Cornerstone
GROUP OF COMPANIES

Cornerstone's 18th Annual

Seasonality Report

2010 Seasonality Report on Direct Response Media

Our 18th Annual Seasonality Analysis

Our annual report tracks list trends we observed over the course of 2010, as compared to activity in 2009, as well as previous years.

To produce this analysis, we monitored and analyzed the rental activity use of the more than 728 mailing lists, e-mail lists and alternative media products that are managed by Cornerstone's List Management Services unit.

As Canada's largest manager of diverse Canadian direct mail and e-mail lists, as well as alternative media programs, Cornerstone is in a unique position to accurately assess direct response activity (by mailer category and mail date) across the entire Canadian marketing industry.

A Word about Our Mail Categories
A range of different mailers are currently active in the Canadian marketplace. Cornerstone has developed a system that we believe encompasses the predominant active mailer types as accurately as possible. Based on this analysis, we have divided the various mailers into seven categories: Services, Fundraising, Consumer Products, Subscriptions, Seminars, Business Products and Contest/Lotteries.

Highlights of 2010

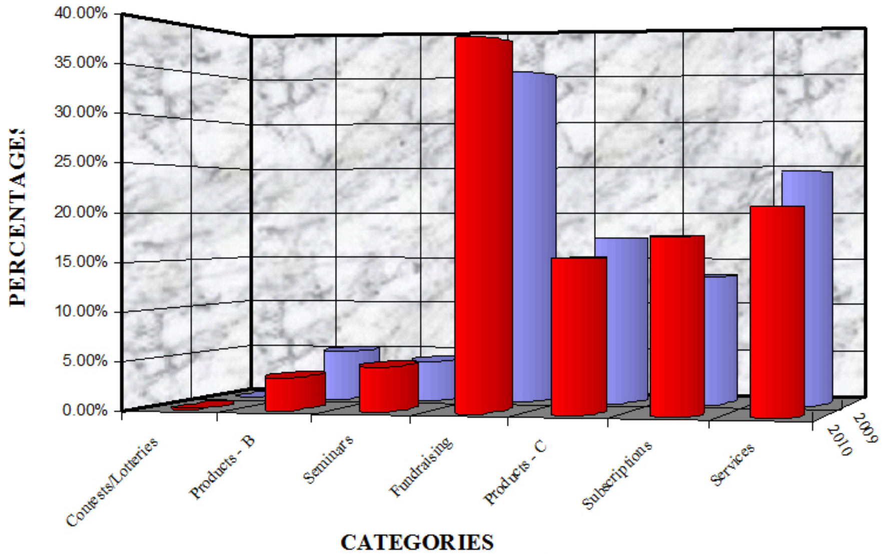
Category Highlights

Continuing a marked trend over the past several years, Services and Fundraising still represent the top two categories of mailers in Canada, now adding up to 58% of total volume mailed in 2010 – a slight decrease of 2% from 2009. Business and Consumer Products declined whereas, Subscriptions increased by 4% during the same period.

Seasonality Highlights

In 2010, October came out as the top mailing month for direct marketers in Canada, followed by November and January. As opposed to 2009, the month of February emerged as the lowest volume mailing month, taking the place of April in 2009.

TOTAL OFFERS MAILED IN CANADA BY CATEGORY 2009 VS. 2010



	Contests/Lotteries	Products - B	Seminars	Fundraising	Products - C	Subscriptions	Services
2010	0.06%	3.35%	4.56%	37.48%	15.50%	17.72%	20.65%
2009	0.08%	5.11%	4.23%	34.91%	17.27%	13.25%	24.30%

Consumer Products Increases Slightly
The Consumer Products category dropped to the fourth-largest mailer category in 2010. Lacking buoyancy, this category decreased slightly in 2010 by 2%.

Fundraising Takes Over as Top Mailer Category
Fundraising has reached a historic high as the single largest mailer category, representing over 37% of all volume mailed in Canada. The current volume in this category reflects the growing importance of the charitable sector in Canada, as well as its rising significance in the direct mail industry.

Contraction in the Services Category Continues
The services category continues to decline year over year. Although volumes in this category are still significant as the second largest mailer category, representing 21% of all mail volume across the country.

