

THE TIGER THAT ROARED ACROSS ALBERTA



***Presentation by
Don Drummond
Senior Vice President & Chief Economist***

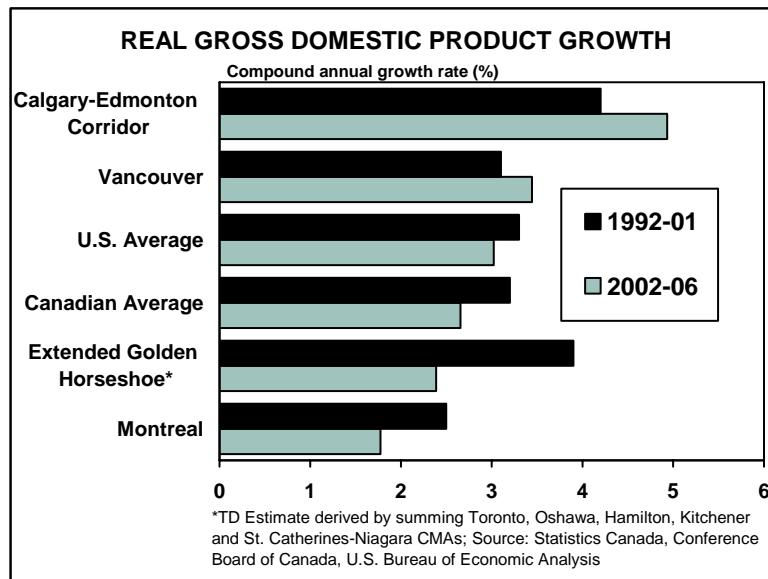
TD Economics provides analysis of economic performance and the implications for investors. The analysis covers the globe, with emphasis on Canada, the United States, Europe and Asia.

