation, intervention, and well completion services. Halliburton's Drilling and Evaluation segment (49% of revenue) provides field and reservoir modeling and evaluation, fluid services, directional and horizontal drilling, drill bits, wireline services, and project management. In 2007, the company completed the split-off of KBR, Inc., an engineering and construction unit, to become a pure play oilfield services company.

Investment Thesis

- Recent industry consolidation may influence Halliburton's management to make an inopportune acquisition.** In February, Halliburton's peer Schlumberger (NYSE: SLB) agreed to acquire smaller rival Smith International, while in August 2009, Baker Hughes (NYSE: BHI) agreed to acquire BJ Services (BJS). We believe investors expect the industry to continue to consolidate and that Halliburton may be forced to make its own acquisition to bolster its product and services portfolio and maintain its competitive position in the oilfield services industry. As a result, we are concerned this possibility has left the shares of Halliburton vulnerable to underperformance as investor preference turns to service companies that have less of a chance of making a meaningful acquisition.
- Industry fundamentals appear to remain in very good shape.** We believe the prospects for a reacceleration in oil and gas exploration and production spending and drilling activity look strong as companies have become more comfortable with the outlook and their ability to sustain cash flows. The oilfield services sector typically discounts potential improvements in fundamentals well in advance of an actual earnings recovery. Consequently, we believe this group could perform well in advance of improved earnings. Long-term, we believe the majority of the growth in global oil production is expected to be generated by OPEC sources, while non-OPEC conventional production is expected to decline. Halliburton generates more than 50% of its revenue outside North America and continues to transfer assets internationally as opportunities present themselves. For these reasons we believe Halliburton remains an attractive company in the oilfield services space. As a result, shares of Halliburton are still appropriate for more diversified and longer-term focused portfolios.

Risks

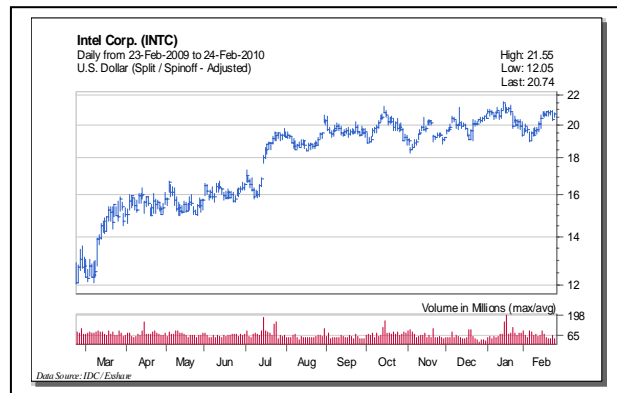
Key risks include global economic growth, and lower crude oil prices and North American gas prices that could reduce global drilling activity.

Intel Corp. (Nasdaq: INTC, \$20.63)

We are deleting Intel Corp from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Outperform
RBC Capital Markets	Outperform
Standard & Poors	Buy

2010E/2011E EPS*:	\$1.64 / \$1.80	2010E/2011E P/E*:	12.6x / 11.5x
Market Cap (MM):	\$113,919	52-Week Range:	\$12 - \$22
Total Debt/Total Cap:	5%	S&P Debt Rating:	A+
Dividend Yield:	3.05%	Fiscal Year End:	December



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Intel Corp. is the world's largest producer of semiconductor chips and related products. The majority of its sales, roughly 91%, stems from the sale of microprocessors, motherboards, and related chipsets for use in laptop personal computers (PC's), desktop PC's, workstations, and servers. Sales of these products are divided between two groups: the PC Client Group (76% of 2009 company sales) and the Data Center Group (19% of sales). The remainder of revenues come from the company's other three small divisions.