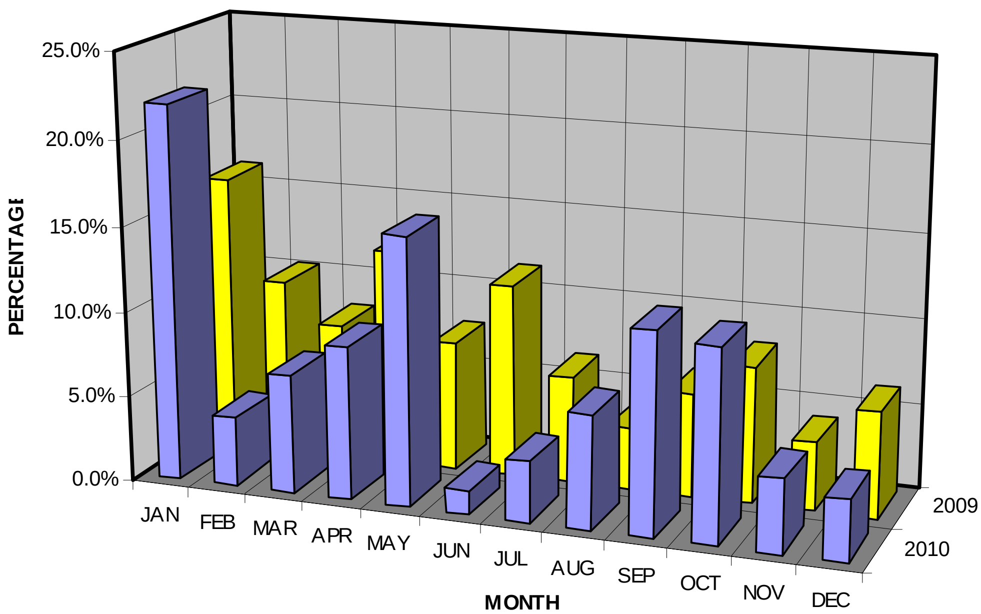
Subscription Shows Growth
The Subscriptions category experienced a lift over the course of 2010, standing at over 18% of the total volume mailed.

Seminars Continue to Remain Low
Although slightly higher than 2009, the Seminar category continues to be the second lowest category, now representing 5% of total volume mailed in 2010.

E-Mail Marketing
E-mail's Growth Holds Strong
As e-mail marketing becomes more viable, reliable and measurable, it continues to rise in importance for both prospecting and communicating with customers. The cost of e-mail rental continues to decline slightly, and there is little doubt that more and more marketers will continue to experiment with this channel as a prospecting tool.

MONTHLY ACTIVITY BY CATEGORY

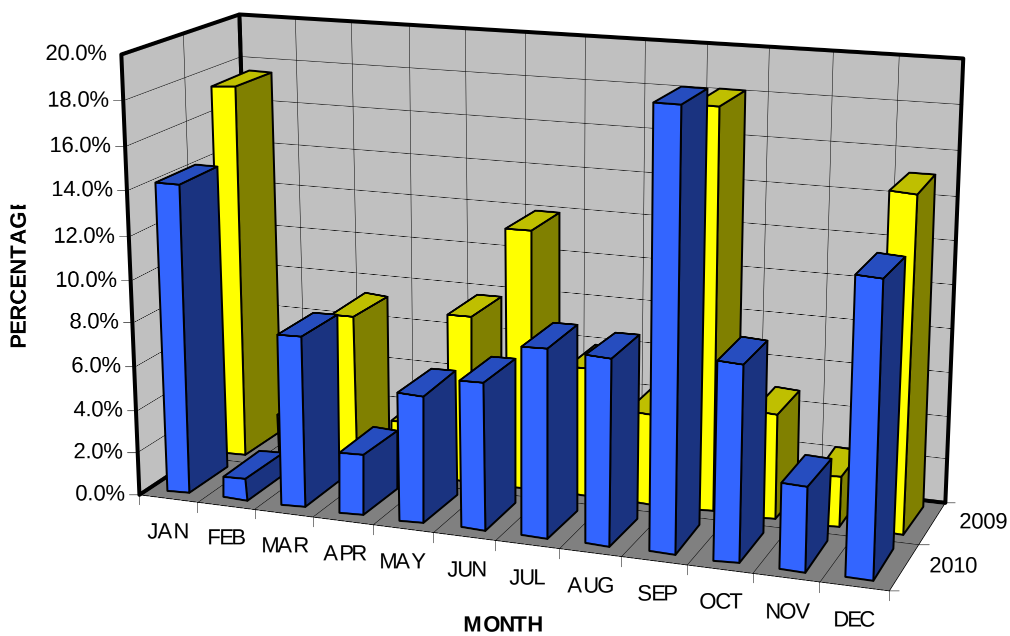
SERVICES



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	22.0%	4.1%	6.9%	9.0%	15.7%	1.4%	3.5%	6.6%	11.8%	11.2%	4.3%	3.6%
2009	16.1%	10.2%	7.9%	12.7%	7.5%	11.3%	6.2%	3.6%	6.1%	8.0%	4.0%	6.2%

This category includes mailers such as banks, credit card companies and ISPs.

