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1                                   **CALCUL DU TAUX DE RENDEMENT**  
2                                   **SUR L'AVOIR DES ACTIONNAIRES ORDINAIRES**  
3                                   **SELON LA FORMULE AUTORISÉE PAR LA RÉGIE DE L'ÉNERGIE**  
4                                   **DANS SA DÉCISION D-99-11**

5			
6	Rendement autorisé en 1999		9,64%
7			
8	Ajustement pour l'année 2000		
9	Prévision du taux obligataire 30 ans		
10	1. Prévision du taux des obligations 10 ans <sup>1</sup>	5,750 %	
11	2. Écart entre les taux 30 ans et 10 ans <sup>2</sup>	+ <u>0,121 %</u>	
12	3. Prévision des obligations 30 ans 2000	<b>5,871 %</b>	
13	4. Obligations Canada 30 ans 1999	<u>5,760 %</u>	
14	5. Écart entre les années 2000 et 1999	<b>0,111 %</b>	
15	6. Facteur d'élasticité	x <u>75 %</u>	
16	7. Ajustement du rendement pour l'année 2000	<b>0,083 %</b>	<u>0,083 %</u>
17	8. Rendement établi pour l'année 2000		<u><b>9,723 %</b></u>
18			
19		<b>Arrondi à</b>	<u><b>9,72%</b></u>

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<sup>1</sup> Référence : « Consensus Forecast » du mois d'août 1999 tel que présenté aux pages 3 et 4. Ce taux correspond à la moyenne de la fin novembre 1999 et août 2000 ((5,8 % + 5,7 %) ÷ 2 = 5,75 %)

<sup>2</sup> Le calcul et les données sont présentés à la page 2

**CALCUL DE L'ÉCART ENTRE  
LE TAUX DES OBLIGATIONS 30 ANS ET 10 ANS  
AU MOIS DE JUILLET 1999**

<b>TAUX OBLIGATAIRES (%)</b>			
<b>Jour</b>	<b>30 ans</b>	<b>10 ans</b>	<b>ÉCART</b>
1	5,698	5,555	0,14
2	5,627	5,481	0,15
5	5,632	5,490	0,14
6	5,648	5,534	0,11
7	5,656	5,542	0,11
8	5,609	5,501	0,11
9	5,594	5,481	0,11
12	5,531	5,409	0,12
13	5,533	5,429	0,10
14	5,537	5,435	0,10
15	5,516	5,375	0,14
16	5,468	5,343	0,13
19	5,468	5,345	0,12
20	5,467	5,317	0,15
21	5,504	5,357	0,15
22	5,579	5,477	0,10
23	5,715	5,610	0,11
26	5,758	5,670	0,09
27	5,742	5,643	0,10
28	5,750	5,617	0,13
29	5,817	5,699	0,12
30	5,838	5,719	0,12
<b>Moyennes</b>	<b>5,622</b>	<b>5,501</b>	<b>0,121</b>

