

Paramount Energy Trust

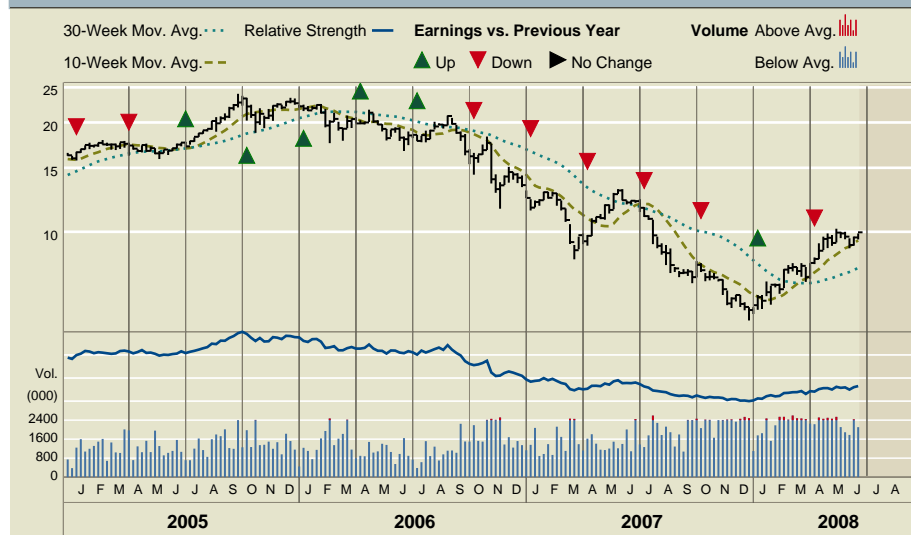
GICS Sector Energy
Sub-Industry Oil & Gas Exploration & Production

Summary Paramount Energy Trust is a shallow natural gas-focused Canadian energy trust. PET's Trust Units and Convertible Debentures are listed on the Toronto Stock Exchange.

Key Stock Statistics (Source S&P, company reports, Vickers)

Price as of Jun 16, 2008	\$10.02	Dividend Rate/Share	\$1.20	\$10K Invested 5 Yrs Ago	NA	Total Shares Outstg. (M)	110.9
52-Wk Range	\$12.30-5.70	Trailing 12-Month P/E	NM	Beta	NA	Market Capitalization(B)	\$1.111
Trailing 12-Month EPS	\$-0.76	Tangible Book Val/Share	\$1.74	Yield (%)	11.98	Institutional Ownership (%)	NA

Price Performance



Quantitative Evaluations

S&P Quality Ranking	NR								
<table border="1"><tr><td>D</td><td>C</td><td>B-</td><td>B</td><td>B+</td><td>A-</td><td>A</td><td>A+</td></tr></table>	D	C	B-	B	B+	A-	A	A+	
D	C	B-	B	B+	A-	A	A+		
S&P Fair Value Rank	NR								
<table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table>	1	2	3	4	5				
1	2	3	4	5					
LOWEST	HIGHEST								
Fair Value Calculation	NA								
Volatility	NA								
Technical Evaluation	NA								
Relative Strength Rank	NA								

S&P Financial Writer **Frank Barone**

Operational Review June 12, 2008

Income Statement Analysis & Financial Review

In the first quarter, natural gas revenues, before royalties, were C\$121.9 million vs. C\$99.7 million in the prior year. The net loss was C\$85.7 million (C\$0.78 a share), vs. a loss of C\$39.3 million (C\$0.46 a share) in the first quarter of 2007.

Key Operating Information

For the first quarter ended March 31, 2008, oil and natural gas revenues increased to C\$121.9 million, compared to C\$114 million for the first quarter of 2007, primarily due to a 30% increase in production levels offset by an 18% decline in realized natural gas prices.

Average production measured 183.8 MMcfe/d for the three months ended March 31, 2008, a 30% increase from 141.7 MMcfe/d reported in the first quarter of 2007. The increase in production is due to the acquisition of natural gas properties and related assets located primarily in east central Alberta which closed on June 26, 2007 as well as continuing development of the Trust's existing properties.

The net loss in the first quarter of 2008 was primarily due to a C\$79.2 million unrealized loss on financial instruments driven by the significant increase in AECO natural gas prices during the period.