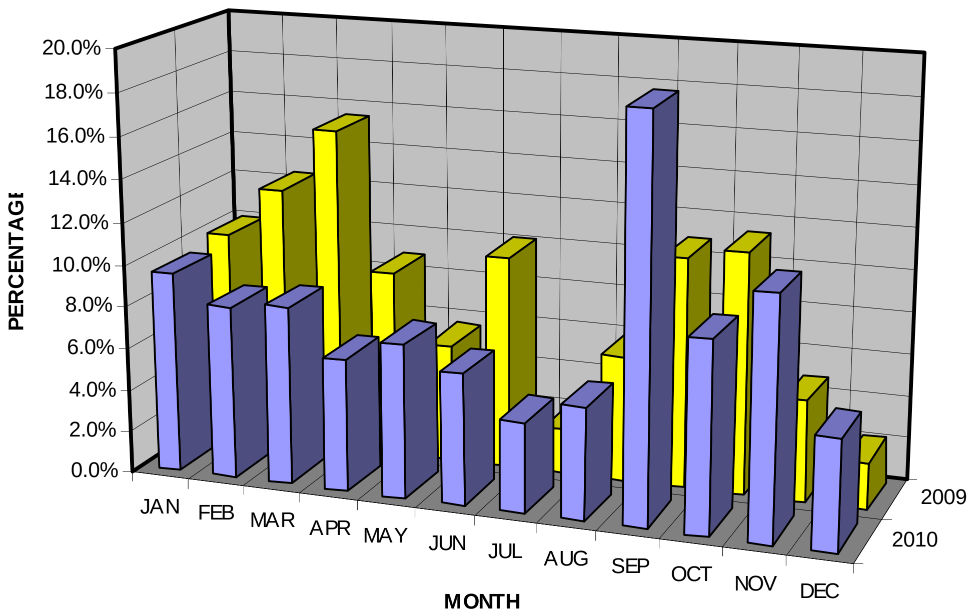
SUBSCRIPTIONS



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	14.2%	1.0%	7.9%	2.8%	5.8%	6.7%	8.5%	8.4%	19.4%	8.7%	3.8%	12.9%
2009	17.5%	2.2%	7.3%	2.5%	7.8%	12.0%	6.0%	4.2%	18.2%	4.8%	2.3%	15.1%

This category includes mailers such as magazine and newspaper publishers.

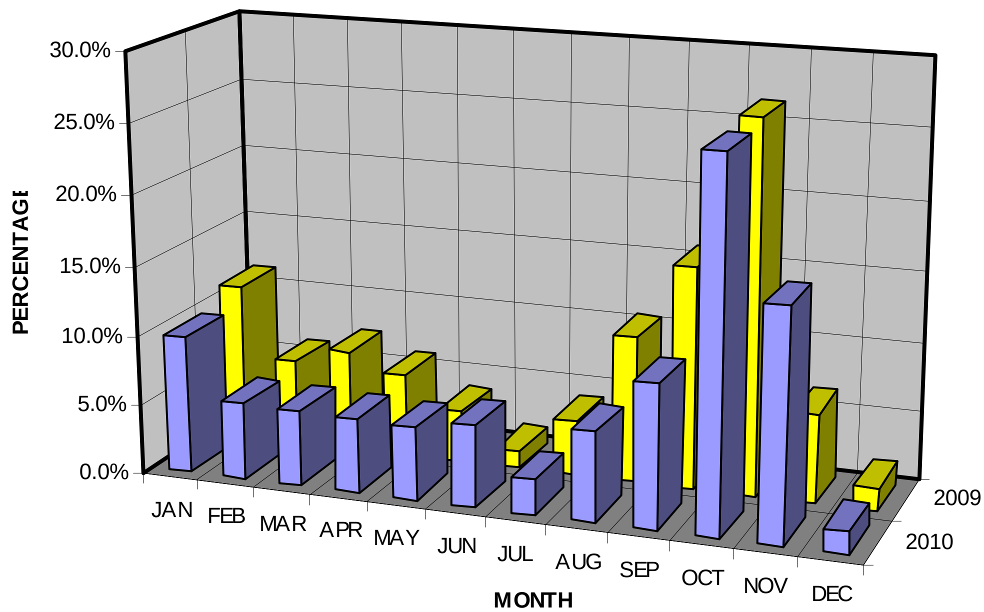
CONSUMER PRODUCTS



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	9.5%	8.2%	8.5%	6.3%	7.3%	6.3%	4.3%	5.3%	18.9%	9.0%	11.3%	5.2%
2009	10.0%	12.4%	15.5%	8.9%	5.6%	10.1%	2.1%	6.0%	10.9%	11.4%	4.8%	2.2%

This category represents mailers such as manufacturers, mail order companies, book clubs and cataloguers.