Investment Thesis

- **Historical correlation between gross margins and share price suggests period of high returns has passed.** Historically, Intel's share price has had a high correlation with its gross margins. In the most recent quarter (ended December), Intel shares posted an all-time high gross margin of 64.7% and guided March quarter gross margin to 61% (+/- 2%), implying gross margins had peaked. It should be noted, however, that the 64.7% gross margin has been achieved at a point in the personal computer (PC) spending cycle that appears to be in its early stages, due to the recent introduction of Microsoft's Windows 7 operating system and a recovering global economy. This dynamic may contribute to gross margins sustaining themselves near peak levels for longer than has historically been the case.
- **Anticompetitive-related fines and lawsuits have had a recurrent theme.** A few quarters ago, Intel agreed to pay competitor Advanced Micro Devices Inc. (NYSE: AMD) a sum of \$1.25 billion to settle an anticompetitive lawsuit. More recently, the European Commission (EC) fined Intel \$1.4 billion. There are currently 82 class action lawsuits filed and open against the company, most of which involve accusations of anti-competitive practices. While neither the European Commission nor any other government/quasi-government entity currently has an open complaint against the company, they are not precluded from doing so in the future and appear to have a willingness to do so.
- **Valuation is still quite reasonable, and the microprocessor demand cycle appears to be in nascent stages.** As previously mentioned, the PC cycle appears in the early stages of an uptrend. Additionally, Intel's Nehalem server microprocessor has sold well, with enterprises recently increasing spending on new, more energy efficient servers powered by it. Trading at 12.6x 2010 EPS, shares of Intel are valued at a significant discount to its historical average. We think the outlook for fundamental performance appears promising over the course of the next year but are concerned this may never be recognized in the share price during the current cycle, due to the concerns mentioned above.

Risks

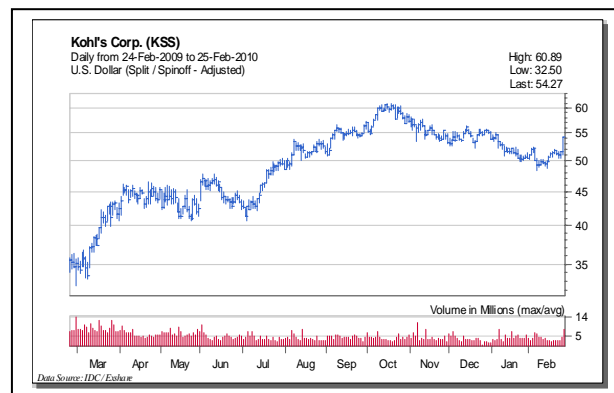
Intel's sales and profit margins tend to be sensitive to the global level of economic growth. While it tends to dominate its key competitor, there have historically been times of market share loss for Intel, during which the shares have tended to perform poorly. On a related note, this dominance leaves the company subject to anti-competitive practices litigation.

Kohl's Corp. (NYSE: KSS, \$54.08)

We are deleting Kohl's Corp. from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Neutral
RBC Capital Markets	Not Rated
Standard & Poors	Buy

2011E/2012E EPS*:	\$3.64 / \$4.22	2011E/2012E P/E*:	14.9 / 12.8x
Market Cap (MM):	\$16,603	52-Week Range:	\$33 - \$61
Total Debt/Total Cap:	22%	S&P Total Debt Rating:	BBB+
Dividend Yield:	0.00%	Fiscal Year End:	January



* Consensus estimates; Source: FactSet

Source: FactSet

Company Description

Based in Menomonee Falls, Wis., Kohl's operates over 1,000 stores in 49 states. Kohl's Corporation operates family-oriented department stores that sell moderately priced apparel, footwear, and accessories for women, men, and children; soft home products such as sheets and pillows; and housewares. The company's apparel and home fashions appeal to customers with style preferences ranging from classic to contemporary. In addition, it offers online shopping on its website at www.Kohls.com. The website offers key items, family apparel, and home merchandise.