Recent Developments

Paramount Energy Trust successfully completed the execution of a C\$46 million winter capital program during the first quarter of 2008 which included the drilling of 37 wells (30.2 net) and extensive recompletion, facilities optimization and workover programs focused on over 200 wellbores primarily in the Trust's three core areas in the Northern district. PET's drilling program yielded 35 gas wells (28.6 net) for a 95% net success rate.

In May 2008, Paramount Energy Trust confirmed its distribution to be paid on June 16, 2008 in respect of income received by PET for the month of May 2008, for unit holders of record on May 30, 2008, will be \$0.10 per trust unit.

As of May 2008, planning is underway for Paramount Energy's capital expenditure program for the remainder of 2008 in the Trust's year-round access properties in the Southern district and East Side core areas. PET has budgeted capital spending of C\$62 million over the final three quarters of 2008.

Revenue/Earnings Data

Revenue (Million Can. \$)	1Q	2Q	3Q	4Q	Year
2008	102.1	--	--	--	--
2007	51.68	103.5	82.62	95.35	350.8
2006	95.71	107.8	104.4	104.2	394.7
2005	61.71	82.37	96.60	129.2	336.0
2004	39.77	43.10	48.86	79.67	198.3
2003	47.91	42.42	39.03	41.00	163.0

Earnings Per Share (Can. \$)

2008	-0.78	--	--	--	--
2007	-0.46	0.07	0.05	-0.05	-0.33
2006	0.10	0.26	0.23	-0.80	-0.22
2005	0.03	0.15	0.38	0.22	0.82
2004	0.04	0.11	0.05	-0.46	-0.32
2003	0.64	0.41	0.28	-0.06	1.21

Fiscal year ended Dec. 31. Next earnings report expected: Early August

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (Can. \$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.100	02/11	02/27	02/29	03/17/08
0.100	03/11	03/27	03/31	04/15/08
0.100	04/21	04/28	04/30	05/15/08
0.100	05/09	05/28	05/30	06/16/08

Dividends have been paid since 2003. Source: Company reports.

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Paramount Energy Trust

Business Summary June 12, 2008

Paramount Energy Trust (PMT.UN), an unincorporated trust, through its subsidiary Paramount Operating Trust, engages in the exploration, development and production of oil and natural gas properties in Canada. At December 31, 2007, proved & probable reserves totaled 495,673 gross (411,104 net) Mmcf of natural gas, 1159 gross (1457 net) Mbbl of light and medium crude oil, and 22 gross (16 net) Mbbl of natural gas liquids.

In 2004, PET expanded its operations through three acquisitions: in February, PET acquired natural gas producing properties in northeast Alberta for \$30.3 million comprising of 7.4 MMcf/d and in August the acquisition of all the issued and outstanding shares of Cavell Energy Corporation for \$30 million adding 11.3 MMcf/d of gas production. The most significant transaction to the Trust in July 2004 was the indirect acquisition of natural gas assets in the Athabasca region of Alberta for \$208.3 million adding 47.5 MMcf/d.

During 2005, PET completed two minor consolidating acquisitions in northeast Alberta and in May 2005, PET closed the acquisition of shallow natural gas producing properties in northeast Alberta for \$273.5 million adding 87,000 MMcf of proved plus probable reserves with production additions of an average of 47.5 MMcf/d.

In 2006, Paramount Energy Trust completed the acquisition of a private Alberta company for \$91 million, adding operated, shallow gas production of 7.5 MMcf/d in east central Alberta and also provided the Trust with 54,000 net acres of year-round access undeveloped land. During the third quarter of 2006 PET completed an internal restructuring in order to enhance the value of certain minor assets sought of its Athabasca core area. Assets producing approximately 1.4 MMcf/d were transferred to a private company, Severo Energy Corp., which is 93% indirectly owned by PET. Severo Energy Corp.'s production is now approximately 7 MMcf/d.

In June 2007, the Trust completed a significant corporate acquisition of natural gas producing properties in central Alberta, the Birchwavy acquisition, for a purchase price of \$392 million, gaining 47 MMcf/d of net production. The acquired assets are technically and operationally similar to PET's base assets and offer year-round access, high working interests, operatorship and infrastructure ownership. In addition, a significant inventory of opportunities targeting both conventional play types as well as long reserve life index unconventional reservoirs exist throughout the extensive land base. Also in 2007, the Trust closed two additional minor acquisitions for a total purchase price of \$58.7 million adding 5.7 MMcf/d of shallow natural gas.