	Average % Change on Previous Calendar Year														Annual Total	
	Gross Domestic Product		Personal Expenditure		Machinery & Equipment Investment		Pre - Tax Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Housing Starts (thousand units)	
	<i>Produit Intérieur Brut</i>		<i>Dépenses de Consommation des Ménages</i>		<i>Investissement Productif</i>		<i>Bénéfices des Sociétés avant impôts</i>		<i>Production Industrielle</i>		<i>Prix à la Consommation</i>		<i>Prix des Produits Industriels</i>		<i>Construction de Logements mises en chantier, milliers</i>	
Economic Forecasters	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Levesque Beaubien	3.7	3.0	2.5	2.7	9.8	9.8	11.5	7.3	4.0	2.7	1.1	1.5	na	na	na	na
University of Toronto	3.6	3.0	2.7	2.5	9.2	6.4	21.0	10.6	na	na	1.5	1.3	na	na	142	144
Bank of Montreal	3.5	2.9	3.3	2.7	8.8	4.3	7.6	8.2	na	na	1.4	1.4	na	na	146	148
CIBC	3.5	2.7	2.9	2.5	8.5	5.5	6.2	2.3	na	na	1.7	2.0	na	na	147	150
JP Morgan	3.5	2.5	2.9	2.4	10.1	4.0	na	na	3.0	2.7	1.7	2.0	0.8	2.4	na	na
Nesbitt Burns	3.5	2.8	2.9	2.7	8.8	5.5	10.0	7.0	2.5	2.0	1.5	1.8	1.0	2.0	146	148
RBC Dominion	3.5	2.2	2.8	3.1	7.7	1.1	8.0	4.0	na	na	1.5	2.0	na	na	na	na
Royal Bank of Canada	3.5	2.2	2.6	1.8	9.0	4.5	8.0	8.7	na	na	1.4	1.6	0.8	1.6	145	152
Toronto Dominion Bank	3.5	2.8	2.9	2.7	9.3	5.8	11.3	4.2	3.0	2.3	1.5	1.7	0.6	1.5	145	150
CIBC Wood Gundy	3.3	2.8	2.8	2.5	9.7	6.6	12.6	10.1	na	na	1.5	1.8	na	na	147	148
Conf Board of Canada	3.3	2.5	2.6	2.7	9.2	4.7	18.9	7.6	3.5	2.6	1.6	1.8	0.9	2.1	145	151
Informetrica	3.3	2.5	2.6	1.8	8.5	3.0	15.0	6.0	2.7	2.3	1.4	1.8	1.0	1.6	140	150
Loewen Ondaatje	3.2	2.5	3.0	2.5	7.5	4.0	6.0	7.5	2.6	2.5	1.5	1.8	0.5	1.5	145	147
<b>Consensus (Mean)</b>	3.5	2.6	2.8	2.5	8.9	5.0	11.3	7.0	3.0	2.4	1.5	1.7	0.8	1.8	145	149
<b>Last Month's Mean</b>	3.4	2.6	2.6	2.3	8.3	4.7	10.1	7.2	3.0	2.7	1.4	1.7	0.9	1.7	145	148
<b>3 Months Ago</b>	2.9	2.4	2.2	2.1	6.7	4.2	3.4	6.4	2.5	2.4	1.2	1.6	1.0	1.8	144	148
<b>High</b>	3.7	3.0	3.3	3.1	10.1	9.8	21.0	10.6	4.0	2.7	1.7	2.0	1.0	2.4	147	152
<b>Low</b>	3.2	2.2	2.5	1.8	7.5	1.1	6.0	2.3	2.5	2.0	1.1	1.3	0.5	1.5	140	144
<b>Standard Deviation</b>	0.1	0.3	0.2	0.4	0.8	2.1	4.8	2.5	0.5	0.3	0.2	0.2	0.2	0.4	2	2
<b>Comparison Forecasts</b>																
IMF (May '99)	2.6	2.5									1.2	1.6				
OECD (May '99)	2.9	2.8	2.2	2.3					3.0	3.5						

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### Government and Background Data

**Prime Minister** - Mr. Jean Chrétien (Liberal). **Government** - The Liberals hold 155 of the 301 seats in parliament. **Next Election** - Parliamentary by 2002. **Nominal GDP** - C\$895.7bn (1998). **Population** - 30.3mn (mid-year, 1998). **C\$/US\$ Exchange Rate** - 1.48 (average, 1998).

### Quarterly Consensus Forecasts

Percentage Change (year-on-year). From Survey: June 14, 1999

	1998		1999				2000			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	2.4	2.8	3.2	3.4	3.5	3.1	2.5	2.5	2.5	2.5
<b>Personal Expenditure</b>	2.6	2.0	2.9	2.1	2.5	3.0	2.4	2.3	2.2	2.5
<b>Consumer Prices</b>	0.8	1.1	0.8	1.4	1.5	1.6	1.7	1.5	1.6	1.6