Contact Information
Phone: 416 982 8065
Email: td.economics@td.com

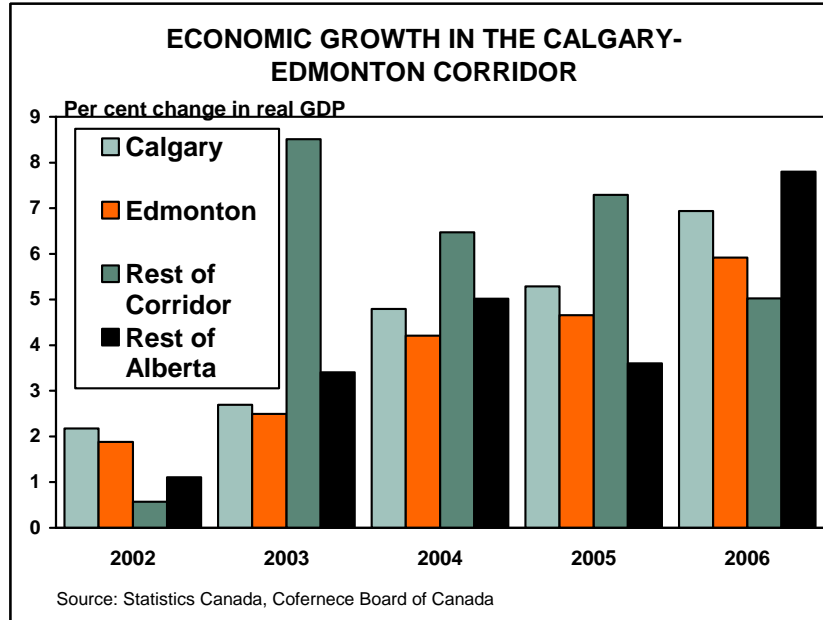
HIGHLIGHTS

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

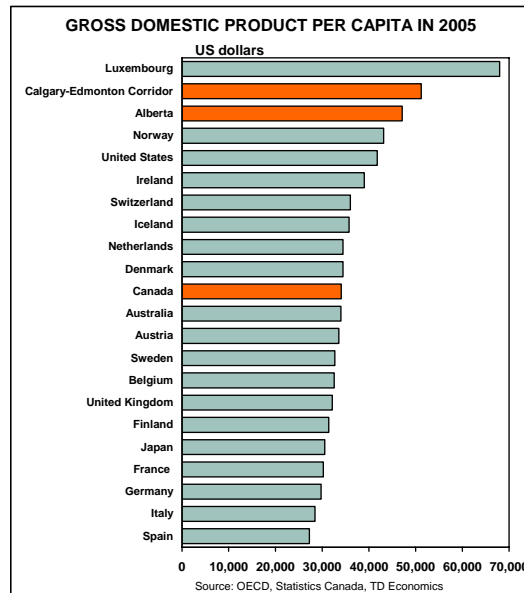
CALGARY-EDMONTON CORRIDOR THE GROWTH LEADER



STRONG GROWTH ACROSS ALBERTA



CALGARY-EDMONTON CORRIDOR THE INCOME LEADER



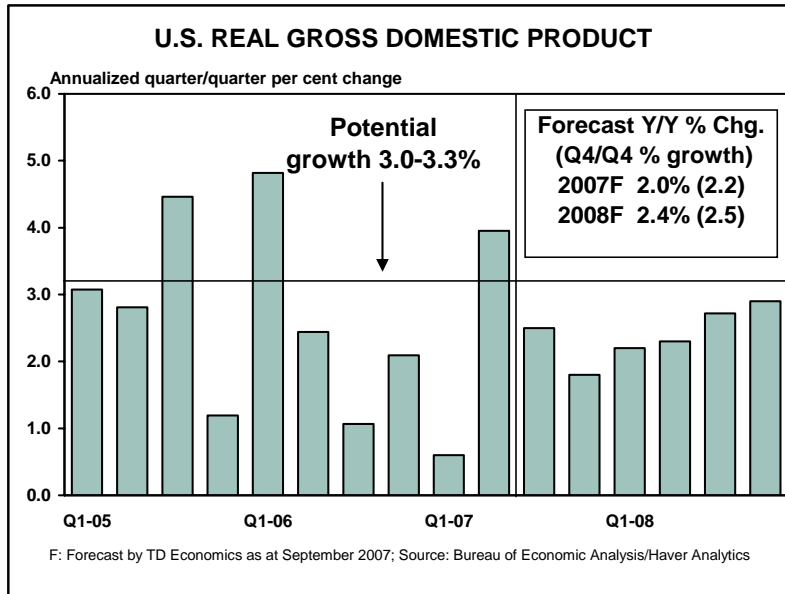
ECONOMIC STATISTICS: THERE'S ALBERTA THEN EVERYBODY ELSE

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			

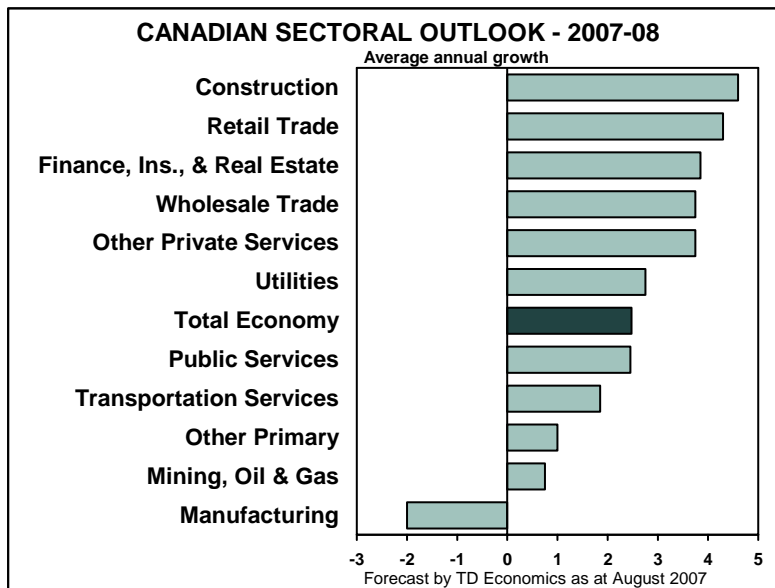