Investment Thesis

- **We think the current valuation reflects a considerable recovery in sales.** While Kohl's remains our favorite department store stock in the S&P 500, we believe the shares are fairly valued at current levels. The company reported solid earnings on February 25, 2010, which reflected the positive traffic trends and the earnings growth potential the company possesses. However, at over 16x consensus 2010 earnings, this growth potential is largely reflected in the current share price.
- **More difficult same-store sales comparables lie ahead.** Market share gains that materialized following the bankruptcy of competitor Mervyn's were a key tailwind for Kohl's stock in 2009 and 2010. However, with the company now lapping difficult comparables that already reflect these gains, we expect other catalyst-driven stocks in the retailing sector to outperform as the economy continues to normalize.
- **2011 guidance helped share price, but is now in the past.** Shares of Kohl's had been weighed down on concerns related to its guidance for 2011. On February 25, Kohl's management addressed these concerns by issuing guidance above consensus estimates. While other retailers anticipate difficulty attracting foot traffic in the current environment, Kohl's forecasts revenue growth. However, with shares rallying after this announcement, we believe it lacks additional catalysts not reflected in its current valuation. We prefer companies with leverage to potentially better economic times in the current environment.

Risks

Key risks for Kohl's include weakness in same-store sales, a significant slowdown in square footage growth that would place pressure on valuation, lower-than-expected market share gains, and further erosion in consumer confidence.

Wal-Mart Stores Inc. (NYSE: WMT, \$54.15)

We are deleting Wal-Mart Stores Inc from the Guided Portfolio: Large Cap.

Research Provider	Ranking
Argus Research	Buy
Credit Suisse	Neutral
RBC Capital Markets	Not Rated
Standard & Poors	Strong Buy

2011E/2012E EPS*:	\$4.00 / \$4.39	2010E/2011E P/E*:	13.5x / 12.3x
Market Cap (MM):	\$206,320	52-Week Range:	\$47 - \$55
Total Debt/Total Cap:	37%	S&P Total Debt Rating:	AA
Dividend Yield:	2.02%	Fiscal Year End:	January

* Consensus estimates; Source: FactSet



Source: FactSet

Company Description

Wal-Mart Stores Inc., is the largest retailer in North America. The company's operations are divided into three divisions: Walmart U.S. (FY 09 sales \$255.7 billion), Sam's Club (\$46.9 billion), and Wal-Mart International (\$98.6 billion). About 138 million people walk into Wal-Mart stores every week, and the company is a dominant player in most of the markets in which it competes. Today there are 7,390 Wal-Mart stores and Sam's club locations in 14 markets employing over 2 million people across the world. Major product categories include Grocery (which accounts for approximately \$134 billion in sales), Entertainment and Electronics (\$34 billion), Seasonal and Hardlines (\$29 billion), Apparel, Footwear and Accessories (\$29 billion), and Home (\$14 billion).

Investment Thesis

- **Same-store traffic trends at Wal-Mart stores are currently a source of concern.** Wal-Mart, which reported otherwise solid earnings results for its fourth quarter, disclosed that same-store comparable sales declined 2.0% versus the same period a year ago. The deterioration in same-store sales came as a result of a modest change in consumer spending behavior. Consumers, who had traded down to Wal-Mart stores in search of value during the depths of the financial crisis, have now traded back up as the economy has begun to rebound.
- **Economic conditions necessitate a change in strategy towards consumer-oriented stocks, in our view.** A “barbell” strategy, which couples a leading discounter such as Wal-Mart with a high luxury retailer, was our preferred trade amongst the U.S. retailers in the period immediately following the financial crisis. With many stocks now reflecting a recovery in consumer spending, we believe a “bullet” strategy—investing in particular stocks that have specific catalysts—is preferable. Our research in the sector leads us to the conclusion that other retailers currently possess more in the way of potential catalysts than Wal-Mart.
- **Valuation remains attractive.** While shares of Wal-Mart currently trade at an attractive forward PE of 13.5x, there are a number of factors that support the current discount to the market. Wal-Mart, which generates over \$150 billion in its U.S. supermarket business and has the largest marketshare in the industry, is operating in an environment characterized by ongoing food deflation. Should we re-enter a period of food inflation, Wal-Mart's shares could outperform those of other food retailers, due to their low pricing. Accordingly, owning the stock remains appropriate for more diversified portfolios.