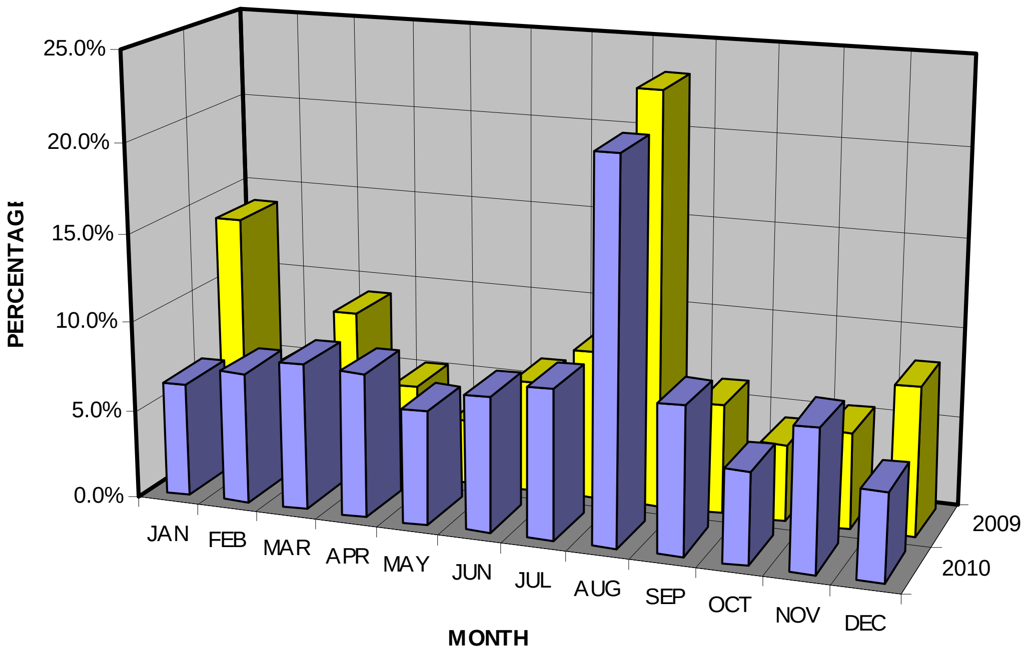
FUNDRAISING



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	9.9%	5.5%	5.4%	5.3%	5.2%	5.8%	2.5%	6.4%	10.2%	25.9%	16.3%	1.6%
2009	11.2%	6.0%	7.2%	5.9%	3.7%	1.3%	3.9%	10.4%	15.8%	26.4%	6.4%	1.7%

This category includes mailers promoting charitable causes including children's, health and political issues.

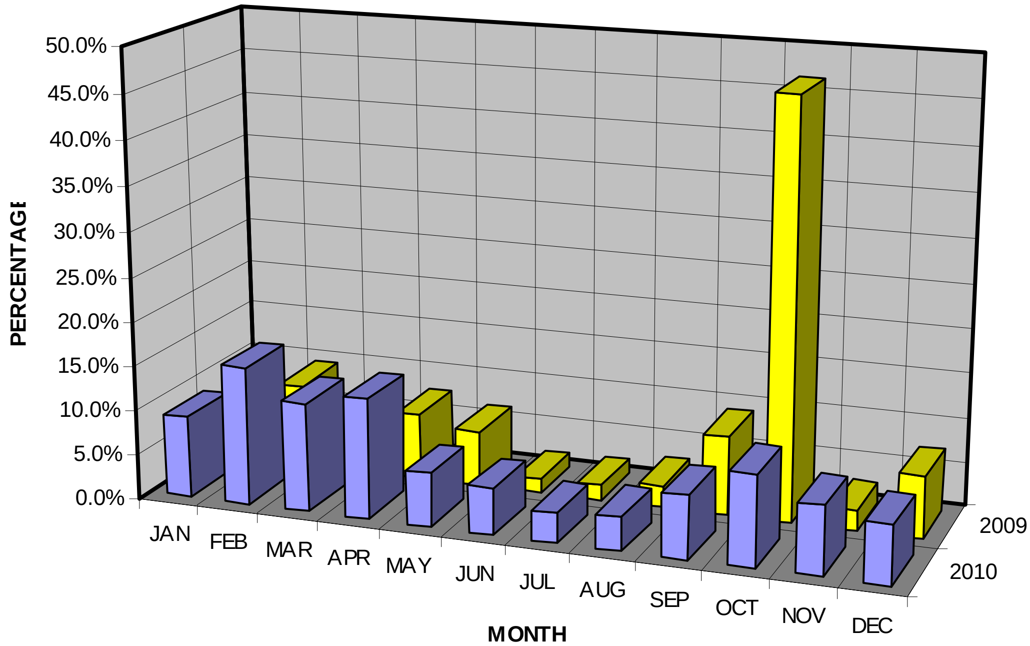
SEMINARS



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	6.4%	7.4%	8.3%	8.1%	6.4%	7.6%	8.4%	21.2%	8.3%	5.1%	7.9%	4.9%
2009	14.0%	5.8%	9.2%	5.3%	3.6%	6.3%	8.4%	23.2%	6.2%	4.3%	5.4%	8.3%

This category includes mailers such as professional seminar providers and educational institutions.

