

Upside potential 13.43%

Assumptions	
10 year treasury bond (2/19/04)	4.30%
Implied equity risk premium	3.65%
Tax rate	32.70%
Bottom up beta	0.75
Terminal beta	0.80
Cost of equity	7.06%
Terminal cost of equity	7.22%
Stable growth	3.00%
Stable return on equity	8.80%
Stable reinvestment rate	34.09%

(In millions of canadian dollars)	2004 LTM (12/04)	Growth					Stable Growth
		2005 1	2006 2	2007 3	2008 4	2009 5	2010 Terminal
Net Income	1297.0	1416.3	1546.6	1688.8	1844.1	2013.7	2074.1
<i>Growth</i>	<i>34.2%</i>	<i>9.2%</i>	<i>9.2%</i>	<i>9.2%</i>	<i>9.2%</i>	<i>9.2%</i>	<i>3.0%</i>
less: equity reinvestment	2326.0	958.3	1046.4	1142.6	1247.7	1362.5	707.1
<i>Equity reinvestment rate</i>	<i>179.3%</i>	<i>67.7%</i>	<i>67.7%</i>	<i>67.7%</i>	<i>67.7%</i>	<i>67.7%</i>	<i>34.1%</i>
<i>Net capital expenditures</i>	<i>2246.00</i>	<i>925.30</i>	<i>1010.40</i>	<i>1103.33</i>	<i>1204.81</i>	<i>1315.62</i>	<i>682.78</i>
<i>ΔNCWC</i>	<i>80.00</i>	<i>32.96</i>	<i>35.99</i>	<i>39.30</i>	<i>42.91</i>	<i>46.86</i>	<i>24.32</i>
FCFE	-1029.0	458.0	500.2	546.2	596.4	651.3	1367.1
<i>PV factor</i>		<i>93.4%</i>	<i>87.2%</i>	<i>81.5%</i>	<i>76.1%</i>	<i>71.1%</i>	
Terminal value							32363.9
PV of FCFE		427.8	436.4	445.1	454.0	463.1	23013.0

Total PV of FCFE (Canadian dollars)	\$25,239.4
less: value of options granted	\$546.0
value of equity	\$24,693.4
divide by: shares outstanding	283.10
Intrinsic value	\$87.23
Current share price	\$ 76.90
Upside potential	13.43%