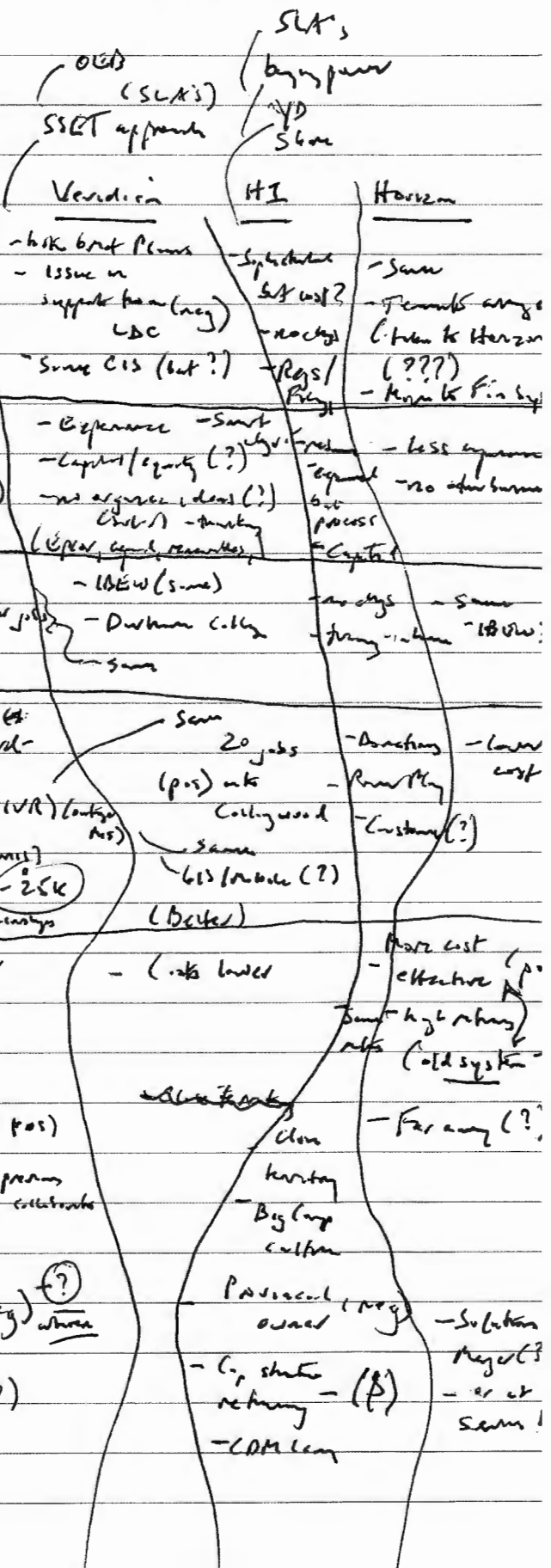


CLIENT _____
 Telephone with _____
 Meeting with _____

Date _____
 Preparer _____
 Copies for _____
 Reviewer _____

Collus Proposals

		Vendor	HI	Horizon
(Financial/marketing, info systems, employees/unions)	Specialized/strategic resources (15)	- Financial systems/ERP - Procure/Plan/Fund - Accountability - Control center (cost?) - HR ? - IS (sub-cost) - Risk/Regs - Renewal/Setup	- high cost Plans - Issue in support team (neg) LDC - Some CIS (but?)	- Some - Funds away (then to horizon (???) - Know to Fin by
(organizational resources)	Growing the business (15)	- Growth/region (no parameters?) - expansion	- Experience - Capital/equity (?) - no organic ideas (?) - (oper, capital resources)	- less experience - no other business - Capital
	Employee/career support (10)	- no layoffs - work/learn - other jobs - Georgetown College	- IBM (same) - Durham College - same	- Same - IBM?
	Customer experience/satisfaction/support of communities (10)	- focus on - E-commerce records (key skills) - Call center (IVR) (outage) - Billing (if missed) - Community Fund - 25K - Donations/sponsorships	- Same - 20 jobs (pos) into - Collingwood - Same - 600 barrels (?) - (better)	- Discretion - Lower cost - Customer (?)
	Competitive rates and cost structure (10)	- Same or lower	- (rate lower)	- More cost - effective - high return - (old system)
(other)	Cultural/syncretic RT (10)	- Geographic/prov. units (pos) - entrepreneurial/programs - shareholder working	- (same) - cloning - hunting - Big Corp culture - Provincial (neg) owned	- Far away (?)
	Governance/Proc/ etc	4 to 3 (neg) (Bd members) (stock stands??)	- Provincial (neg) owned - (stock stands) returning - (B) - CAM team	- Solution - Negot? - or at - Same!