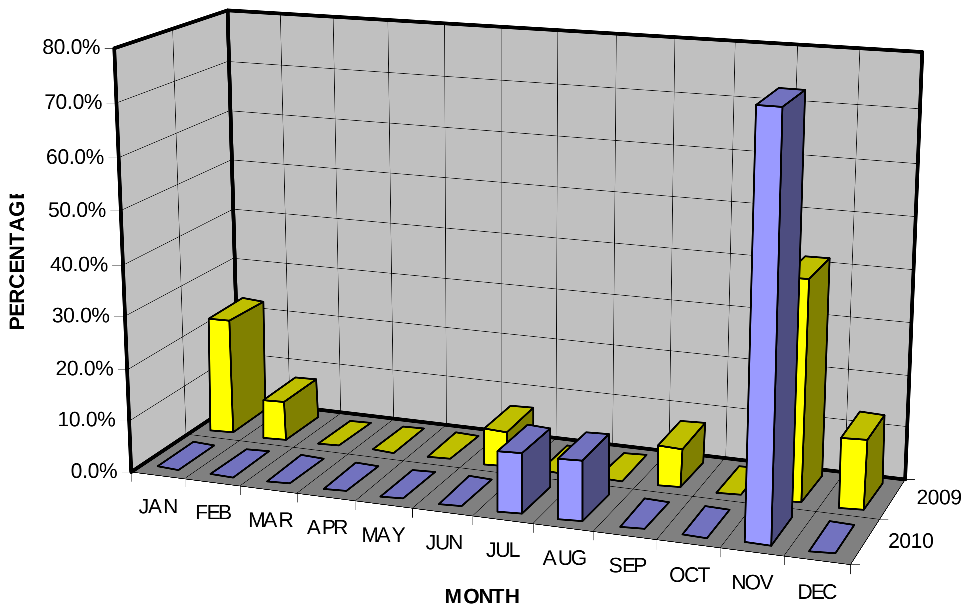
BUSINESS PRODUCTS



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	9.1%	15.4%	12.2%	13.5%	6.0%	5.2%	3.4%	3.8%	7.0%	10.1%	7.7%	6.6%
2009	3.5%	9.2%	3.1%	7.4%	6.3%	1.5%	1.7%	2.5%	8.9%	46.5%	2.4%	6.9%

This category represents mailer such as IT vendors and business supply companies.

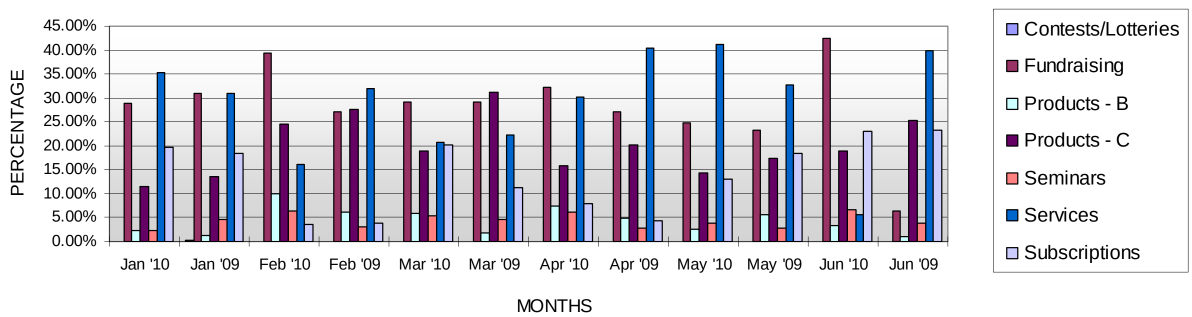
CONTESTS/LOTTERIES



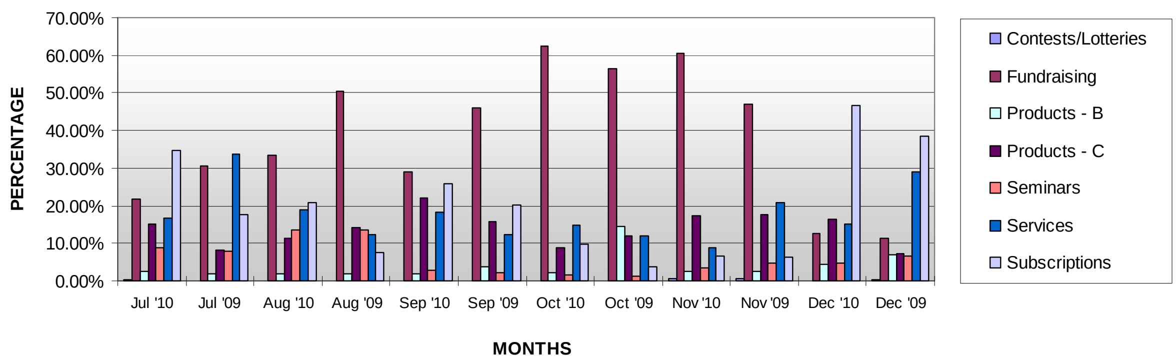
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%	11.4%	0.0%	0.0%	77.2%	0.0%
2009	22.8%	7.6%	0.0%	0.0%	0.0%	6.8%	0.0%	0.0%	7.6%	0.0%	41.8%	13.3%

This Category includes mailers such as vacation resorts.