Today the Trust's asset base comprises of properties in seven core areas: West Side; East Side; Athabasca (all in northeast Alberta); Birchwavy East; Birchwavy West; East Central Alberta; (all in east central and southern Alberta) and Severo Energy Corp. In addition, PET has certain other minor assets in southern Alberta as well as southwest Saskatchewan.

Paramount Energy Trust's asset base is characterized by long production histories and gas wells that have demonstrated a predictable decline in production as reserves have been produced over the years. The assets are comprised of natural gas properties that require relatively low capital reinvestment to offset natural production declines. Paramount Energy Trust's currently has 3.7 million net acres of land, 1.7 million of which are classified as developed lands, providing significant uphole potential in our northern assets and in east central Alberta and the balance of 2.0 million net acres of undeveloped lands. Paramount Energy Trust's capital expenditure program is budgeted at \$108 million for 2008 and targets workovers, facility optimization activities, completion of secondary objectives in existing well bores, and drilling low risk development and low exposure exploration wells to maximize production and cash flow.

Corporate Information

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Exec Chrmn

C.H. Riddell

Pres & CEO

S.L. Riddell Rose

VP & CFO

C.R. Sebastian

Board Members

K. A. Genoway

R. E. Johnson

R. A. Maitland

D. J. Nelson

J. W. Peltier

C. H. Riddell

S. L. Riddell Rose

H. R. Ward

Domicile

Alberta

Founded

2002

Employees

254

Stockholders

29,147

Paramount Energy Trust**Key Stock Statistics**

Price as of Jun 16, 2008	\$10.02	Dividend Rate/Share	\$1.20	\$10K Invested 5 Yrs Ago	NA	Total Shares Outstg. (M)	110.9
52-Wk Range	\$12.30-5.70	Trailing 12-Month P/E	NM	Beta	NA	Market Capitalization(B)	\$1.111
Trailing 12-Month EPS	\$-0.76	Tangible Book Val/Share	\$1.74	Yield (%)	11.98	Institutional Ownership (%)	NA

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	-7.47	22.05	NA	NA
Net Income	NM	NM	NA	NA
Ratio Analysis (Annual Avg.)				
Net Margin (%)	NM	1.54	5.59	NA
% LT Debt to Capitalization	62.98	40.19	26.63	NA
Return on Equity (%)	NM	0.35	NM	NA

Expanded Ratio Analysis

	2007	2006	2005	2004
Price/Sales	1.69	2.64	5.00	4.36
Price/EBITDA	3.06	3.97	7.46	6.34
Price/Pretax Income	NM	NM	27.13	NM
P/E Ratio	NM	NM	27.14	NM
Avg. Diluted Shares Outstg (M)	98.1	83.9	75.7	54.2

Figures based on calendar year-end price

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (Can. \$)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Tangible Book Value	2.75	2.04	4.43	3.59	3.72	NA	NA	NA	NA	NA
Cash Flow	1.91	2.15	2.82	1.69	2.58	NA	NA	NA	NA	NA
Earnings	-0.33	-0.22	0.82	-0.32	1.21	NA	NA	NA	NA	NA
Dividends	1.50	2.64	2.72	2.18	2.88	NA	NA	NA	NA	NA
Payout Ratio	NM	NM	NM	NM	NM	NA	NA	NA	NA	NA
Prices:High	13.18	22.59	24.09	16.88	NA	NA	NA	NA	NA	NA
Prices:Low	NA	11.58	15.72	10.88	NA	NA	NA	NA	NA	NA
P/E Ratio:High	NM	NM	29	NM	NA	NA	NA	NA	NA	NA
P/E Ratio:Low	NM	NM	19	NM	NA	NA	NA	NA	NA	NA

Income Statement Analysis (Million Can. \$)

