



THE TIGER THAT ROARED ACROSS ALBERTA



***Presentation by
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TD Economics provides analysis of economic performance and the implications for investors. The analysis covers the globe, with emphasis on Canada, the United States, Europe and Asia.

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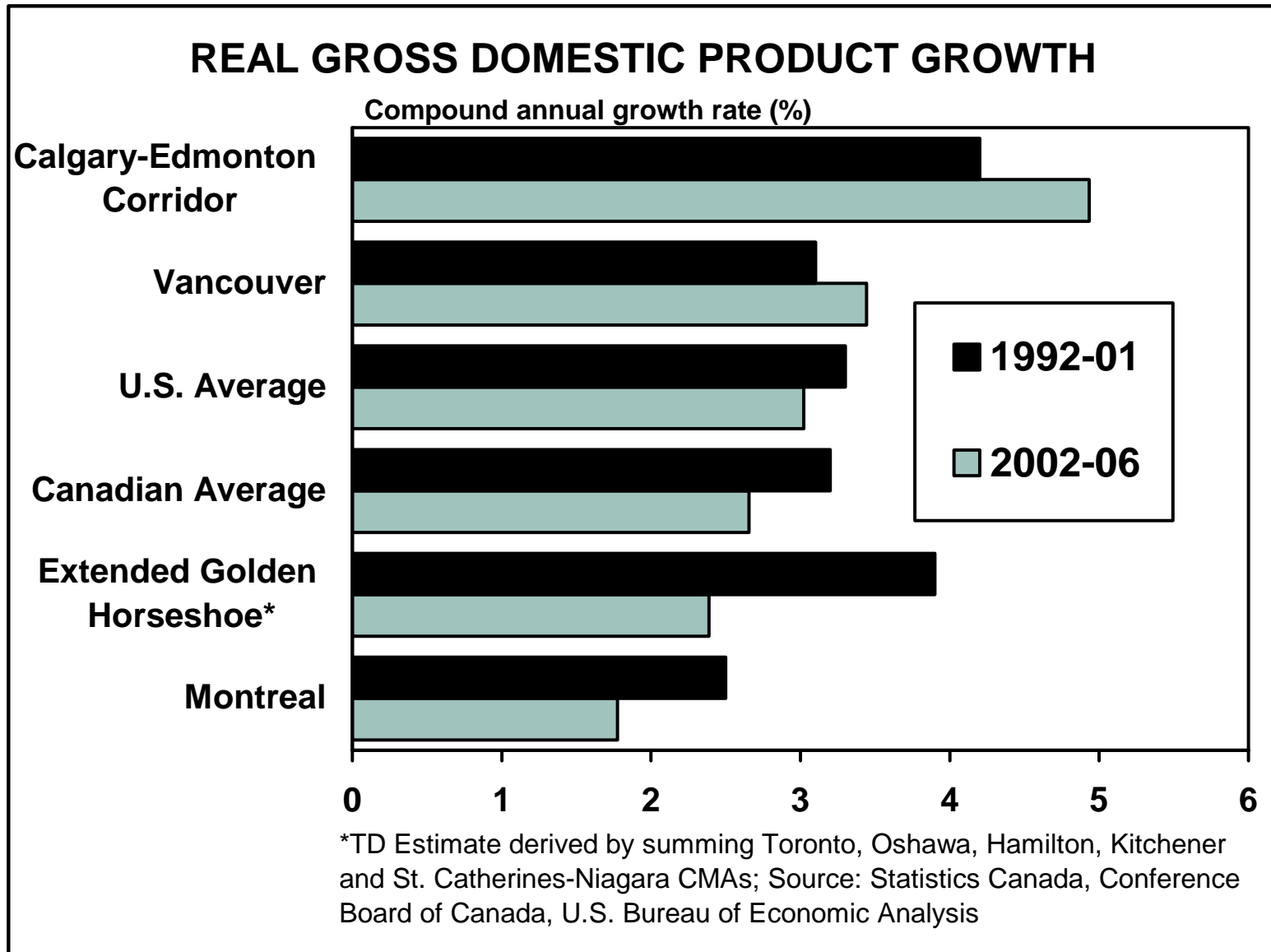
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HIGHLIGHTS

