

ELECTION ON DISPOSITION OF PROPERTY BY A TAXPAYER TO A TAXABLE CANADIAN CORPORATION

- For use by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property within the meaning of subsection 85(1.1) to the corporation and has received as consideration shares of any class in that corporation.
- File one completed copy of the election and related schedules (if any) as follows:
 - one copy by the transferor.
 - two or more copies as follows; Where two or more transferors elect regarding the transfer of the same property (co-ownership) or two or more members of the same partnership elect for the transfer of their partnership interests, one transferor designated for the purpose should file simultaneously one copy for each transferor, together with a list of all transferors electing. This list should contain the address and Social insurance number or Business Number of each transferor;
 - on or before the earlier date on which any one of the parties to the election is required to file an income tax return for the taxation year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);
 - at the tax centre where the transferor's income tax return is normally filed. Where two or more co-owners or members of a partnership referred to above elect, the elections will be processed in bulk and should be filed at the tax centre of the transferee; and
 - separate from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return.
- Sections and subsections referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of taxpayer (transferor) (print)		Identification		Social insurance number or Business Number	
Address				Postal code	
Taxation year of taxpayer for the period from	Year Month Day	to	Year Month Day	Tax services office	
Name of co-owner(s), if any (if more than one, attach schedule giving similar details) (print)				Social insurance number	
Address				Postal code	
				Tax services office	
Name of corporation (transferee) (print)				Business Number	
Progress Acquisition Corp.				858689540	
Address				Postal code	
1400, 440 - 2nd Avenue SW, Calgary, AB				T2P 5E9.	
Taxation year of corporation for the period from	Year Month Day	to	Year Month Day	Tax services office	
	2004/04/08		2004/07/02	Calgary	
Name of person to contact for additional information				Area code Telephone number	
Russ Thomas				403-539-1833	

Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can be amended or filed after the 3-year period, but in these situations, attach both an estimate of the penalty and a written submission for consideration, explaining the reason why the election is amended or late.

Calculation of late-filing penalty:

Instruction #1

Fair market value of property transferred				
Less: agreed amount				
Difference				A
Amount A	$\times 1/4 \times 1\% \times N^*$	=		B
\$100 x N*		=		C

*N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above

Make cheque or money order payable to the Receiver General. Specify "T2057" on the remittance and, to ensure proper credit, please indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed

Unpaid amounts including late-filing penalties are subject to daily compound interest, at a prescribed rate.

Do not use this area

Information required

On the following page, list, describe, and state the fair market value of transferred properties. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election you do not have to file the following materials: schedules supporting this designation, documentation relating to the responses to the questions below, and a brief summary of the method of evaluating the fair market value of each property transferred. However you have to keep them as the Canada Customs and Revenue Agency may ask to see them at a later date.

- 1 - Is there a written agreement relating to this transfer? yes no
- 2 - Does a price adjustment clause apply to any of the properties? (See the Interpretation Bulletin IT-169 for details.) yes no
- 3 - Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? yes no
- 4 - Where a non-arm's length rollover exists between 2 or more corporations, have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the recipient corporation? Instruction #2 yes no
- 5 - Is the taxpayer a non-resident of Canada? Instruction #3 yes no
- 6 - Are any of the properties transferred capital properties? Instruction #4 yes no
 If yes,
 - a) have they been owned continuously since Valuation-Day (V-Day)? Instruction #5 yes no
 - b) have they been acquired after V-Day in a transaction considered not to be at arm's length? Instruction #6 yes no
 - c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received and attach a schedule.) Instruction #7 yes no
- 7 - Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day? yes no
 a) If yes, does a formal documented V-Day value report exist? Instruction #8 yes no
- 8 - Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer? yes no

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation (print)	Business Number	Paid-up capital of shares transferred

Description of shares received

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable? *
Instruction #9	Exch Shares	See (a) below	See (b) below	non-voting	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no
					<input type="checkbox"/> yes <input type="checkbox"/> no

* Retractable means redeemable at the option of the holder.