Revenue	365	395	336	198	163	NA	NA	NA	NA	NA
Operating Income	202	263	225	136	127	NA	NA	NA	NA	NA
Depreciation	220	199	150	109	62.7	NA	NA	NA	NA	NA
Interest Expense	15.6	10.4	14.3	6.20	2.40	NA	NA	NA	NA	NA
Pretax Income	-33.1	-17.6	61.9	-44.3	52.4	NA	NA	NA	NA	NA
Effective Tax Rate	NM	NM	2.00%	NM	NM	NA	NA	NA	NA	NA
Net Income	-32.9	-18.9	61.9	-17.5	52.4	NA	NA	NA	NA	NA

Balance Sheet & Other Financial Data (Million Can. \$)

Cash	1.10	Nil	Nil	Nil	Nil	NA	NA	NA	NA	NA
Current Assets	84.7	64.8	57.8	32.1	19.0	NA	NA	NA	NA	NA
Total Assets	1,213	806	820	557	261	NA	NA	NA	NA	NA
Current Liabilities	59.7	289	225	206	73.2	NA	NA	NA	NA	NA
Long Term Debt	566	157	64.9	38.4	Nil	NA	NA	NA	NA	NA
Common Equity	331	203	395	264	166	NA	NA	NA	NA	NA
Total Capital	899	362	460	305	166	NA	NA	NA	NA	NA
Capital Expenditures	107	125	43.0	29.0	8.00	NA	NA	NA	NA	NA
Cash Flow	197	180	212	91.4	115	NA	NA	NA	NA	NA
Current Ratio	1.4	0.2	0.3	0.2	25.9	NA	NA	NA	NA	NA
% Long Term Debt of Capitalization	62.9	43.5	14.1	12.5	Nil	NA	NA	NA	NA	NA
% Net Income of Revenue	NM	NM	18.4	NM	32.1	NA	NA	NA	NA	NA
% Return on Assets	NM	NM	9.0	NM	NA	NA	NA	NA	NA	NA
% Return on Equity	NM	NM	19.7	NM	NA	NA	NA	NA	NA	NA

Data as orig repled.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. Total Revenues on a Annual Basis are presented net of royalty payments. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Paramount Energy Trust

Sub-Industry Outlook

Our fundamental outlook for the oil and gas exploration and production (E&P) sub-industry for the next 12 months is neutral. Crude oil prices have moved sharply higher since late 2007, reflecting primarily fundamental factors, such as a structural shift in global oil demand upward on strong economic growth in developing countries amid disappointing supplies, particularly from non-OPEC producers, reflecting unexpected disruptions and labor and equipment shortages. However, we expect new oil supplies and slowed economies to ease oil prices later this year.

With oil demand weakness within the OECD offset by strength in Asia and the Middle East, using data from Global Insight, we estimate 2008 global oil demand growth of 0.86 million b/d (vs. 1.1 million b/d in 2007), and expect levels near 86.78 million b/d. On the supply side, non-OPEC supply continues to disappoint, and we see 2008 global supply growth of 2.02 million b/d (vs. 0.20 million b/d in 2007), and expect 2008 levels near 87.65 million b/d.

As of May 21, using data from Global Insight and the U.S. Energy Information Administration (EIA), S&P estimates West Texas Intermediate (WTI) oil spot prices will average \$110.52 per barrel in 2008 and \$103.17 in 2009. We expect 2008 second quarter WTI prices to average about \$116 per barrel, and soften to \$112 by year-end 2008 and \$93 by year-end 2009.

On the U.S. natural gas front, as of May 21, using data from Global Insight and the EIA, S&P estimates Henry Hub bid week (a blend of spot and contract) prices at \$10.14 per million Btu in 2008 and \$9.95 in 2009.

We believe there is ample support for a longer-term U.S. natural gas pricing assumption of around \$9.50

per million Btu. Most producing basins in North America are facing declines, and drilling and production costs are increasing. As a result, in 2007, natural gas drilling activity fell 40% in Canada and slowed to 7% growth (from 16% in 2006) in the U.S. Resource plays and other tight gas areas are contributing to production, but at generally higher costs. With capital and operating costs continuing to rise, we believe Henry Hub natural gas prices at the \$9 level should generate strong returns for the industry over the next five years.

