

**EXHIBIT
OPERATION OF THE DIVIDEND IMPUTATION SYSTEM**

Corporate level	
Taxable income earned at corporate level	\$100
Corporate tax due (35%)	\$ 35
After-tax corporate income	\$ 65
Shareholder level	
Dividend paid to shareholder	\$ 65
Share of corporate tax paid	\$ 35
"Grossed-up" dividend is taxable income in hands of shareholder	\$100
Shareholder-level tax (28%)	\$ 28
Less dividend tax credit	\$ 35
Excess credit (either refunded or offset against other income tax liabilities)	\$ 7
Overall effective tax rate on corporate income (which equates to the shareholder's marginal tax rate)	28%