



Transaction Cost Analysis – (“TCA”)

“Your source for increased cash flow, potential lower effective tax rate and enhanced shareholder value.”

Are there hidden deductions in your transaction costs?

As an overall concept, the Canada Customs & Revenue Agency (“CCRA”) asserts that costs incurred in connection with a transaction* are non-deductible. However, we have found that by aligning a taxpayer's facts with various cases and rulings, certain costs incurred in connection with an acquisition may be deductible currently or over time. A Transaction Costs Analysis (“TCA”) provides you with a CCRA ready deliverable, allocating costs to deductible and non-deductible categories, resulting in **increased cash flow, a potential lower effective tax rate and enhanced shareholder value.**

** Transactions include Mergers, Acquisitions, IPO's, Spins, Leveraged Buyouts, Going Private transactions and more.*

What is our value proposition?

Our value proposition is to develop a solution to enhance your tax position and to add value to your business by leveraging:

- Our dedicated team of TCA specialists
- Our strong relationships with Financial Advisor firms
- Our consistent methodology, approaches and tools
- Our ability to identify, support and maximize deductible transaction costs
- Our knowledge and expertise in CCRA audits
- Our cost-effective pricing approach

How can PricewaterhouseCoopers help?

PricewaterhouseCoopers utilizes a team of technical specialists from our Mergers & Acquisitions Tax Services Group. These specialists are part of a National team of fully-dedicated, experienced resources who developed the standardized tools, reference materials, tax planning strategies and overall methodologies that are utilized on each TCA conducted firm-wide.

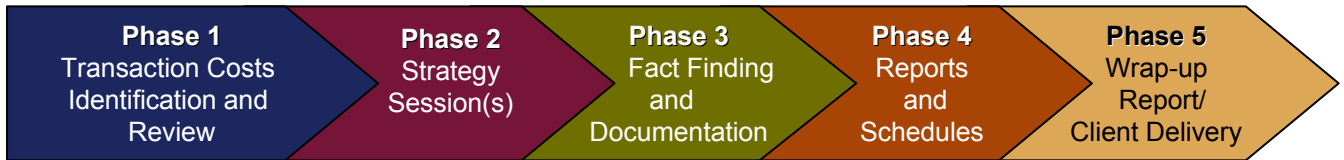
Using our five phase approach, your company should recognize the most beneficial federal income tax treatment of otherwise non-deductible transaction costs.

For more information, please call one of our TCA Team Members.

| | |
|-----------------------------------|--|
| Jim Briggs (Toronto) | (416) 365-8874 |
| Doug Frost (Toronto) | (416) 365-8852 |
| Tom DiEmanuele (Toronto)* | (416) 869-2470 * Product Champion |
| Denis Langelier (Montreal) | (514) 205-5270 |
| Ron Gratton (Calgary) | (403) 509-7492 |
| John Robinson (Vancouver) | (604) 806-7099 |

Our five-phase approach to a Transaction Cost Analysis.

Our national team of dedicated TCA specialists apply a five-phase approach to a Transaction Cost Analysis.



Phase 1 – Transaction Costs Identification and Review

- Perform a review of the transaction, which involves, but is not limited to, analyzing the transaction structure, various service providers involved, the costs incurred, identify the key personnel involved, and identify potential issues for both the acquirer and the target companies.

Phase 2 – Strategy Session(s)

- PricewaterhouseCoopers will discuss with you, through various strategy sessions, our findings and various issues that we identify throughout the engagement. We will bring to your attention any areas of concern, as well as any potential opportunities that are identified, in order to determine the best course of action.

Phase 3 – Fact Finding and Documentation

- Gather, review, analyze and document the various transaction related documents, such as, but not limited to, acquisition agreements, confidentiality agreements, due diligence reports, service provider engagement letters, company minutes, transaction invoices, etc. In-depth interviews with certain key executives, from both the acquirer and target companies, as well as interviews with the outside service providers, such as the financial advisors and legal service providers, will be performed and documented.
- These interviews will be performed to gain a further understanding of the transaction and will be a basis for allocating the fees they charged. A detailed transaction timeline will also be prepared based on the information gathered during the interview process, as well as through other fact gathering, and will be the basis for determining the key dates during the transactions.

Phase 4 – Reports, Schedules and Elections

- PricewaterhouseCoopers will prepare a comprehensive and detailed Technical Report for both the acquirer and target companies which incorporates the facts and circumstances of the transaction developed through the above steps.

Phase 5 – Wrap-up Report / Client Delivery

- PricewaterhouseCoopers will provide a finalized CCRA ready deliverable for the transaction that includes (1) a summary of the transaction and costs, (2) a summary of our recommendations on the treatment of costs, (3) a detailed Technical Report supporting the tax positions and our opinion as to the deductibility of costs, and (4) the actual documentation of external and internal interviews, along with relevant legal documents, service provider invoices and other supporting documentation.