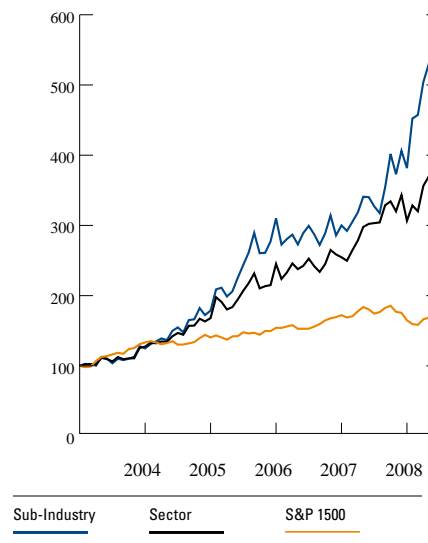
Year to date through May 23, the S&P Oil & Gas Exploration & Production Sub-Industry Index rose 32.5%, versus a 5.7% drop for the S&P 1500 Composite Index. In 2007, the sub-industry index climbed 42.2%, versus a 3.6% gain for the 1500. E&P stocks are highly sensitive to moves in oil and gas spot prices, and given our forecast for eased oil prices later this year, we believe a selective approach is appropriate at this time.

--Michael Kay

Stock Performance

GICS Sector: Energy
Sub-Industry: Oil & Gas Exploration & Production

Based on S&P 1500 Indexes
Month-end Price Performance as of 05/30/08



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Oil & Gas Exploration & Production Peer Group*: Energy Royalty Trusts - North America

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Paramount Energy Tr	PMT.UN	1,106	9.97	12.30/5.70	NA	12.0	NM	NA	NR	NA	NM	62.9
BP Prudhoe Bay Royalty	BPT	2,064	96.47	99.99/64.50	0.53	9.6	10	NA	NR	81	99.5	NA
Cross Timbers Royalty Tr	CRT	313	52.10	52.99/37.83	0.38	7.4	14	NA	NR	59	NM	NA
Daylight Resources Trust	DAY.UN	907	11.53	11.66/5.99	NA	10.4	NM	NA	NR	NA	NM	33.7
Hugoton Royalty Trust	HGT	1,369	34.23	34.72/10.00	-0.02	5.9	18	NA	NR	82	99.6	NA
Marine Petrol Tr	MARPS	66	33.06	45.00/27.38	0.92	8.8	12	NA	NR	39	120.9	NA
Mesa Royalty Tr UBI	MTR	144	77.07	79.33/50.25	0.38	10.2	14	NA	NR	59	100.0	NA
Permian Basin Rty Tr	PBT	1,074	23.04	27.80/12.90	-0.04	8.3	13	NA	NR	85	99.0	NA
Peyto Energy Trust	PEY.UN	2,166	20.45	21.69/15.25	NA	8.8	12	NA	NR	NA	55.7	46.2
Progress Energy Trust	PGX.UN	1,499	15.29	15.57/9.92	NA	7.8	24	NA	NR	NA	35.0	17.4
Sabine Royalty Tr UBI	SBR	952	65.30	70.75/38.50	0.26	7.2	15	NA	NR	26	98.1	NA
San Juan Basin Rty Tr	SJT	2,063	44.26	44.99/25.00	0.18	7.4	18	NA	NR	27	100.4	NA
TEL Offshore Tr UBI	TELOZ	151	31.68	34.99/9.64	0.06	5.1	12	NA	NR	37	67.6	NA
Williams Coal Seam Gas Rlty	WTU	104	10.70	11.05/8.33	0.66	7.7	12	NA	NR	33	93.5	NA
Zargon Energy Trust	ZAR.UN	460	26.00	28.60/19.51	NA	8.3	19	NA	NR	NA	28.8	14.0

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Paramount Energy Trust**S&P Analyst Research Notes and other Company News****May 9, 2008**