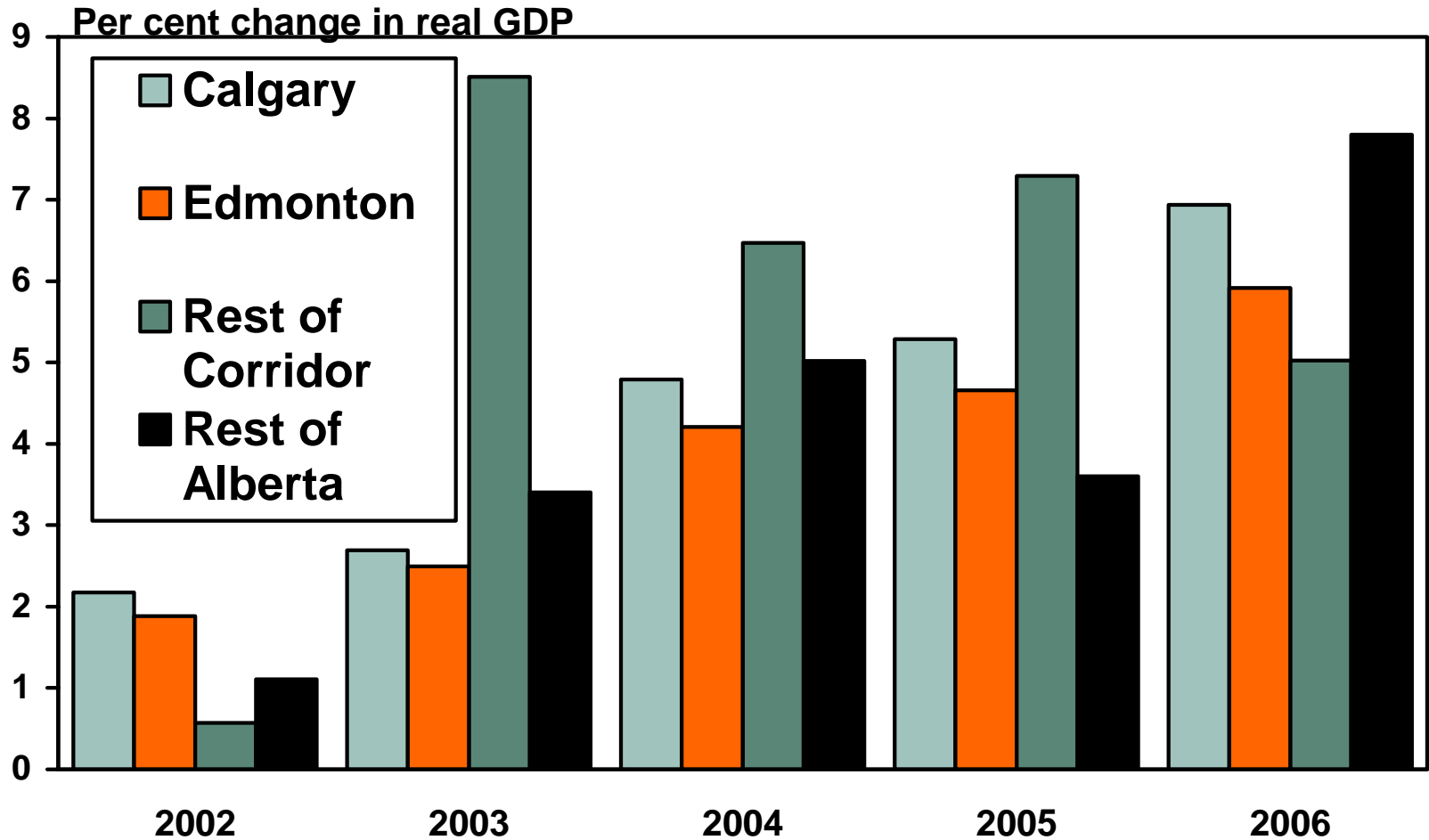
- Tremendous growth in Calgary, Edmonton & Alberta since 2002
- Creating some adverse consequences
- Some forces that will moderate growth
- Challenges & opportunities to avoid boom-bust

CALGARY-EDMONTON CORRIDOR THE GROWTH LEADER



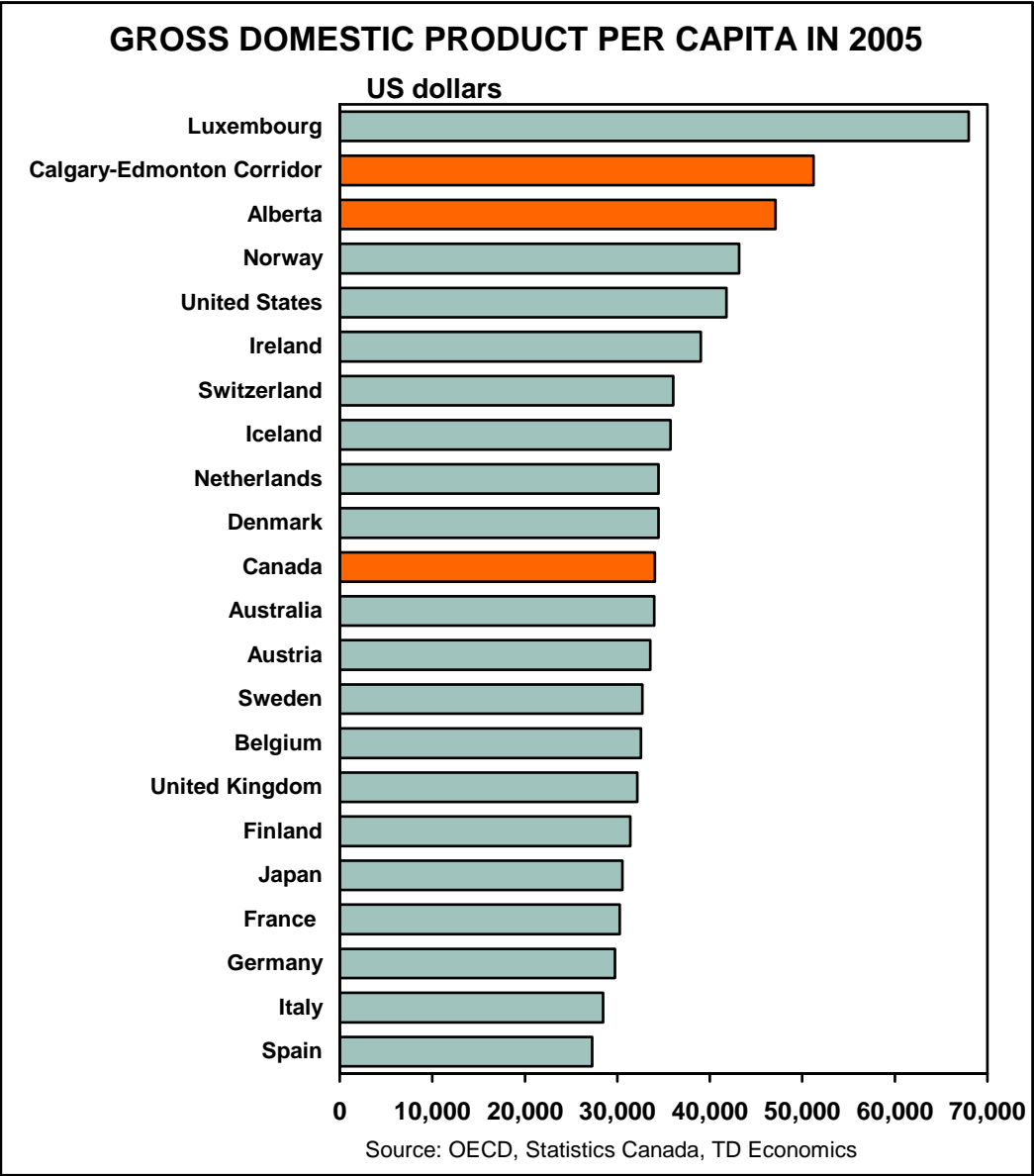
STRONG GROWTH ACROSS ALBERTA

ECONOMIC GROWTH IN THE CALGARY-EDMONTON CORRIDOR



Source: Statistics Canada, Cofernece Board of Canada

CALGARY-EDMONTON CORRIDOR THE INCOME LEADER



ECONOMIC STATISTICS: THERE'S ALBERTA THEN EVERYBODY ELSE

ALBERTA VS. THE REST OF CANADA - 2006 (per cent change unless otherwise indicated)