Risks

Risks to Wal-Mart include a faster-than-expected recovery in the U.S. economy, which could see some consumers substitute away from Wal-Mart in favour of other specialty retailers. In addition, shares could be impacted by changes in exchange rates, a rise in its capital expenditure program, and food price fluctuations.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Important Disclosures

RBC Wealth Management is a division of RBC Capital Markets Corporation, which is an indirect wholly-owned subsidiary of the Royal Bank of Canada and, as such, is a related issuer of Royal Bank of Canada.

Jim Allworth, Rajan Bansi, Matthew Barasch, and Mark Bayko, employees of RBC Wealth Management's foreign affiliate RBC Dominion Securities Inc., contributed to the preparation of this publication. These individuals are not registered with or qualified as research analysts with the Financial Industry Regulatory Authority ("FINRA") and, since they are not associated persons of RBC Wealth Management, they may not be subject to NASD Rule 2711 and Incorporated NYSE Rule 472 governing communications with subject companies, the making of public appearances, and the trading of securities in accounts held by research analysts.

With respect to the companies that are the subject of this publication, clients may access current disclosures of RBC Wealth Management and its affiliates by accessing our web site at <http://www7.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?EntityID=2> or by mailing a request for such information to RBC Wealth Management Research Publishing, 60 South Sixth Street, Minneapolis, MN 55402.

References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Prime Opportunity List (RL 3), the Prime Income List (RL 6), the Guided Portfolio: Large Cap (RL 7), and the Guided Portfolio: Dividend Growth (RL 8). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Distribution of Ratings, Firmwide

FINRA Rules and NYSE Rules (as incorporated into the FINRA Rulebook) require member firms to assign all rated stocks to one of three rating categories--Buy, Hold/Neutral, or Sell--regardless of a firm's own rating categories. Although RBC Wealth Management does not consider all stocks with a rating of Sector Perform to be equivalent to a Hold/Neutral rating, for purposes of this ratings distribution disclosure, RBC Wealth Management treats stocks rated Sector Perform as Hold/Neutral.

Rating	Count	%	Investment Banking Services Provided During Past 12 Months	
			Count	%
Buy (TP/O)	593	49.60	183	30.86
Hold (SP)	538	45.00	126	23.42
Sell (U)	64	5.40	7	10.94

Definitions of Rating Categories

An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector, but does not attempt to provide the analyst's view of how the stock will perform relative to: (i) all companies that may actually exist in the company's sector, or (ii) any broader market index.

Ratings:

Top Pick (TP): Represents analyst's best ideas in Outperform category; expected to significantly outperform sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Qualifiers:

Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; and/or fairly liquid.

Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; and/or low market cap or float.

Speculative (Spec): Risk consistent with venture capital; low public float; potential balance sheet concerns; and/or risk of being delisted.

Valuation and Price Target Impediments

When RBC Wealth Management assigns a value to a company in a research report, FINRA Rules and NYSE Rules (as incorporated into the FINRA Rulebook) require that the basis for the valuation and the impediments to obtaining that valuation be described. Where applicable, this information is included in the text of our research in the sections entitled "Valuation" and "Price Target Impediment" respectively.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including total revenues RBC Capital Markets Corporation and its affiliates, a portion of which are or have been generated by investment banking activities of RBC Capital Markets Corporation and its affiliates.

RBC Capital Markets has fundamental research of Apache Corp. (NYSE: APA; Sector Perform;\$103.14; Average Risk); Baker Hughes, Inc. (NYSE: BHI; Outperform; \$47.89; Average Risk); BJ Services (NYSE: BJS; Sector Perform; \$21.84; Average Risk); Cisco Systems Inc. (Nasdaq: CSCO; Outperform; \$24.33; Above Average Risk); Colgate-Palmolive Co. (NYSE: CL; Outperform; \$83.11; Average risk); EMC Corp. (NYSE: EMC; Sector Perform; \$17.32; Average risk); Halliburton Co. (NYSE: HAL; Outperform; \$30.00; Average Risk); Hewlett-Packard Co. (NYSE: HPQ; Outperform; \$50.92; Average Risk); Intel Corp. (Nasdaq: INTC; Outperform; \$20.63; Average Risk); McDonald's Corp (NYSE: MCD; Sector Perform, \$64.38; Average Risk), Quest Diagnostics, Inc. (NYSE: DGX; Outperform; \$56.69; Above Average Risk); Schlumberger, Limited (NYSE: SLB; Outperform; \$60.81; Average Risk); Smith International (NYSE: SII; Sector Perform; 40.83; Average Risk); The Travelers Cos., Inc. (NYSE: TRV; Outperform; \$52.75; Average Risk; and Viacom, Inc. (NYSE: VIA.b; Outperform; \$29.69; Average Risk). RBC Capital Markets analysts have received (or will receive) compensation based in part upon the investment banking revenues of RBC Capital Markets.