10th KPMG MESA Partners' Conference Colombo, Sri Lanka.

Collus Proposals (see Ed's email) (not issues)

Overall

- SLA cost
- Rate / cost competitiveness
- Desire to own more
- Specifics

Category	Powerstream	Vedion	#1	Horizon
1) Specialized / Strategic Resource (15.) (Systems Finance, employees, finances)	<ul style="list-style-type: none"> - Financial systems / IFRS - Fleet / Procure / Facilities - Health / Safety - Control Center - HR - union harmony - IS - Rates / Regulatory - Info systems / IT - SLA / cost to determine #1 (15)	<ul style="list-style-type: none"> - Both Great Plains - Same CIS (but is it good?) - SSET approach to evaluate / determine - Regulatory / OEB issue of from CDC - SLA / cost to determine #3 (Lamb / qualified)	<ul style="list-style-type: none"> - Sophisticated help but cost of SLA? - No chg to culture - Regulatory / Procurement advantages - Share / use of yard #2	<ul style="list-style-type: none"> - Terminate - Sourcing averages in favour of Horizon - Move to new financial systems - Same as others #2 #3 - Complete (1)
2) Growing the Business - Organce / Insurance (15.)	<ul style="list-style-type: none"> - Renewables / Solar - Growth organce with experience (and red specialties) #1 (15)	<ul style="list-style-type: none"> - Experience in merger - Capital / equity - Smart changed pilot - Organce ideas? - Exper, renewables, other #2	<ul style="list-style-type: none"> - Experience - Capital - Extent of process #2 or #1	<ul style="list-style-type: none"> - Less experience - other business? #3
3) Employee / Career Support (10)	<ul style="list-style-type: none"> - no layoffs - Coach / Train - other jobs - Georgetown College Lab #1 (10)	<ul style="list-style-type: none"> - IBEW some - Durham College - Coach / Train - other jobs #2 (7)	<ul style="list-style-type: none"> - No changes - Training etc - in house #2 (best at it) (7)	<ul style="list-style-type: none"> - Same - 1/2 - IBEW - no retention - #3 (5)
4) Customer Exp. / Satisf. / Support of Communities (10)	<ul style="list-style-type: none"> - Econ. Dev. Record - key accounts (focus) - Cell Center (OER) - Outage mgmt - Billing for means as well - Community Fund (25K) - Donations / sponsorships #1 (10)	<ul style="list-style-type: none"> - Cell center - bts / mobile (better?) - No fund #2 (9)	<ul style="list-style-type: none"> - 20 jobs to Town - Donations - Power Play - Customer Service (quality?) #3 (6)	<ul style="list-style-type: none"> - all about lower cost - will it be? #3 (8)

Category	Purist	Veridian	#1	Horizon
1) Company Info / Cost Structure (10)	- Same or lower (as good as Veridian better than #1 - higher than Horizon) #1 (9) merged cost down	- lower cost #2 (8) #3	- same rates costs higher #3 (5)	- Most cost effective - No net high returns - Old system - capital costs lower #1 (10)
2) Control Synergistic fit (10)	- Geographic proximity - entrepreneurial - previous collaboration - Shareholder involvement - 4 to 3 Bd. members - 10 hrs still in place (?) (10) #1	- Shareholder involvement - entrepreneurial #1	- territory of service close - Big Corp. culture - Provincial shareholder (intervention) - Finance new org. structure - Learn Culture CDA #2 #3	- Distance / Far away - Acquire also Solutions on at services level (?) #2
	594	8 389	5 288	7 491

(Government etc - 3.D) - independent
 - Financial Projects (get docs)
 K. Rucker K. do analysis
 BA 50/50 includes
 1 page?