	Canada	Alberta	RoC
Employment	1.9	4.8	1.6
Unemployment Rate(%)	6.3	3.4	6.7
Nominal GDP	4.9	7.9	4.4
per capita (000\$)	44.1	69.8	41.2
Real PDI	4.0	11.0	3.2
Hourly Wage rate	1.8	7.5	1.0
Total Inflation	2.1	3.9	1.9
Inflation ex. shelter	1.4	1.8	1.3
Resale home prices	11.1	30.8	8.4

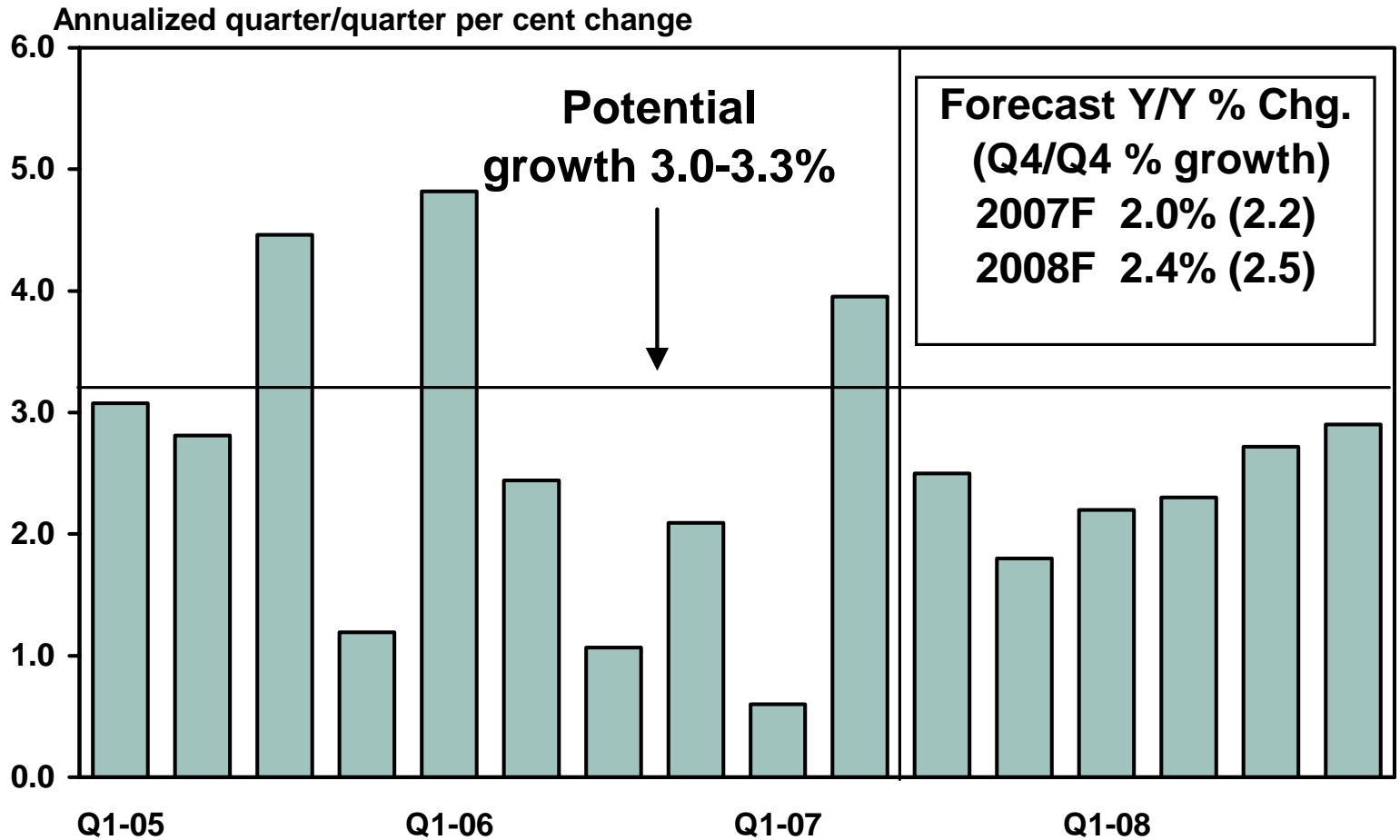
Source: Statistics Canada, Provincial Governments, Canadian Real Estate Association

ALBERTA'S STRENGTH CANADA'S GAIN

- 60% of oil sands output and employment benefits migrate to other provinces
- Albertans provide a net contribution of \$9 billion per year to federal coffers
- Alberta provides secure energy source
- All Canadians benefit from equity surge of energy companies