ALBERTA'S STRENGTH CANADA'S GAIN

- 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

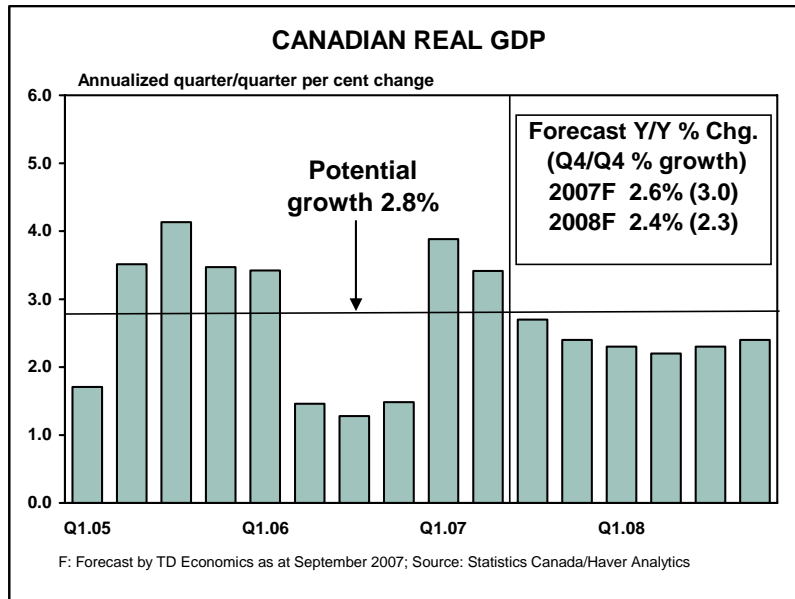
U.S. ECONOMY WEATHERING MID-CYCLE SLOWDOWN



CANADIAN DOLLAR CHALLENGING FOR MANUFACTURERS



CANADIAN ECONOMIC GROWTH TO COOL



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

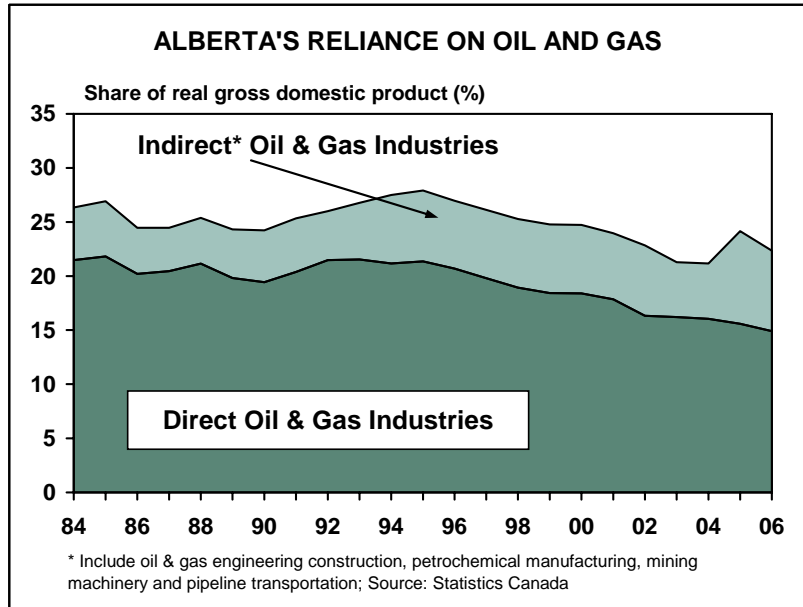
HOUSING INDICATORS - FORECAST				
(% Change)				
	Calgary		Edmonton	
	2007	2008	2007	2008
Housing Starts	-17.9	-3.6	5.8	-4.7
Existing Home Sales	2.2	-5.2	12.4	-2.8
Average Resale Home Prices	24.6	12.3	39.5	21.4

