

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn
0	1000			1000		-1000	1000	
1	0	0	100	1100	100	0	1000	0
2	0	0	110	1210	110	0	1000	0
3	0	303	-182	1029	121	303	850	-150
4	0	257	-154	874	103	257	723	-128
5	0	219	-131	743	87	219	614	-108
6	0	186	-111	632	74	186	522	-92
7	0	158	-95	537	63	158	444	-78
8	0	134	-81	456	54	134	377	-67
9	0	114	-68	388	46	114	321	-57
10	-330	97	-58	330	39	427	272	-48

Tot income
796.9

Tax value declining at 15% (reducing balance depreciation) from year of first net receipts

Value increases as the delay before accessing first net receipts in Year 3 decreases

Pre-tax

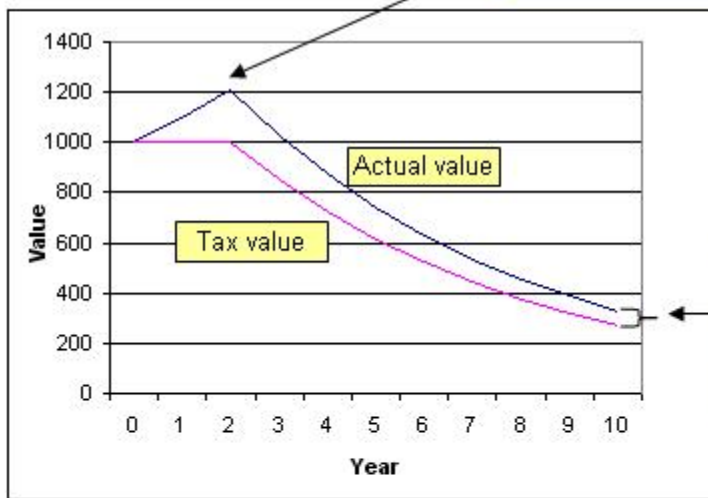
Actual value declining at 15%

10.00%

Pre-tax return

Benchmark Tax Treatment

Year	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000		-1000
1	47	-47	0	0
2	52	-52	0	0
3	57	246	72	231
4	48	209	61	196
5	41	177	52	167
6	35	151	44	142
7	30	128	37	120
8	25	109	32	102
9	21	93	27	87
10	18	408	50	377



Depreciation balancing adjustment on sale

Post-tax

375 5.30%

375 5.66%

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

Selected tax treatment: For direct investor, tax at 47% on net receipts plus 15% depreciation (plus balancing adjustment on sale) produces after-tax return of 5.7%. For OffCo, net receipts plus tax depreciation (and balancing adjustment) is added to the company's tax assessment.

DEPRECIATING ASSET HELD BY OFFCO