U.S. ECONOMY WEATHERING MID-CYCLE SLOWDOWN

U.S. REAL GROSS DOMESTIC PRODUCT

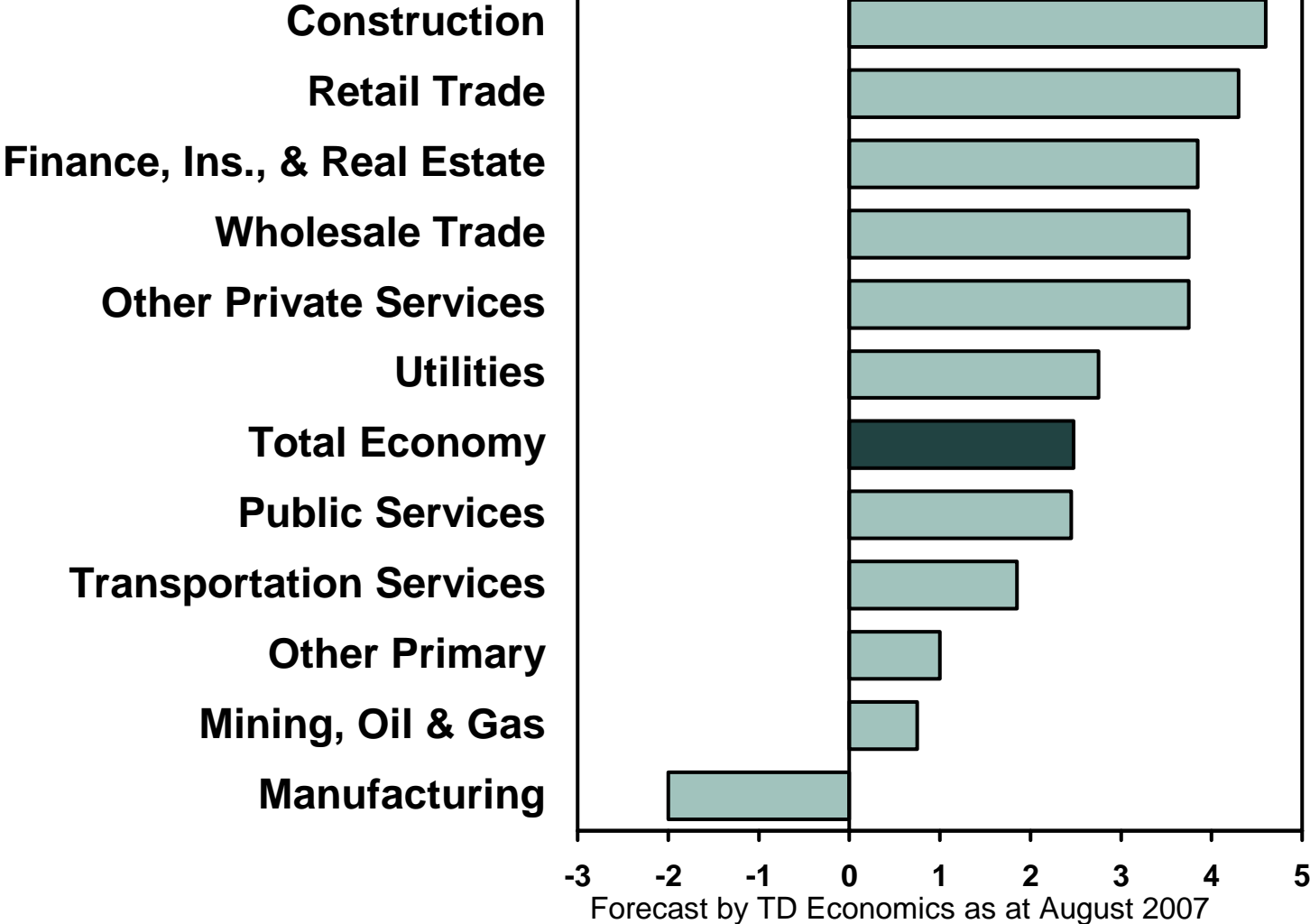


F: Forecast by TD Economics as at September 2007; Source: Bureau of Economic Analysis/Haver Analytics