Paramount Energy Trust reported earnings results for the first quarter ended March 31, 2008. For the quarter, the company reported net loss of CAD 85,660,000 or CAD 0.78 per trust unit on revenue of CAD 121,878,000 against net loss of CAD 39,261,000 or CAD 0.46 per trust unit on revenue of CAD 113,984,000 for the same period a year ago. The Trust recorded a net loss due primarily to an unrealized loss on financial instruments of CAD 79.2 million, as a result of the significant increase in AECO and NYMEX forward prices from December 31, 2007 to March 31, 2008. The company reported operating results for the quarter ended March 31, 2008. Production increased 30% to 183.8 MMcfe/d from 141.7 MMcfe/d in the first quarter of 2007, due primarily to the acquisition of natural gas assets in central Alberta in June 2007 ('Birchwavy Assets') as well as continuing exploitation and optimization of the Trust's properties in east central Alberta and early production additions in the Northern district core areas from a successful winter capital program. The trust also confirmed that its distribution to be paid on June 16, 2008 in respect of income received by PET for the month of May 2008, for Unit holders of record on May 30, 2008, will be CAD 0.10 per Trust Unit. The ex-distribution date is May 28, 2008.

of record on August 31, 2007 will be CAD 0.10 per Trust Unit. The ex-distribution date is August 29, 2007.

March 12, 2008

Paramount Energy Trust reported earnings results for the fourth quarter and full year ended December 31, 2007. For the quarter, the company reported a net loss of CAD 4.97 million or CAD 0.05 per share on the revenue of CAD 123.7 million against the net loss of CAD 68.3 million or CAD 0.80 per share on the revenue of CAD 104.2 million for the same period a year ago. Funds from operations were CAD 59.6 million or CAD 0.55 per share compared to the funds from operations were CAD 58.2 million or CAD 0.69 per share for the same period a year ago. For the year, the company reported a net loss of CAD 32.9 million or CAD 0.33 per share on the revenue of CAD 462.4 million against the net loss of CAD 18.9 million or CAD 0.22 per share on the revenue of CAD 420.8 million for the same period a year ago. Funds from operations were CAD 239.1 million or CAD 2.44 per share compared to the funds from operations were CAD 236.7 million or CAD 2.82 per share for the same period a year ago.

February 12, 2008

Paramount Energy Trust confirmed that its distribution to be paid on March 17, 2008 in respect of income received by the trust for the month of February 2008, for unitholders of record on February 29, 2008, will be \$0.10 per trust unit. The ex-distribution date is February 27, 2008. The company also announced the appointment of Robert A. Maitland to the Board of Directors, effective February 7, 2008. Mr. Maitland is a Chartered Accountant with 32 years of senior business experience, primarily in the oil and gas industry. He has in-depth knowledge of audit and corporate governance, and has recently completed the Institute of Corporate Directors - Director Education Program.