50% financing
 (new pay)
 dividend
 (yep/500)
 (Monday)
 deal
 3:30 pm
 - 25K
 fund

Cash - 24.5 mil
 10,170
 SOG - 7.3 mil
 (Accounting)
 Recog - 5.5 mil
 (points close)
 N.E. - 1.7 mil
 145 mil
 (Bd cap/stocks
 as in slides)
 No analysis
 No Why do one (?)
 independent

Return 1.7 mil
 5.1% - 6.5 mil
 Cash
 Pos Recog - 2.0 mil
 (actually 4 million - 2 each)
 Note - 1.7 mil
 50/50 (childcare
 zones)
 Veridian
 (150/50
 del)

Cash - 18.5 million
 (13.6 million - 5.0 mil)
 + 3.2 dividend
 + 1.7 note receivable
 6.4 million (1.27)
 (3.2 each)
 - 64%
 - SLA's
 - 60% Dividend
 (with hold-
 price AGG)
 (Send)
 address
 - 7 PMS
 of
 Rick - Rucker

21 King st
 700
 south
 2nd
 & P
 York

Herhalt, John M

From: Rockx, John
Sent: Thursday, December 01, 2011 8:21 PM
To: Herhalt, John M
Subject: FW: Confidential - LDC Premiums
Attachments: Summary of Offersv4 - Meeting 2.xlsx

- 6877-323-2035
 29938241

For the Collus conf call tomorrow morning.

From: Rockx, John
Sent: Thursday, December 01, 2011 8:18 PM
To: Ed Houghton; Dean Muncaster
Subject: RE: Confidential – Revised Financial Matrix

Ed:

Here is a copy of the revised Matrix with Powerstream's share offer included at \$8.0 million. Powerstream's total offer is still \$1.0 million less than Hydro One. We have continued to make a few assumptions re: Hydro One's offer as they were not helpful in addressing the impact of closing date issues on their purchase price.

See you tomorrow morning at 9:30 AM.

From: Ed Houghton [mailto:ehoughton@collus.com]
Sent: Thursday, December 01, 2011 5:58 PM
To: Rockx, John; Dean Muncaster
Subject: Re: Confidential - LDC Premiums

For sure.