CANADIAN DOLLAR CHALLENGING FOR MANUFACTURERS

CANADIAN SECTORAL OUTLOOK - 2007-08

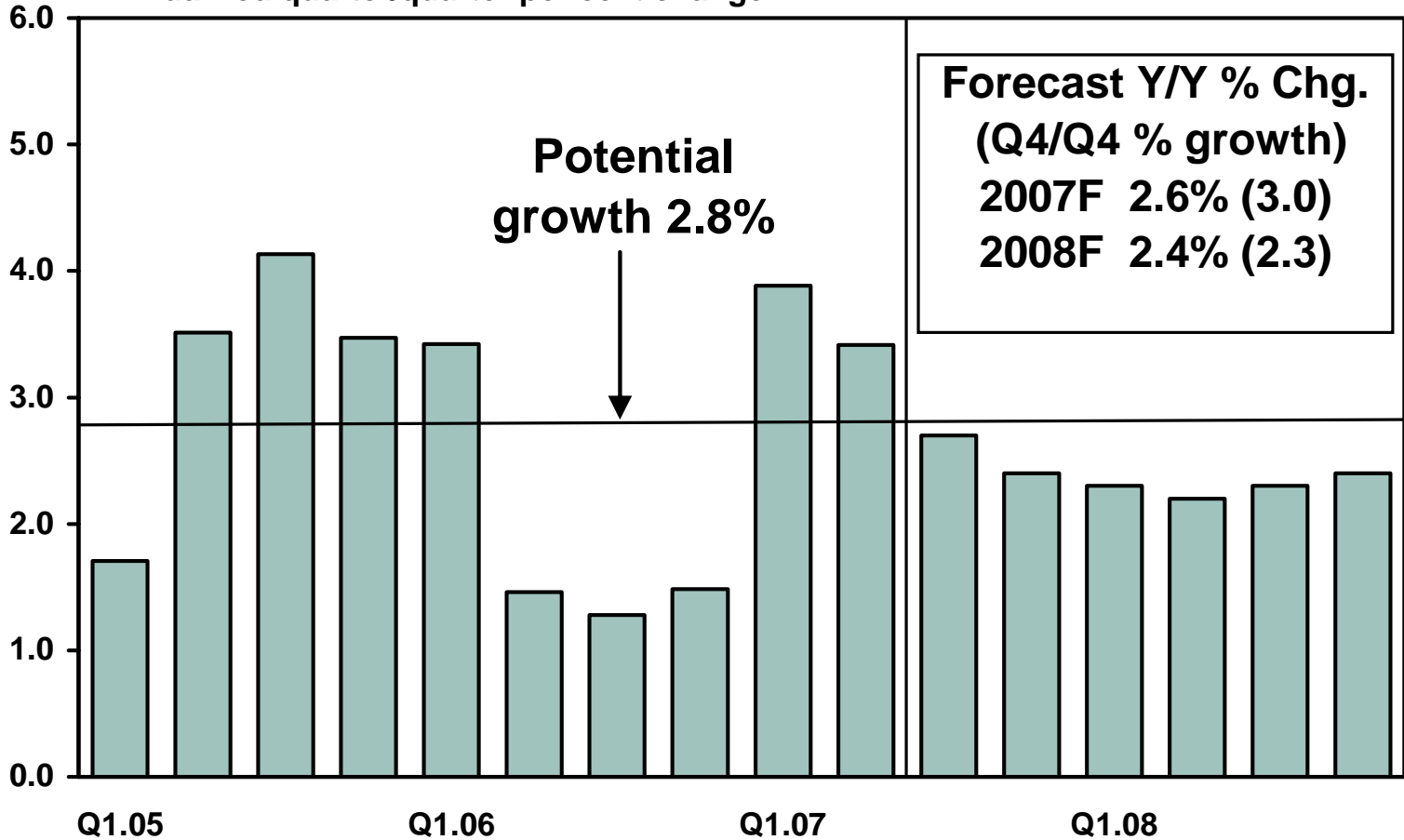
Average annual growth



CANADIAN ECONOMIC GROWTH TO COOL

CANADIAN REAL GDP

Annualized quarter/quarter per cent change



F: Forecast by TD Economics as at September 2007; Source: Statistics Canada/Haver Analytics

SIGNS OF PENDING GROWTH MODERATION IN ALBERTA

- Weak natural gas prices and drilling
- Net inter-provincial migration slowing
- Calgary's housing slowing from deterioration in affordability
- Retail and motor vehicle markets easing

BUT

- Oil prices to remain high
- Natural gas prices will firm

REGIONAL GDP OUTLOOK

REAL GDP PROSPECTS 2008-10 BY REGION

Real GDP Growth (Annual Avg. % Change)

	2007E	2008F	2009F	2010F
Alberta	4.4	2.8	2.7	3.6
Calgary	4.0	2.7	2.9	3.4
Edmonton	5.2	3.3	2.5	4.0
ROCo*	4.6	3.6	3.0	3.7
ROA**	3.9	2.2	2.6	3.3

*Rest of Corridor; **Rest of Alberta

Forecast by TD Economics as at September 2007

REGIONAL EMPLOYMENT OUTLOOK

EMPLOYMENT PROSPECTS 2008-10 BY REGION Employment Growth (Annual Avg. % Change)

	2007E	2008F	2009F	2010F
Alberta	5.0	3.2	2.4	2.8
Calgary	4.7	3.1	2.5	2.7
Edmonton	6.3	3.5	2.2	3.0
ROCo*	5.3	3.8	2.7	2.7
ROA**	3.8	2.8	2.4	2.5

*Rest of Corridor; **Rest of Alberta

Forecast by TD Economics as at September 2007

CALGARY HOUSING COOLING; EDMONTON A STEP BEHIND

HOUSING INDICATORS - FORECAST

(% Change)

	Calgary		Edmonton	
	2007	2008	2007	2008
Housing Starts	-17.9	-3.6	5.8	-4.7
Existing Home Sales	2.2	-5.2	12.4	-2.8
Average Resale Home Prices	24.6	12.3	39.5	21.4

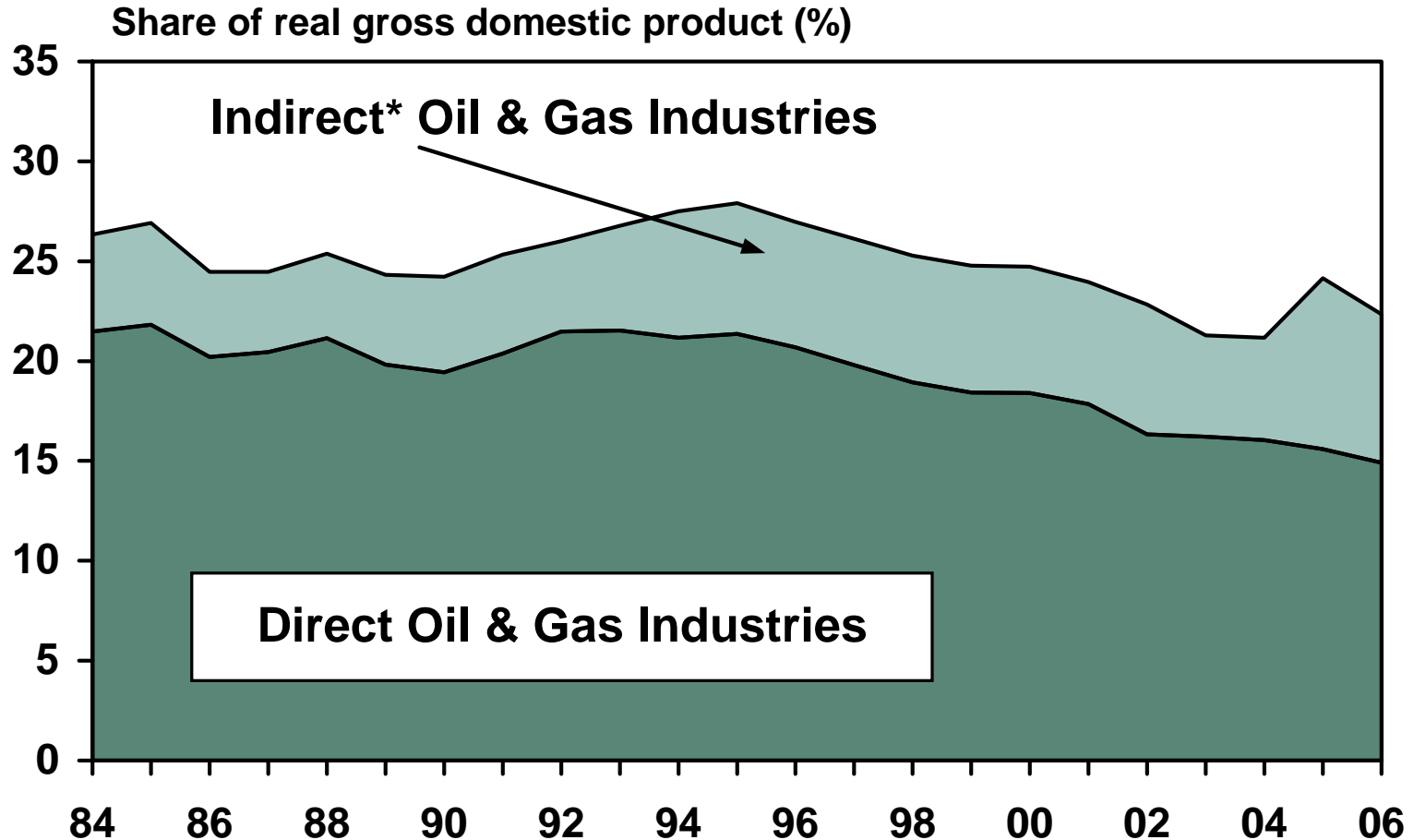
Forecast by TD Economics as at September 2007