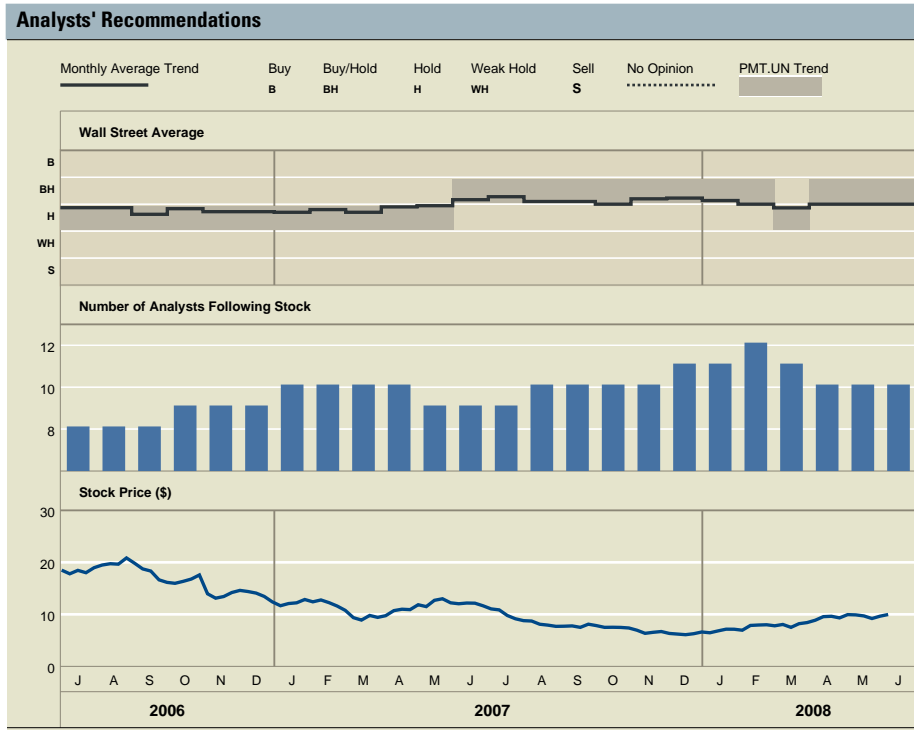
November 12, 2007

Paramount Energy Trust reported earnings results for the third quarter and nine months ended September 30, 2007. For the quarter, the company reported a net earnings of CAD 5.2 million or CAD 0.05 per basic and diluted share on the revenue of CAD 118.3 million against the net earnings of CAD 19.6 million or CAD 0.23 per basic and diluted share on the revenue of CAD 104.3 million for the same period a year ago. For the nine months, the company reported a net loss of CAD 27.9 million or CAD 0.30 per basic and diluted share on the revenue of CAD 273.5 million against the net earnings of CAD 49.4 million or CAD 0.59 per basic and diluted share on the revenue of CAD 307.9 million for the same period a year ago.

August 10, 2007

Paramount Energy Trust Reported earnings results for the second quarter and six months ended June 30, 2007. For the quarter, the company reported net earnings of CAD 6,126,000 or CAD 0.07 per trust unit on revenue of CAD 124,061,000 against net earnings of CAD 21,816,000 or CAD 0.26 per trust unit on revenue of CAD 101,580,000 for the same period a year ago. Trust's commodity price management program contributed to a 28% increase in funds flow to CAD 72,669,000 million for the three months ended June 30, 2007 from CAD 56,605,000 million in the comparative 2006 period. For the six months period, the company reported net loss of CAD 33,135,000 or CAD 0.38 per trust unit on revenue of CAD 238,045,000 against net earnings of CAD 29,785,000 or CAD 0.36 per trust unit on revenue of CAD 211,955,000 for the same period a year ago. Funds flow for the period was CAD 138,266,000 compare to CAD 117,717,000 for the same period a year ago. The company announced that its distribution to be paid on September 17, 2007 in respect of income received by PET for the month of August 2007 for Unit holders

Paramount Energy Trust



Wall Street Consensus Opinion

HOLD

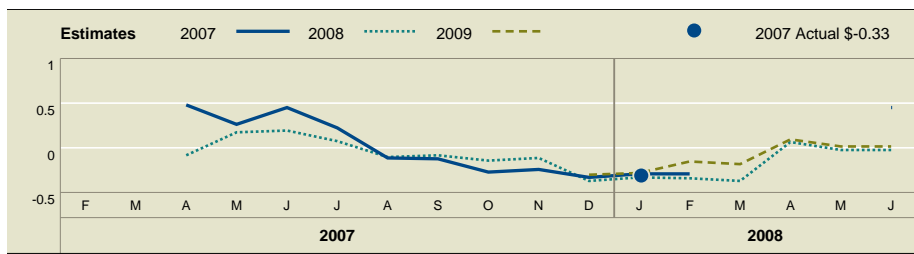
Companies Offering Coverage

- BMO Nesbitt Burns
- CIBC World Markets
- Deacon Capital Corp.
- Firstenergy Capital
- GMP Securities Ltd.
- Levesque Beaubien Geoffrion Peters & Co., Ltd.
- RBC Capital Markets (Canada)
- Raymond James Limited
- Sprott Securities Ltd.
- TD Newcrest

Of the total 11 companies following PMT.UN, 10 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	0	0	0	0
Buy/Hold	5	50	5	4
Hold	4	40	5	7
Weak Hold	1	10	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	10	100	10	11

Wall Street Consensus Estimates



Wall Street Consensus vs. Performance

For fiscal year 2008, analysts estimate that PMT.UN will earn \$-0.02. For fiscal year 2009, analysts estimate that PMT.UN's earnings per share will grow by 200% to \$0.02.

Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2009	0.02	0.08	-0.05	2	NM
2008	-0.02	0.08	-0.11	2	NM
2009 vs. 2008	▲ 200%	0%	▲ 55%	0%	NM

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Paramount Energy Trust

Glossary

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following:

- 5-Stock is significantly undervalued
- 4-Stock is moderately undervalued
- 3-Stock is fairly valued
- 2-Stock is modestly overvalued
- 1-Stock is significantly overvalued

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations (FFO)

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.