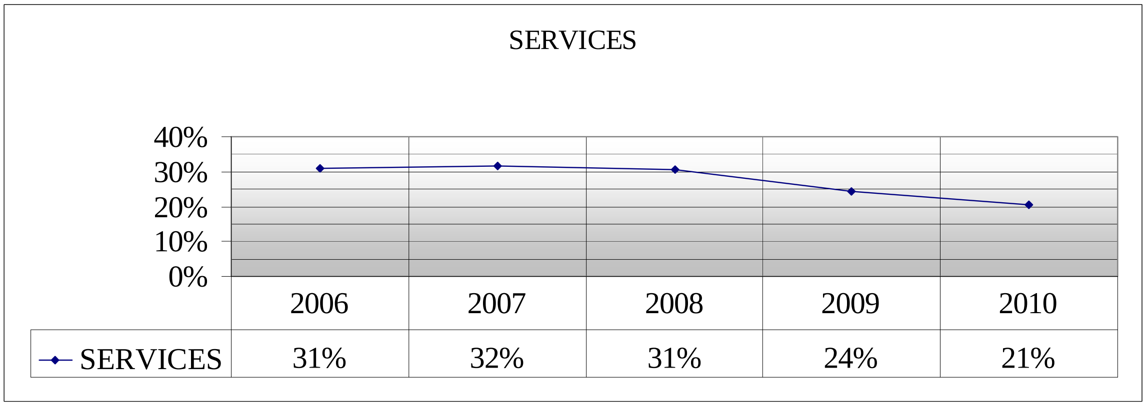
2010 vs 2009 Monthly Mailer Category by Mail Dates January Through June



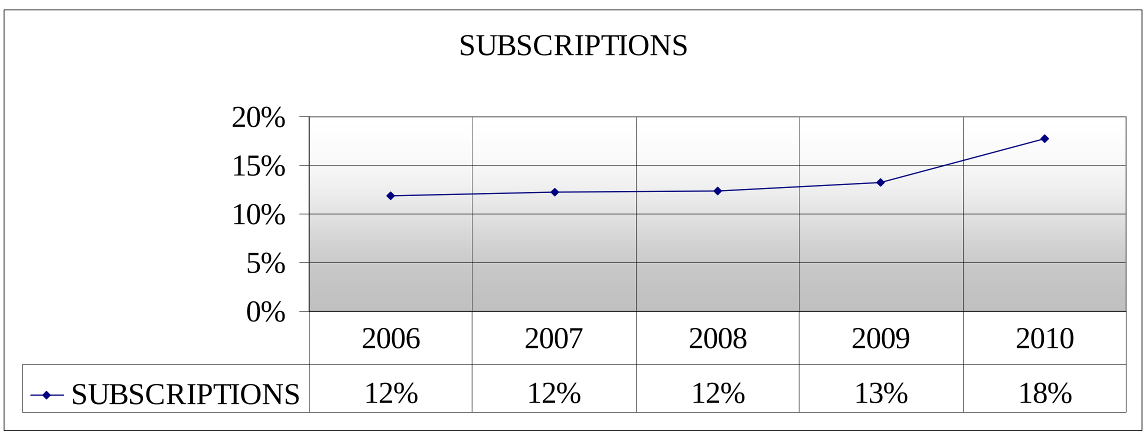
2010 vs 2009 Monthly Mailer Category by Mail Dates July Through December



