Qwest INVESTMENT MANAGEMENT

CDE Flow-Through Tax Deduction ~ A Laddering Strategy ~

Tax planning professionals who work with flow-through investors are looking beyond the traditional Canadian Exploration Expense (“CEE”) flow-through limited partnership (“LP”) investment to an investment in Canadian Development Expense (“CDE”) flow-through LP to achieve a desired tax deduction and investment and risk objectives.

Performance and Risk: CDE flow-through LP investments have less risk due to the profile of the companies which issue CDE flow-through shares. As the CDE name suggests, it is less risky to develop an oil or gas well than to explore for one.

Tax Deductions: An investment in a CDE flow-through LP provides an investment with a 100% tax deduction which is deducted on an annual 30% declining balance basis starting the year of the investment.

CDE Tax Deduction Laddering Strategy: Purchasing a CDE flow-through LP annually produces a tremendous tax planning method called “laddering”. It is important to know the investor can deduct 100% of their CDE on a 30% declining balance basis regardless of when the LP rolls over. The following illustrates the first 8 years of the tax deduction laddering effect investing in a CDE flow-through LP annually:

YEAR 1:	30%
YEAR 2:	51%
YEAR 3:	66%
YEAR 4:	76%
YEAR 5:	83%
YEAR 6:	88%
YEAR 7:	92%
YEAR 8:	94%

Note: The year 1 CDE tax deduction continues until 100% is deducted. This tax deduction pattern continues for the year 2 CDE investment, year 3 CDE investment and so on.

The CDE tax deduction laddering strategy should be discussed with your investment or tax professional to determine if it is suitable to your situation.