LONGER-TERM CHALLENGES

- Diversification
- Oil Patch
 - Cost escalation
 - Tax/royalty
 - Environment
- Labour, education & skills
- Infrastructure
- Income disparity
- Fiscal policy/savings

ALBERTA DIVERSIFYING BEYOND OIL & GAS

ALBERTA'S RELIANCE ON OIL AND GAS



* Include oil & gas engineering construction, petrochemical manufacturing, mining machinery and pipeline transportation; Source: Statistics Canada

TAX/ROYALTY ISSUES

- 2006 Alberta budget changes
- Federal trust announcement
- Federal elimination of ACCA for oil sands

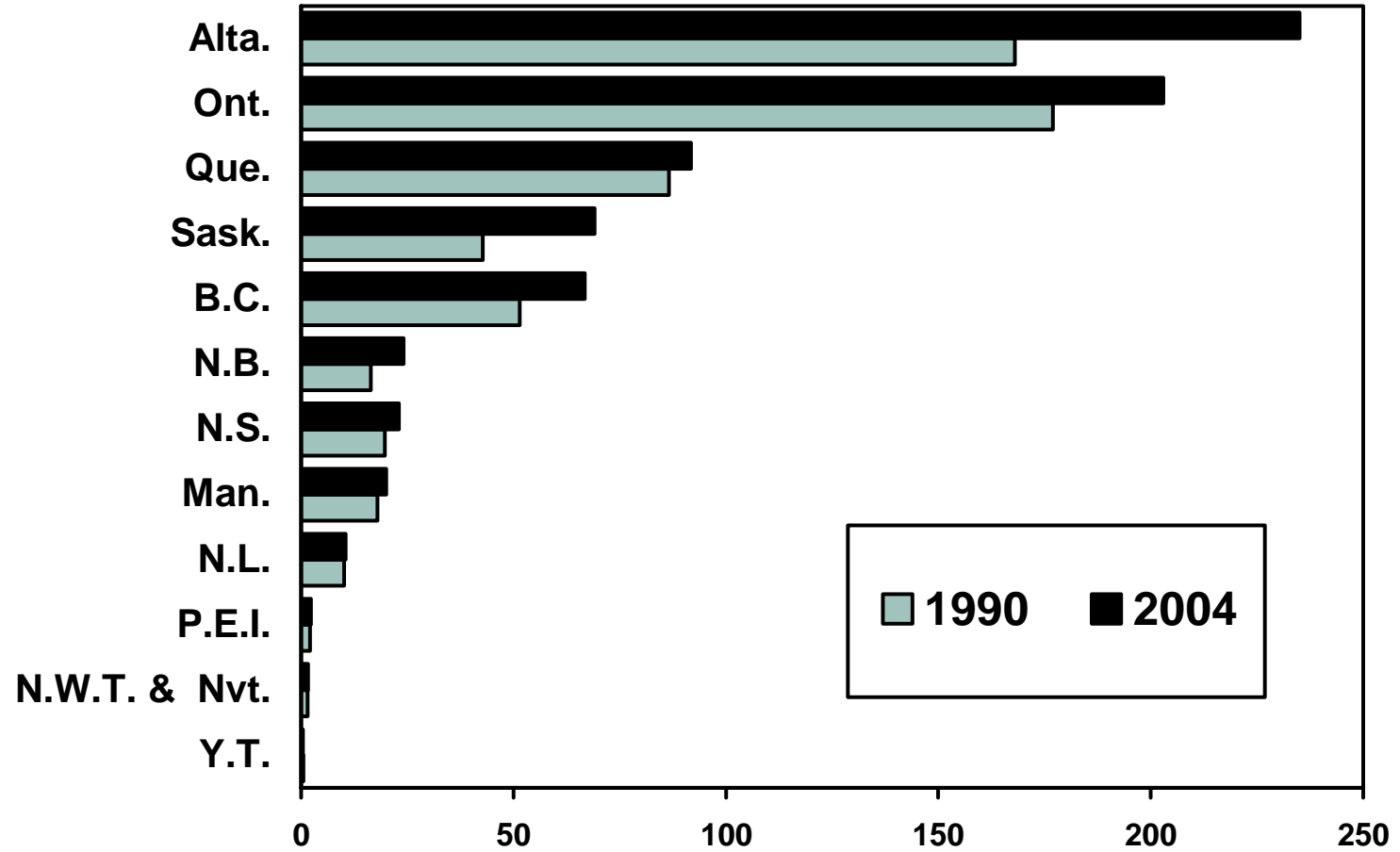
ALBERTA ROYALTY REVIEW PANEL RECOMMENDED ROYALTY REGIME

	Alberta's Share of Total Royalties & Taxes	
	Current	Proposed
OIL SANDS	47%	64%
CONVENTIONAL OIL	44%	49%
NATURAL GAS	58%	63%

