

Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended October 31 (Canadian \$ in millions, except as noted)

	2006	2005	2004
Preferred Shares (Note 20)		Restated (see Notes 20 and 21)	
Balance at beginning of year	\$ 596	\$ 596	\$ 1,446
Impact of adopting new accounting requirements for liabilities and equity (Note 20)	–	–	(850)
Balance at End of Year	596	596	596
	Number of Shares		
	2006	2005	2004
Common Shares (Note 20)			
Balance at beginning of year	500,219,068	500,896,857	499,632,368
Issued under the Shareholder Dividend			
Reinvestment and Share Purchase Plan (Note 20)	1,378,328	1,258,463	1,120,931
Issued under the Stock Option Plan (Note 21)	5,014,557	4,736,826	6,239,301
Issued on the exchange of shares of			
a subsidiary corporation (Note 20)	33,526	284,722	124,757
Repurchased for cancellation (Note 20)	(5,919,400)	(6,957,800)	(6,220,500)
Balance at End of Year	500,726,079	500,219,068	500,896,857
Contributed Surplus			
Balance at beginning of year	35	22	3
Cumulative impact of adopting new accounting requirements for Stock-Based Compensation (Note 21)	–	–	7
Stock option expense (Note 21)	14	13	12
Gain on treasury shares, net of applicable income taxes (Note 1)	–	–	15
Common shares repurchased for cancellation (Note 20)	–	–	(15)
Balance at End of Year	49	35	22
Net Unrealized Foreign Exchange Loss			
Balance at beginning of year	(612)	(497)	(195)
Unrealized loss on translation of net investments in foreign operations	(472)	(311)	(758)
Hedging gain	451	297	710
Income taxes	(156)	(101)	(254)
Balance at End of Year	(789)	(612)	(497)
Retained Earnings			
Balance at beginning of year	9,801	8,738	7,566
Cumulative impact of adopting new accounting requirements for			
Variable Interest Entities, net of applicable income taxes (Note 8)	–	(42)	–
Cumulative impact of adopting new accounting requirements for			
Stock-Based Compensation, net of applicable income taxes (Note 21)	–	–	(24)
Net income	2,663	2,396	2,295
Dividends – Preferred shares (Note 20)	(30)	(30)	(31)
– Common shares (Note 20)	(1,133)	(925)	(797)
Common shares repurchased for cancellation (Note 20)	(327)	(336)	(271)
Balance at End of Year	10,974	9,801	8,738
Total Shareholders' Equity	\$ 15,061	\$ 13,842	\$ 12,716

The accompanying notes to consolidated financial statements are an integral part of these statements. Certain comparative figures have been reclassified to conform with the current year's presentation.