Consensus Forecasts shown in bold italics

### Historical Data

* % change on previous year	1995	1996	1997	1998
<b>Gross Domestic Product*</b>	2.8	1.7	4.0	3.1
<b>Personal Expenditure*</b>	2.1	2.5	4.2	2.8
<b>Machinery &amp; Eqpt Investment*</b>	9.8	9.2	22.2	9.5
<b>Pre - Tax Profits*</b>	17.5	5.3	8.5	-6.0
<b>Industrial Production*</b>	4.7	1.3	5.2	2.4
<b>Consumer Prices*</b>	2.2	1.6	1.6	1.0
<b>Industrial Product Prices*</b>	7.5	0.4	0.8	-0.1
<b>Housing Starts, '000 units</b>	113	123	148	138
<b>Unemployment Rate, %</b>	9.5	9.7	9.2	8.3
<b>Current Account, C\$ bn</b>	-6.1	4.5	-14.3	-16.4
<b>Federal Govt Budget</b>				
<b>Balance, fiscal years, C\$ bn</b>	-28.6	-8.9	3.5	4.6 <sup>e</sup>
<b>3 mth Trsy Bill, % (end yr)</b>	5.6	2.8	4.0	4.6
<b>10 Yr Govt Bond, % (end yr)</b>	7.1	6.4	5.6	4.9

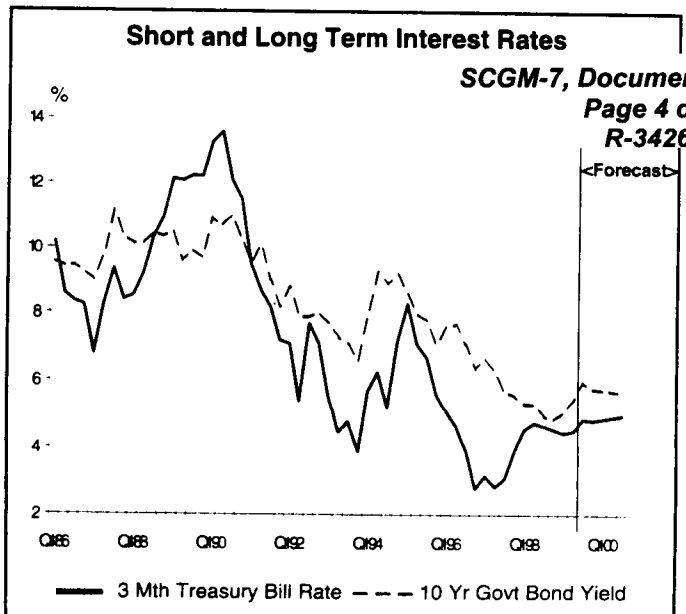
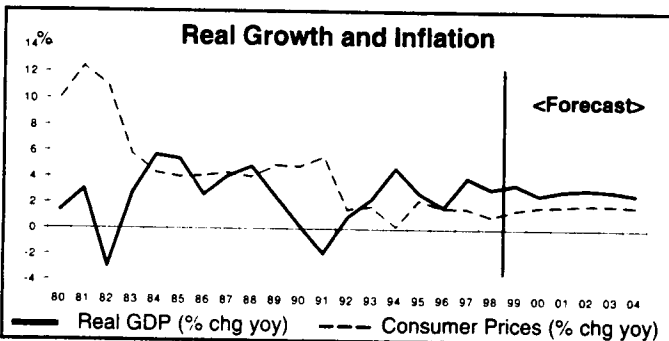
<sup>e</sup> = consensus estimate based on latest survey