Informative notes

- The rules for section 85 elections are complex. Essential information is contained in Information Circular 76-19 and Interpretation Bulletins IT-169, IT-172, IT-291, and IT-378.
- For this election to be considered valid, you have to complete all the information areas and answer all questions. If incomplete, the Canada Customs and Revenue Agency will consider the election invalid, and subsequent submissions will be subject to a late-filing penalty.
- **If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.**

- (a) Determined by formula
- (b) To be determined

Name

Identification

S.I.N. or B.N.

Particulars of Eligible Property Disposed of and Consideration Received

Date of sale or transfer of all properties listed below:

Year Month Day
2004/07/02

Note: For properties sold or transferred on different dates, use separate T2057s.

	Property Disposed of			Agreed Amount B Instruction #	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received			
	Description	Elected Amount Limits				Non-share Description	Share Number and Class	Fair Market Value of Total Consideration	
		Fair Market Value	A						
Capital Property Excluding Depreciable Property	(Brief legal)	\$	\$ (See Note 1)	\$	\$			\$	
	#10A New Common Shrs of Progress Energy Ltd.	11A	12A	17A	18A				
	#10B Class A Pref Shrs of Progress Energy Ltd.	11B	12B	17B	18B	#14 Trust Units of Progress Energy Trust		#15	
							#13 Exch Shrs of Progress Acq Corp.		#16
Depreciable Property	(Description and prescribed Class)		(See Note 2)						
Eligible Capital Property	(Kind)		(See Note 3)						

Particulars of Eligible Property Disposed of and Consideration Received (cont.)

Date of sale or transfer of all properties listed below: Year Month Day 2004/07/02 **Note: For properties sold or transferred on different dates, use separate T2057s.**

Property Disposed of		Elected Amount Limits		Agreed Amount B.	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
Description	Fair Market Value	A	Non-share Description			Share Number and Class	Fair Market Value of Total Consideration	
(Kind)	\$	\$ (Cost Amount)		\$				\$
Inventory Excluding Real Property								
Resource Property	(Brief legal)							
			NIL					
			NIL					
			NIL					
			NIL					
Security or Debt Obligation Property	(Description)		(Cost Amount)					
Specified Debt Obligation (For financial institutions only)								

Name

S.I.N. or B.N.

Particulars of Eligible Property Disposed of and Consideration Received (cont.)

Date of sale or transfer of all properties listed below:

Year Month Day
2004/07/02

Note: For properties sold or transferred on different dates, use separate T2057s.

Property Disposed of				Agreed Amount B	Amount to be reported B - A (If > 0 see Note 4)	Consideration Received		
Description	Elected Amount Limits		Non-share Description			Share Number and Class	Fair Market Value of Total Consideration	
	Fair Market Value	A						
Capital Property That is Real Property Owned by a Non-Resident Person	\$	\$	\$	\$		\$		
NISA Fund No. 2								

Note 1: Adjusted cost base (which is subject to adjustment per section 53).

Note 2: The lesser of undepreciated capital cost of all property of the class and the cost of the property.

Note 3: The lesser of 4/3 x cumulative eligible capital and the cost of the property. Use "2" instead of "4/3" for dispositions occurring in taxation years commencing before July 1, 1988, in the case of a corporation or for dispositions occurring in fiscal periods commencing before January 1, 1988, in any other case.

Note 4: This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property or eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion may have to be reported as income.

Refer to current Interpretation Bulletin IT-291 for more information on eligible property and an explanation of the limits.

Election and Certification

The taxpayer and corporation hereby jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is to the best of their knowledge, correct and complete.

Instruction #19

Signature of Transferor, of **Authorized Officer** or Authorized Person*

and

Instruction #20

Signature of **Authorized Officer** of Transferee

Instruction #21

Date

* Attach a copy of authorizing agreement