

| Year | Investment | Net Receipts | Change in Value | Value | Income | Cash Flow | Tax Value | Tax Deprecn |
|------|------------|--------------|-----------------|-------|--------|-----------|-----------|-------------|
| 0    | 1000       |              |                 | 1000  |        | -1000     | 1000      |             |
| 1    | 0          | 250          | -150            | 850   | 100    | 250       | 700       | -300        |
| 2    | 0          | 213          | -128            | 723   | 85     | 213       | 490       | -210        |
| 3    | 0          | 181          | -108            | 614   | 72     | 181       | 343       | -147        |
| 4    | 0          | 154          | -92             | 522   | 61     | 154       | 240       | -103        |
| 5    | -444       | 131          | -78             | 444   | 52     | 574       | 168       | -72         |

Tax value declining at 30% with reducing balance depreciation

Pre-tax Actual value declining at 15%

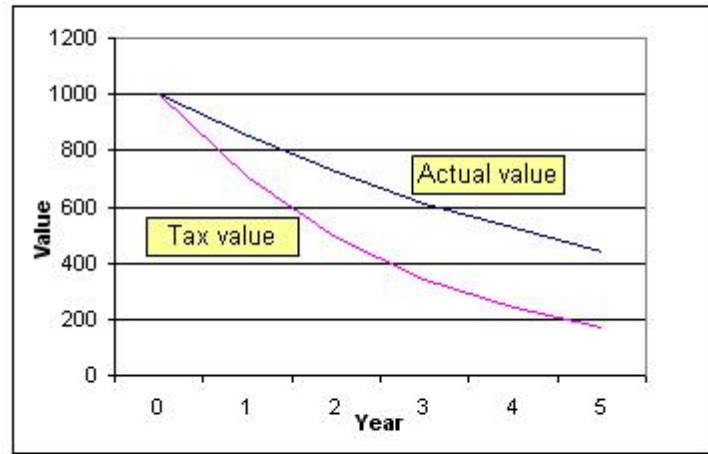
10.00%

| Year | Benchmark |           | Tax Treatment |           |
|------|-----------|-----------|---------------|-----------|
|      | Tax       | Cash Flow | Tax           | Cash Flow |
| 0    | 0         | -1000     |               | -1000     |
| 1    | 47        | 203       | -24           | 274       |
| 2    | 40        | 173       | 1             | 211       |
| 3    | 34        | 147       | 16            | 165       |
| 4    | 29        | 125       | 24            | 130       |
| 5    | 25        | 550       | 157           | 417       |

Post-tax 174 5.30% 174 5.96%

For direct investor: tax at 47% on net receipts plus annual change in value reduces 10% pre-tax return by 47% to 5.3%

For direct investor: tax at 47% on net receipts plus 30% depreciation (with balancing adjustment in Year 5) produces after-tax return of 6%



**DEPRECIATING ASSET: CASH FLOWS AND TAX TREATMENT**