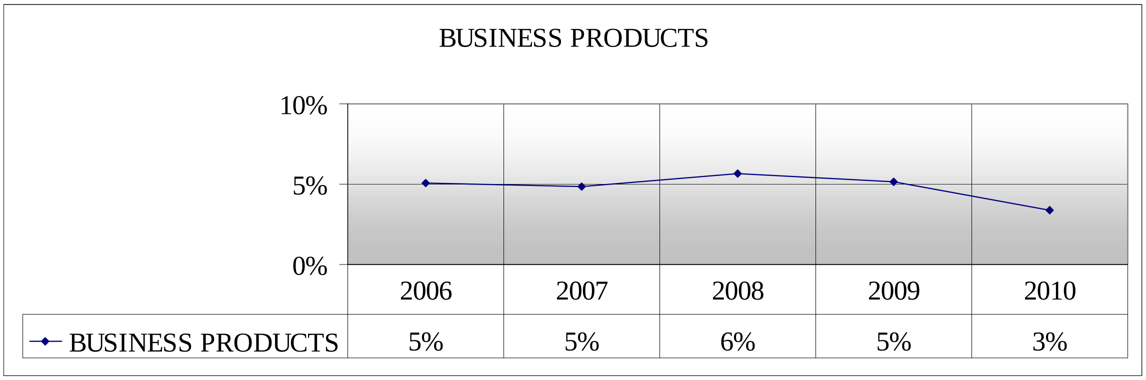
FIVE YEAR CATEGORY TRENDS



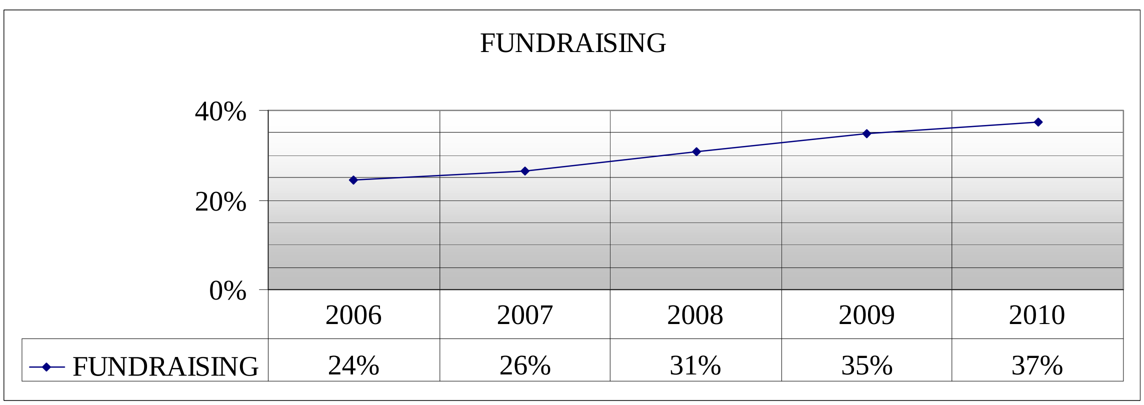
Mailings in the **Services** category declined in 2010, overall representing 21% of total mailings. However the category remains the second largest mailer category in Canada.



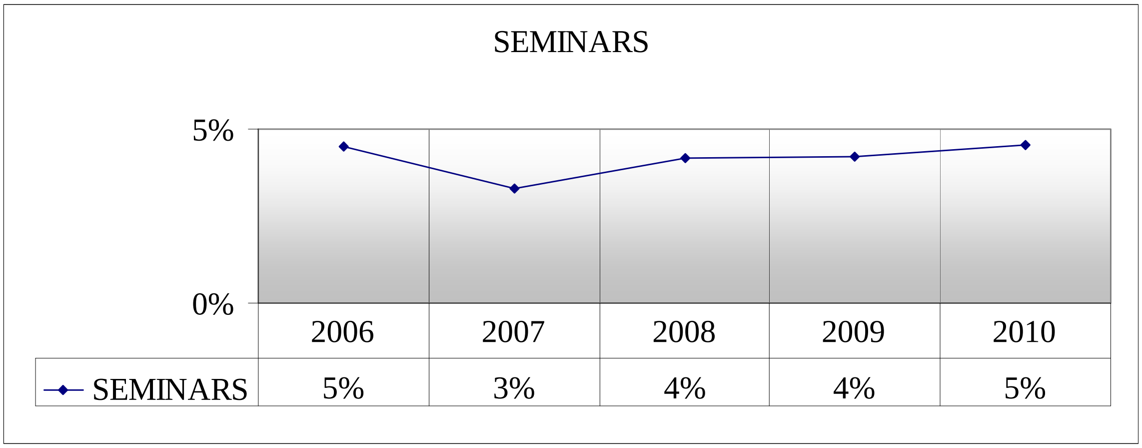
The **Subscription** category experienced a lift in 2010, representing 18% of overall volumes. While publishing has not been a top mailing category since the late 1990s, circulation marketing remains an important part of the direct mail landscape in Canada; representing the third largest mailing category.



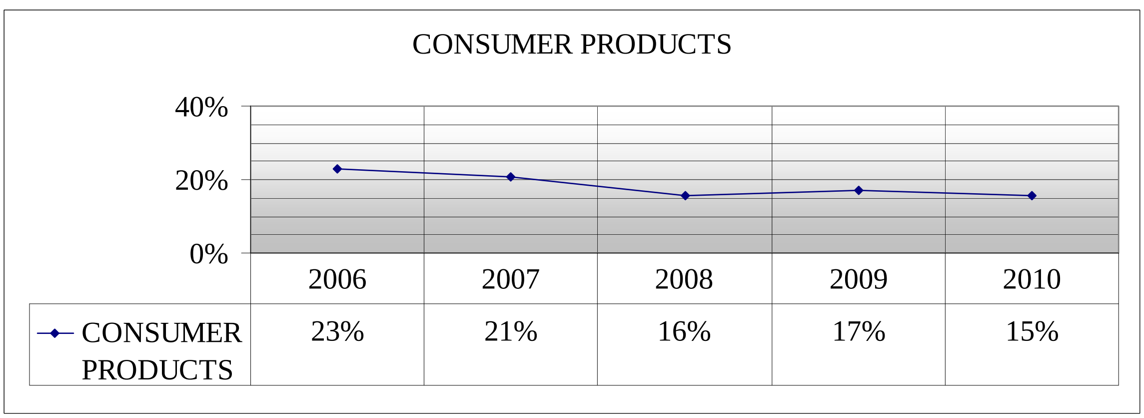
The **Business-to-business** category experienced another year over year decline; representing 3% of total volume in 2010.   B2B marketers however, continue to experience good return on investment in the Canadian direct marketing space.



