### Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 year treasury bond (2/19/04)</td>
<td>4.30%</td>
</tr>
<tr>
<td>Implied equity risk premium</td>
<td>3.65%</td>
</tr>
<tr>
<td>Tax rate</td>
<td>32.70%</td>
</tr>
<tr>
<td>Bottom up beta</td>
<td>0.75</td>
</tr>
<tr>
<td>Terminal beta</td>
<td>0.80</td>
</tr>
<tr>
<td>Cost of equity</td>
<td>7.06%</td>
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<tr>
<td>Terminal cost of equity</td>
<td>7.22%</td>
</tr>
<tr>
<td>Stable growth</td>
<td>3.00%</td>
</tr>
<tr>
<td>Stable return on equity</td>
<td>8.80%</td>
</tr>
<tr>
<td>Stable reinvestment rate</td>
<td>34.09%</td>
</tr>
</tbody>
</table>

### Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Growth</th>
<th>ΔNCWC</th>
<th>FCFE</th>
<th>PV factor</th>
<th>Terminal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTM</td>
<td>1297.0</td>
<td>34.2%</td>
<td></td>
<td>-1029.0</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1416.3</td>
<td>9.2%</td>
<td></td>
<td>458.0</td>
<td>93.4%</td>
<td>32363.9</td>
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<tr>
<td></td>
<td>1546.6</td>
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<td></td>
<td>500.2</td>
<td>87.2%</td>
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<tr>
<td></td>
<td>1688.8</td>
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<td>546.2</td>
<td>81.5%</td>
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<tr>
<td></td>
<td>1844.1</td>
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<td>596.4</td>
<td>76.1%</td>
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<tr>
<td></td>
<td>2013.7</td>
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<td>651.3</td>
<td>71.1%</td>
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<tr>
<td></td>
<td>2074.1</td>
<td>3.0%</td>
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<td>1367.1</td>
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### Stable Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Growth</th>
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<th>FCFE</th>
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<td>-1029.0</td>
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<tr>
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<td>3.0%</td>
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<td>34.1%</td>
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</tbody>
</table>

### Calculations

- 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%