Research personnel, including the analyst or analyst team responsible for this report or recommendation or any individuals directly involved in the preparation of the report, hold(s) or exercise(s) investment discretion over a long position in the common shares of The Coca-Cola Company.

One or more household members of the analyst or of the team of individuals involved in the preparation of this report or recommendation hold or exercise investment discretion over a long position in the common shares of The Coca-Cola Company.

Other Disclosures

This report is priced as of February 25, 2010.

Prepared with the assistance of our national research sources. RBC Wealth Management prepared this report and takes sole responsibility for its content and distribution. The content may have been based, at least in part, on material provided by Credit Suisse, one of our correspondent research services. Credit Suisse has given RBC Wealth Management general permission to use its research reports as source materials, but has not reviewed or approved this report, nor has it been informed of its publication. Credit Suisse may from time to time have long or short positions in, effect transactions in, and make markets in securities referred to herein. Credit Suisse may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any company mentioned in this report.

RBC Wealth Management endeavors to make all reasonable efforts to provide research simultaneously to all eligible clients, including clients who are affiliates of RBC Wealth Management, having regard to local time zones in overseas jurisdictions. Certain affiliates of RBC Wealth Management receiving this report will initiate transactions in the securities references herein for the accounts of investment advisory clients of the affiliate and of RBC Wealth Management. These transactions may occur before or after your receipt of this report and may have a short-term impact on the market price of the securities in which transactions occur. RBC Wealth Management research is posted to its web sites to ensure eligible clients receive coverage initiations and changes in rating, targets, and opinions in a timely manner. Additional distribution may be done by sales personnel via e-mail, fax, or regular mail. Clients may also receive our research via third-party vendors. Please contact your RBC Wealth Management Financial Consultant for more information regarding RBC Wealth Management research.

Conflicts Disclosure: RBC Wealth Management is registered with the Securities and Exchange Commission as a broker/dealer and an investment adviser, offering both brokerage and investment advisory services. RBC Wealth Management's Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on our website at <http://www7.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?EntityID=2>. Conflicts of interests related to our investment advisory business can be found in Part II of the Firm's Form ADV or the Investment Advisor Group Disclosure Document. Copies of

any of these documents are available upon request through your Financial Consultant. We reserve the right to amend or supplement this policy, Part II of the ADV, or Disclosure Document at any time.

The author(s) is/are employed by RBC Wealth Management, a division of RBC Capital Markets Corporation, a securities broker-dealer with principal offices located in Minnesota and New York, USA.

Disclaimer

The information contained in this report has been compiled by RBC Wealth Management from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Wealth Management's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Every province in Canada, state in the U.S. and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, any securities discussed in this report may not be eligible for sale in some jurisdictions. This report is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients, including clients who are affiliates of RBC Wealth Management, and does not have regard to the particular circumstances or needs of any specific person who may read it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. To the full extent permitted by law neither RBC Wealth Management nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior consent of RBC Wealth Management. RBC Wealth Management is a division of RBC Capital Markets Corporation, which is an indirect wholly-owned subsidiary of the Royal Bank of Canada and, as such, is a related issuer of Royal Bank of Canada. Additional information is available upon request. Copyright © 2010 by RBC Capital Markets Corporation. Member NYSE/FINRA/SIPC. All rights reserved.