ENVIRONMENT POLICY COULD DRIVE UP OILPATCH COSTS

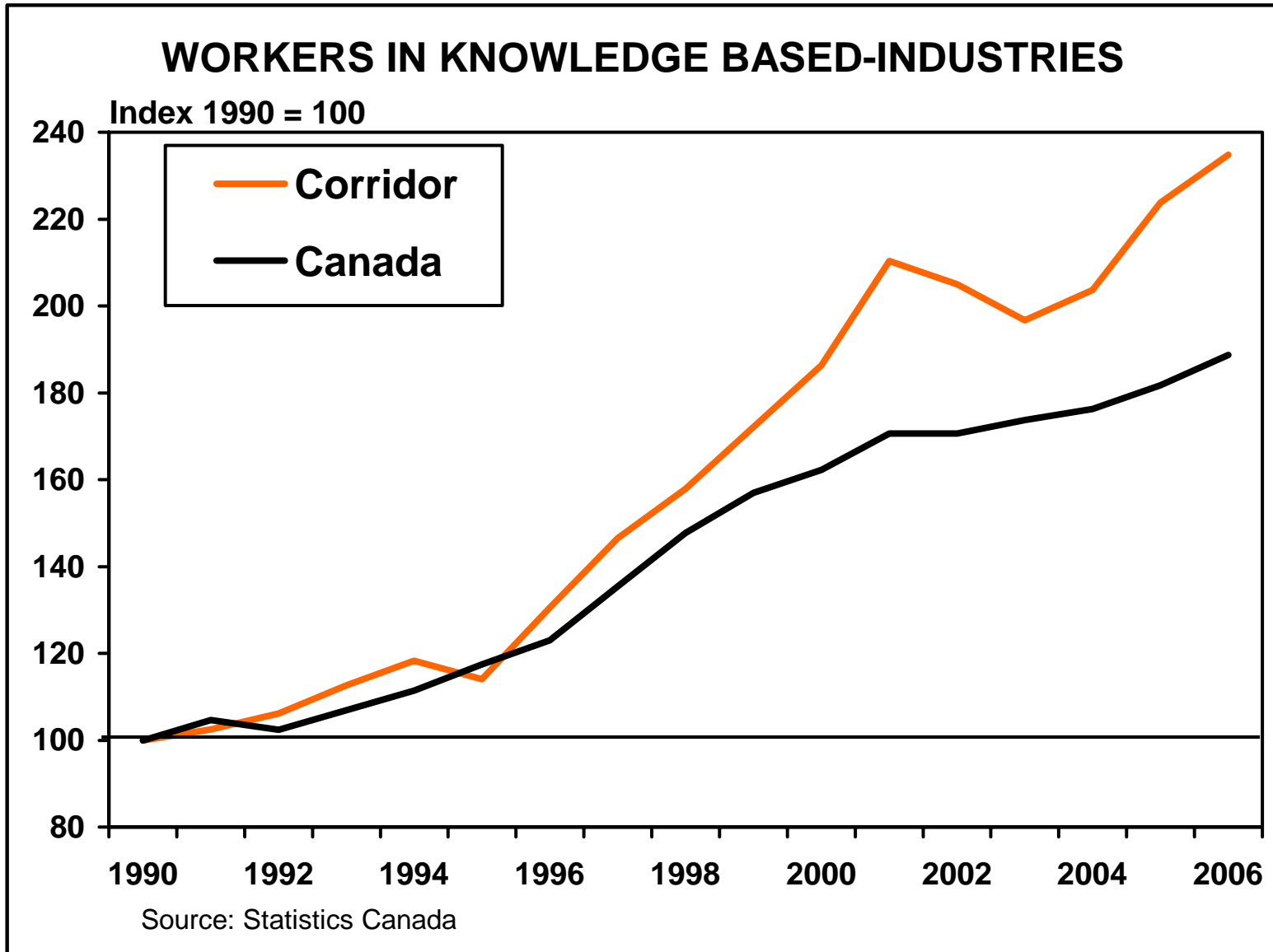
GREENHOUSE GAS EMISSIONS BY PROVINCE & TERRITORY

megatonnes of carbon dioxide equivalent (000s)



