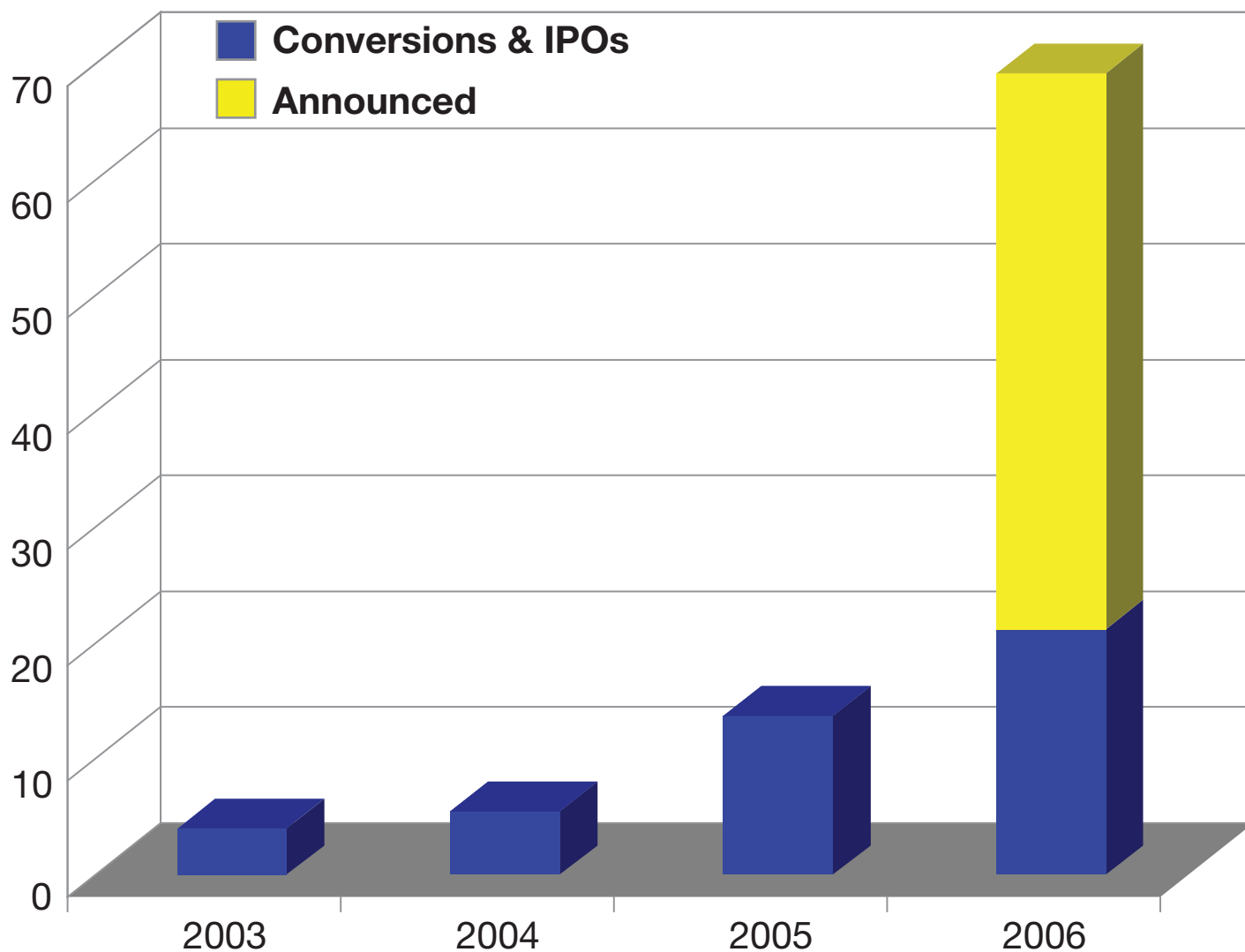


ACCELERATION OF CONVERSIONS AND IPOs (INCLUDING BCE AND TELUS)

(\$ billions)



FEDERAL GOVERNMENT TAX LOSSES – 2006

\$500 Million

	Total (\$ millions)
1. Taxes under the FTE structure	
Taxes paid by unitholders/partners	1,500
Taxes paid by third party lenders	175
Total	<u>1,675</u>
2. Taxes under the corporate structure	
Corporate income tax	1,480
Taxes paid by shareholders	485
Taxes paid by third party lenders	310
Total	<u>2,275</u>
3. Ongoing federal tax revenue impact (1 – 2)	-600
4. One-time capital gains tax on conversions and IPOs in 2006	100
Net federal revenue impact (3 + 4)	-500



SENSITIVITY OF ESTIMATED FEDERAL REVENUE LOSS TO KEY ASSUMPTIONS

(\$ millions, 2006)

Effective Federal Corporate Tax Rate		Proportion Held by Tax-Exempt Investors		
(% EBITDA)*	(% FTE Pre-Tax Profit)**	25%	38%	50%
6.6%	14.2%	255	500	705
7.6%	16.4%	460	710	920
8.6%	18.6%	665	915	1,130
10.2%	22.1%	1,005	1,260	1,480

* EBITDA refers to “earnings before interest, taxes, depreciation and amortization.”