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

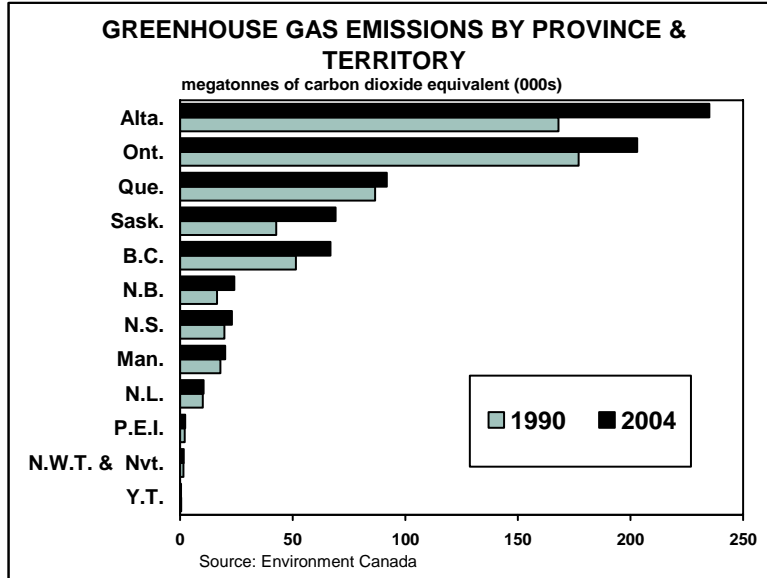


TAX/ROYALTY ISSUES

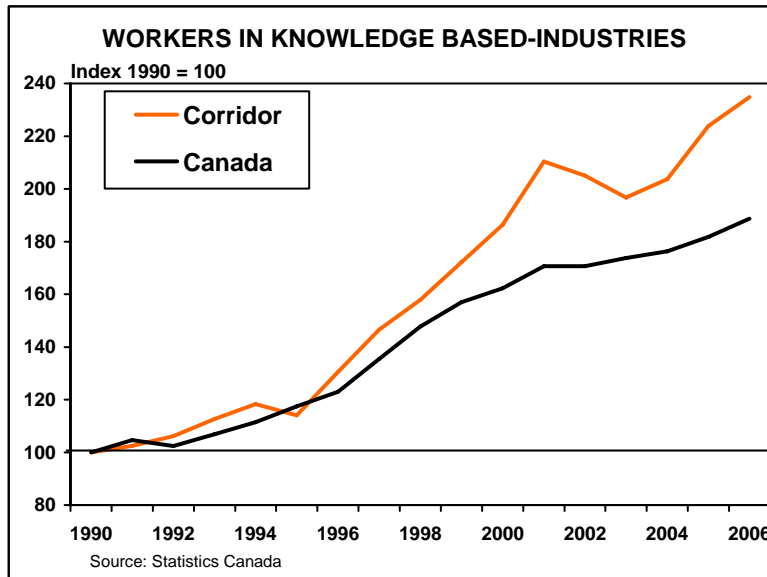
- 2006 Alberta budget changes
- Federal trust announcement
- Federal elimination of ACCA for oil sands

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%

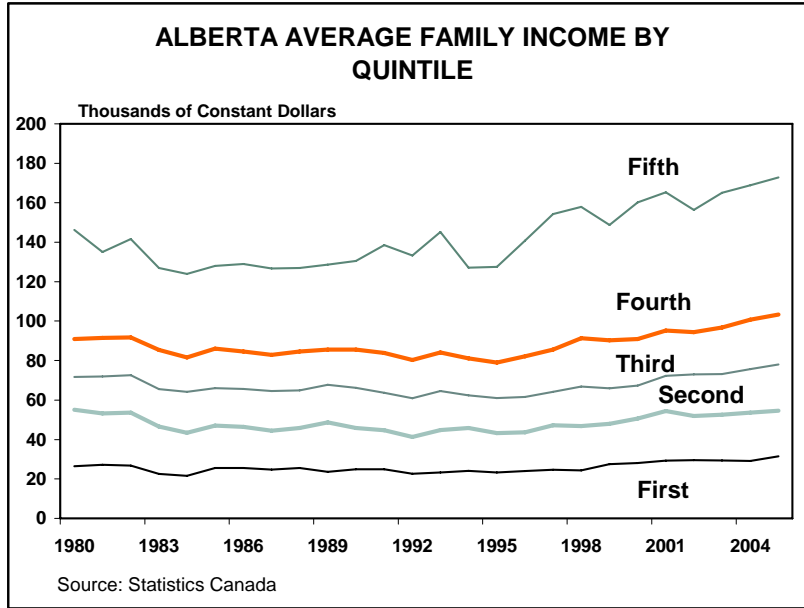
ENVIRONMENT POLICY COULD DRIVE UP OILPATCH COSTS



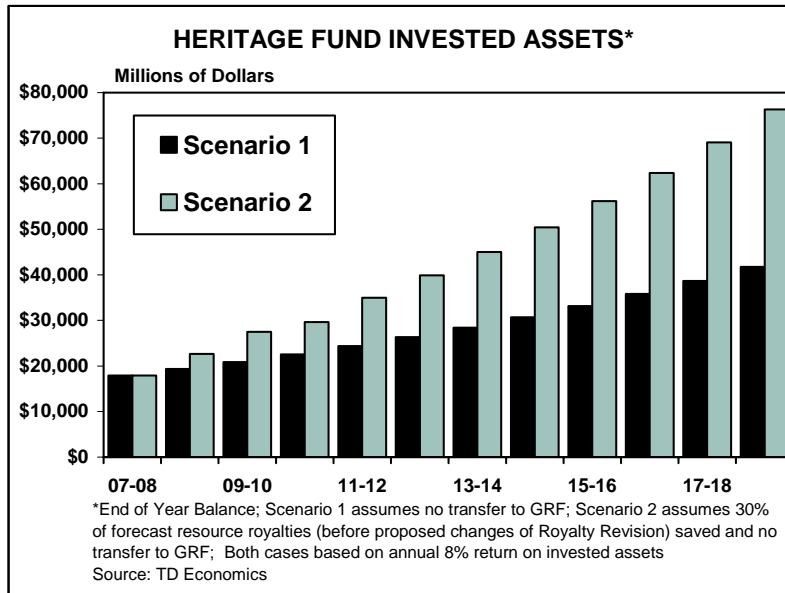
GROWING NEED FOR KNOWLEDGE-BASED WORKERS



LARGEST INCOME GAINS AT THE TOP



ISSUES OF FISCAL/INVESTMENT POLICIES





Bank Financial Group

TD Economics
www.td.com/economics

The information contained in this report has been prepared for the information of our customers by TD Bank Financial Group. The information has been drawn from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed, nor in providing it does TD Bank Financial Group assume any responsibility or liability.