Year Avg	Annual Total	Fiscal Years (Apr-Mar)		Rates on Survey Date					
				4.9%		6.0%			
Unemployment Rate (%)	Current Account (C\$ bn)	Federal Govt Budget Balance (C\$ bn)		3 month Treasury Bill Rate (%)	10 Year Government Bond Yield (%)				
Taux de Chômage (%)	Balance Courante (C\$ md)	Balance Budgétaire (C\$ md)		Rendement sur les Bons du Trésor de 3 mois %	Rendement des Obligations d'État de 10 ans %				
1999 2000	1999 2000	FY 99-00	FY 00-01	End Nov'99	End Aug'00	End Nov'99	End Aug'00		
7.8	7.6	-1.2	5.0	8.0	12.0	5.1	5.2	5.8	5.4
7.8	7.6	-1.6	3.7	6.0	6.0	4.5	4.7	5.6	5.6
7.8	7.5	-9.6	-7.6	na	na	4.9	5.5	6.1	6.5
7.8	7.1	-14.1	-15.1	na	na	4.9	4.8	5.6	5.4
7.8	7.4	-8.0	-5.0	6.0	4.0	4.9	5.5	5.8	6.0
7.8	7.5	-5.0	2.5	7.0	8.0	5.5	5.7	6.2	6.1
7.8	7.5	-5.0	-6.0	na	na	4.9	4.8	5.9	5.6
7.8	8.0	-6.0	-9.0	na	na	4.9	5.1	6.0	5.8
7.9	7.8	-3.5	0.4	na	na	4.5	4.5	5.5	5.1
7.9	8.0	-9.6	-8.1	5.5	na	na	na	na	na
8.0	7.9	-5.2	-5.2	3.1	2.9	4.7	4.7	5.6	5.5
7.6	7.8	-6.0	-6.0	7.0	7.0	4.7	4.7	5.6	5.5
7.9	7.8	-5.0	5.0	10.0	11.0	5.0	5.0	6.0	6.0
7.8	7.7	-6.1	-3.5	6.6	7.3	4.9	5.0	5.8	5.7
7.9	7.8	-6.3	-3.9	5.6	5.8				
7.8	7.7	-13.9	-10.8	6.0	6.2				
8.0	8.0	-1.2	5.0	10.0	12.0	5.5	5.7	6.2	6.5
7.6	7.1	-14.1	-15.1	3.1	2.9	4.5	4.5	5.5	5.1
0.1	0.3	3.5	6.2	2.0	3.4	0.3	0.4	0.2	0.4
8.1	8.1								
7.8	7.7								

**Will Growth Remain Robust?**

Recent data continue to point to a strong economy, with GDP growth expected to be the second highest in the G-7 this year, just trailing the United States. Monthly GDP data for May showed an upsurge in growth on a year-on-year basis, picking up to 3.1% compared with 2.7% in April. While growth does not have quite the momentum as in the US, higher commodity and oil prices as well as an improving external outlook are sustaining the expansion, as are indications of a significant rise in companies' investment intentions. Forecasts for growth in personal consumption have also risen this month. Fiscal policy is unlikely to be loosened significantly in favour of households this year, but recent employment growth bodes well for consumer confidence. There continue to be conflicting signs over industrial activity, however. Auto sales, for example, have slowed recently, which are expected to dent production expectations in the car sector at least. The recent factory report for May, however, showed a rebound in industrial production compared with April. This may be partly due to the timing of Easter this year which caused a slight downturn in April. Business sentiment remains positive into the third quarter, although recent US data indicates a slowdown in the expansion may be underway, which could adversely affect export demand and manufacturing orders in Canada. However, GDP growth forecasts have been upgraded this month, as have those for growth in machinery and equipment investment and pre-tax profits, suggesting that economic activity remains buoyant.

Consumer price inflation and core inflation (which excludes food and energy prices) both showed a slight increase on a year-on-year basis in June. Consumer prices rose by 1.7% compared with 1.6% in May, and core inflation increased from 1.4% in the previous month to 1.6%. Much of this has been attributed to domestic demand strength and the recovery in commodity prices. As the economy is not showing signs of excessive overheating, our panel's forecasts suggest virtual stability in short term interest rates over the next few months.



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Direction of Trade 1998			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	86.5	United States	68.3
Japan	2.3	Japan	4.6
United Kingdom	1.4	Mexico	2.5
Asia (ex. Japan)	2.5	Asia (ex. Japan)	8.1
Latin America	1.6	Lat Am (ex. Mexico)	1.7
Africa	0.4	Africa	0.7