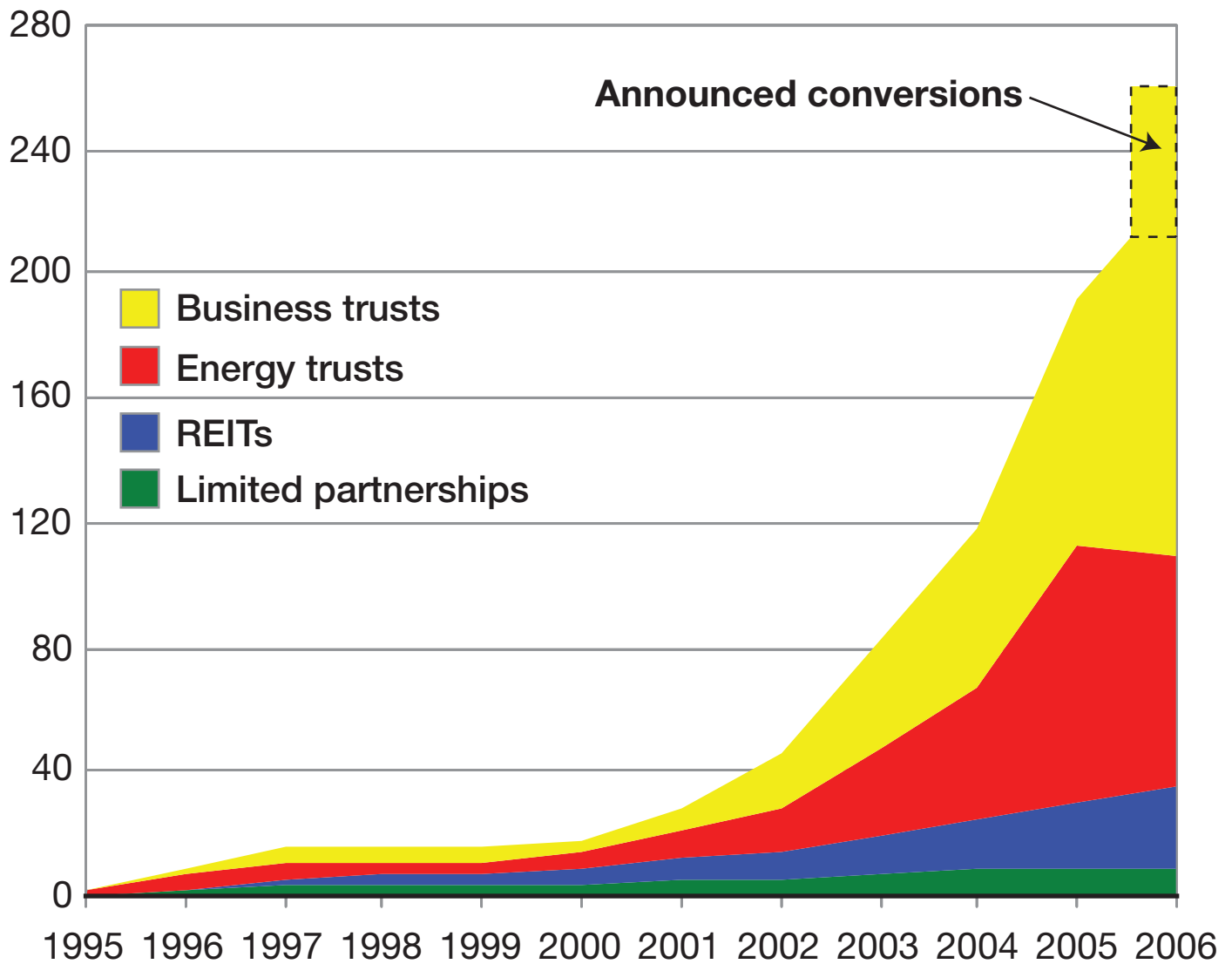
** FTE refers to “flow-through entities,” consisting of publicly-traded business income trusts, energy trusts and limited partnerships.



INCOME TRUST AND LIMITED PARTNERSHIP GROWTH

Market Capitalization
1995–2006

(\$ billions)



LARGE ENERGY TRUST FOREIGN OWNERSHIP PERCENTAGE

October 2006

Large Trusts	Foreign Ownership Percentage
ARC Energy Trust	35%
Baytex Energy Trust*	38%
Bonavista Energy Trust	23%
Canadian Oil Sands Trust	43%
Canetic Resources Trust*	33%
Enerplus Resources Fund*	70%
Harvest Energy Trust*	50%
Pengrowth Energy Trust*	50%
Penn West Energy Trust*	54%
PrimeWest Energy Trust*	70%
Provident Energy Trust*	85%
Large Energy Trusts Average	50%

* Indicates trusts which are also listed in the U.S.

Source: Peters & Co. Limited, Energy Update.