Source: Environment Canada

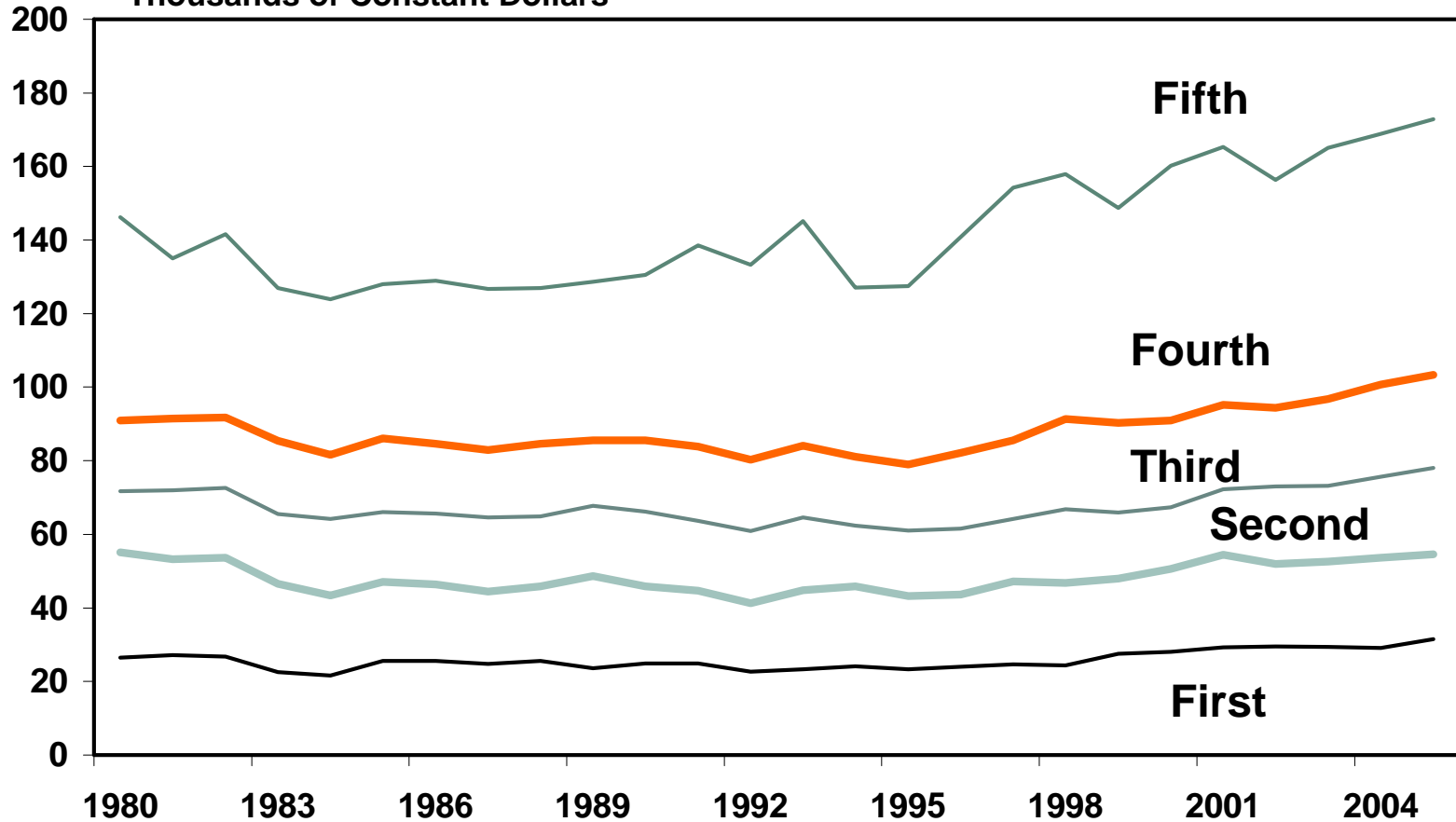
GROWING NEED FOR KNOWLEDGE-BASED WORKERS



LARGEST INCOME GAINS AT THE TOP

ALBERTA AVERAGE FAMILY INCOME BY QUINTILE

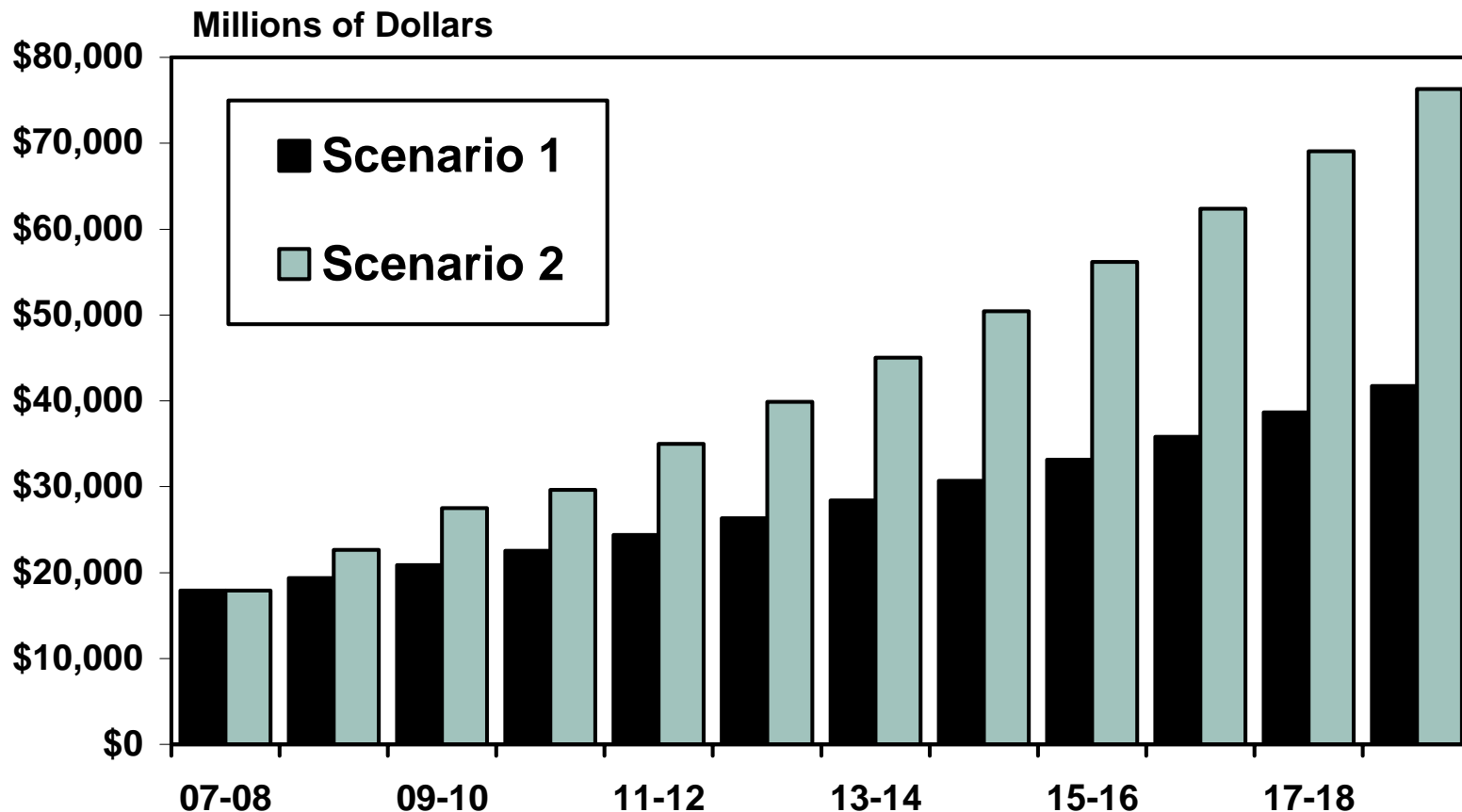
Thousands of Constant Dollars



Source: Statistics Canada

ISSUES OF FISCAL/INVESTMENT POLICIES

HERITAGE FUND INVESTED ASSETS*



*End of Year Balance; Scenario 1 assumes no transfer to GRF; Scenario 2 assumes 30% of forecast resource royalties (before proposed changes of Royalty Revision) saved and no transfer to GRF; Both cases based on annual 8% return on invested assets

Source: TD Economics



TD Economics

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