Fundraisers continued to actively mail in 2010, reaching the highest category to date; 37% of total mailings. As predicted, this category continues to grow in importance as the Canadian fundraising sector becomes more dynamic and robust.



The **Seminar** category remained largely flat this year, representing just 5% of total mailings in Canada in 2010.



Consumer Products experienced a decreased in volume in 2010. Market share volumes in this category continue to be lower to those of 2006.

The Top 3 Months	2010			2009			2008		
	1	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Contests/Lotteries	Nov	Jul	Aug	Nov	Jan	Dec	Aug	Apr	Feb
Database	Sep	Jul	Apr	Jul	Aug	Dec	Jul	Sep	Dec
File Update	Sep	Apr	Mar	Mar	Sep	May	Dec	Apr	Mar
Fundraising	Oct	Nov	Sep	Oct	Sep	Jan	Oct	Sep	Jan
Products - B	Feb	Apr	Mar	Oct	Feb	Sep	Apr	Oct	Sep
Products - C	Sep	Nov	Jan	Mar	Feb	Oct	Oct	Sep	Aug
Seminars	Aug	Jul	Sep	Aug	Jan	Mar	Mar	Aug	Feb
Services	Jan	May	Sep	Jan	Apr	Jun	Jan	Oct	Jun
Subscriptions	Sep	Jan	Dec	Sep	Jan	Dec	Jan	Dec	May
Top 3 Overall	**Oct**	**Nov**	**Jan**	**Oct**	**Sep**	**Jan**	**Oct**	**Jan**	**Sep**
Lowest 3 Overall	**Feb**	**Jul**	**Aug**	**Apr**	**May**	**Jun**	**Mar**	**Dec**	**May**

Following the pattern of 2008 and 2009, October continues to be the heaviest mailing month of the year. Meanwhile, February emerged as the lowest overall mailing volumes all year.

SNAPSHOT OF CANADA 2010

The Political Scene

In 2010, the Conservative Party's minority government continued to hold power. In the summer, Canada played host to the G20 and G8 summits, sparking controversy over the significant expense of hosting the meetings in a still recovering economy. In addition, the meetings were marked by ugly protests and the subsequent police crackdown in response.

Despite this and other controversies such as the elimination of the long-form census, the Conservative government continued to gain strength over 2010 by focusing attention on the success of their economic recovery plan and the introduction of several "tough on crime" laws. Polls taken at the beginning of 2011 suggest that the Conservatives could win a majority government in a 2011 election.

The Economy

The Canadian economy and stock market continued to recover during the year, better than most of its G8 partners. Consumer confidence increased and remained stable, at a level of 82.8%. By the end of 2010, Canada's unemployment rate had dropped to 7.6% versus a high of 8.5% in the previous year. Jobs that were lost during the recession were largely regained in 2010. And, despite the introduction of a $40 billion stimulus spending package, Canada's deficit was only 3% of GDP and declined throughout 2010.

One of the biggest economic developments in 2010 was the introduction of the HST (Harmonized Sales Tax) in Ontario and British Columbia. Unpopular with residents of those provinces, the HST had a negative impact on the economies of these most populated provinces by adding additional taxes to the purchase of goods and services.

Direct Response Marketing

The landscape of the Direct Marketing Industry has changed dramatically. The down turn in the global economy continued to trickle its way down to each industry sector in 2010, resulting in significant cut backs and cancelled mail plans. The analyzing and dissecting of each marketing initiative was the norm for most mailers. Aggressive cost break requests combined with the tightening of selects and preferences to pull from larger deduped database environments by Financial Institutions has had an impact.

On the vertical list rental side, Not-for-Profit mailers continue to be the dominant mailing category, representing 37% of the total number of names ordered via Cornerstone List Management Services in 2010. Although many fundraising organizations have opted to concentrate exclusively on the trading environment, other organizations continue to turn to the list rental market due to volume requirements and low net retention rates. Their need to maintain the same level of active donors year-over-year is crucial. Direct Mail continues to be an effective and popular donor acquisition medium for these Fundraising organizations. It is expected that this trend will continue into 2011 and 2012.

With tightened budgets in 2010, Canadian businesses were forced to cutback on many value-added services and/or training sessions that were previously offered to their employees. Seminars, workshops and other offsite events were either dramatically reduced or dropped completely. As a result, B2B direct mail usage continued to decline in 2010.

Financial Institutions continue to be dominant mailers in Canada. However, database usage has increasingly become the preferred source of data due to its unique record environment and flexible multi-usage license agreements.

What's Ahead in 2011 and Beyond

Canada’s financial foundation is strong and its budget is under control. With employment numbers and consumer confidence in a good position, it’s likely that Canada will move from a recovering economy to an expanding economy in 2011.

For direct marketing, Fundraising organizations are predicted to keep the same levels as 2010. Financial Services marketers are expected to turn to the database environment exclusively and B2B will continue to show restraint in terms of their direct marketing efforts. Overall, 2011 is likely to show modest growth while businesses fine-tune their approach.