Thanks for your efforts.....Ed

~~~~~  
 Sent from Blackberry Mobile Device

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**From:** Rockx, John [mailto:jrockx@kpmg.ca]  
**Sent:** Thursday, December 01, 2011 05:56 PM  
**To:** Ed Houghton; Dean Muncaster  
**Subject:** RE: Confidential - LDC Premiums

I agree that the enhanced Powerstream price is near the top of the range. A good deal for the Town.

---

**From:** Ed Houghton [mailto:ehoughton@collus.com]  
**Sent:** Thursday, December 01, 2011 5:53 PM  
**To:** Rockx, John; Dean Muncaster  
**Subject:** FW: Confidential - LDC Premiums

John & Dean:

John Glicksman sent this to me and suggested I forward it on to you. As you can see, the \$8,000,000 for 50% is paying a premium of 1.6 times book value or in other terms it is tied for 2<sup>nd</sup> for the highest price paid.

Ed

Mr. Ed Houghton, President & CEO

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Collingwood Utility Services Corp.  
 P.O. Box 189, 43 Stewart Road  
 Collingwood, ON  
 L9Y 3Z5  
 Phone: 705-445-1800, 2222  
 Fax: 705-445-2549  
 Email: [ehoughton@collus.com](mailto:ehoughton@collus.com)

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**From:** John Glicksman [mailto:[john.glicksman@powerstream.ca](mailto:john.glicksman@powerstream.ca)]  
**Sent:** December-01-11 5:42 PM  
**To:** Ed Houghton  
**Cc:** Brian Bentz; John Glicksman  
**Subject:** Confidential - LDC Premiums

Ed,

Further to our phone discussion a short while ago, attached is a copy of a slide that we showed to our Board and Shareholders outlining the premiums that we understand to have historically been paid. As discussed, based on our calculations at 8M\$ for 50% of the equity this would put the premium for Collus at 1.60 times book or pretty well the highest that has been paid in the sector. I hope you will find this information useful and please call me if you have any questions regarding it. Good luck in your meeting tomorrow and I look forward to working with you towards a successful conclusion to our negotiations and to working with you and the rest of our team to build our new partnership into a much larger regional presence. Have a great evening,

John

John Glicksman, B. SC. , MBA  
 EVP & Chief Financial Officer  
 PowerStream Inc.  
 161 Cityview Blvd.  
 Vaughan, Ontario  
 L4H 0A9

Direct: 905 532 4604  
 Cell: 416 319 9425

[www.powerstream.ca](http://www.powerstream.ca)

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Any tax advice herein is based on the facts provided to us and on current tax law including judicial and administrative interpretation. Tax law is subject to continual change, at times on a retroactive

Collus Power Corp.  
Comparison of Proposals - Financial Considerations

Further clarification required Key areas of difference / significance

| Business Issue                                          | Hydro One                                                                                                                                                                                             | Powerstream                                                                                                                                                                                                                                                                                                                                                       | Horizon Utilities                                                                                                                                                                                                                                                                       | Veridian                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Binding / Non-binding                                   | Non-binding                                                                                                                                                                                           | Non-binding                                                                                                                                                                                                                                                                                                                                                       | Non-binding                                                                                                                                                                                                                                                                             | Non-binding                                                                                                                                                                                                                                                                                                                                                                                      |
| Exclusivity                                             | Yes                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                   | 90 day offer, extendible                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                  |
| Shares                                                  | Up to 50% of the common shares of Collus Power, would consider lower share % with price adjustment                                                                                                    | 50% of shares of Collus Power                                                                                                                                                                                                                                                                                                                                     | 50% of shares of Collus Power<br>Would also be interested in acquiring a share interest in Collus Solutions and possibly Collus Utility Services                                                                                                                                        | 50% of shares of Collus Power                                                                                                                                                                                                                                                                                                                                                                    |
| Stated Share Purchase Price                             | \$13.6 million for a 50% share interest                                                                                                                                                               | \$8.0 million for a 50% share interest                                                                                                                                                                                                                                                                                                                            | \$6.5 million to \$8.5 million<br>Assumed \$7.5 million for this analysis (midpoint)                                                                                                                                                                                                    | \$6.5 million for a 50% share interest (\$250K holdback)                                                                                                                                                                                                                                                                                                                                         |
| Unassumed Liabilities                                   | No unassumed liabilities (confirmed)                                                                                                                                                                  | No unassumed liabilities (confirmed)                                                                                                                                                                                                                                                                                                                              | No unassumed liabilities (to be confirmed)                                                                                                                                                                                                                                              | No unassumed liabilities (to be confirmed)                                                                                                                                                                                                                                                                                                                                                       |
| Net Share Purchase Price                                | \$11,088 million for shares (assumed deductions of \$1,412 for net regulatory liabilities and \$1.1 million for estimated net working capital shortfall)                                              | \$8.0 million for shares                                                                                                                                                                                                                                                                                                                                          | \$7.5 million for shares (midpoint of range of \$6.5 million to \$8.5 million)                                                                                                                                                                                                          | \$6.5 million for shares                                                                                                                                                                                                                                                                                                                                                                         |
| Recapitalization                                        | Recapitalization to 60% / 40% debt to equity<br>Borrow \$8.1 million of new debt<br>\$3.2 million dividend to Town<br>\$3.2 million dividend to Hydro One<br>\$1.71 million to repay shareholder loan | Recapitalization to 60% / 40% debt to equity<br>Borrow \$8.1 million of new debt<br>\$5.3 million pre-closing dividend to Town<br>\$0 million dividend to Powerstream<br>\$1.71 million to repay shareholder loan<br>\$1.1 million used to finance estimated shortfall in closing net working capital (\$0.2 million higher estimated shortfall than Powerstream) | Recapitalization to 60% / 40% debt to equity<br>Assumed \$8.1 million of new debt<br>\$2.65 million dividend to Town<br>\$2.65 million dividend to Horizon Utilities<br>\$1.71 million to repay shareholder loan<br>\$1.1 million to finance estimated shortfall in net working capital | Recapitalization to 60% / 40% debt to equity<br>Borrow \$5.7 million of new debt<br>\$2.0 million dividend to each of Town and Veridian<br>\$1.71 million to repay shareholder loan<br>Assumed additional \$2.4 million of borrowing to equalize leverage with other offers - \$1.1 million to fund estimated shortfall in net working capital; \$1.3 million paid as additional 50/50 dividends |
| Existing Shareholder Loan                               | \$1.71 million payout                                                                                                                                                                                 | \$1.71 million payout, option of the Town                                                                                                                                                                                                                                                                                                                         | \$1.71 million payout                                                                                                                                                                                                                                                                   | \$1.71 million payout                                                                                                                                                                                                                                                                                                                                                                            |
| Total cash consideration to the Town of Collingwood     | \$15,998 million in cash<br>(\$13.6 million + \$3.2 million + \$1.71 million less \$1,412 million reg liabilities less \$1.1 million estimated NWC shortfall from deemed NWC)                         | \$15,010 million in cash<br>(\$8.0 million + \$5.5 million + \$1.71 million less \$0.2 million dividend reduction for estimated additional net working capital adjustment)                                                                                                                                                                                        | \$11.86 million in cash<br>(\$7.5 million + \$2.65 million + \$1.71 million less \$0 million of unassumed liabilities)<br>High end of range adds \$1.0 million to offer                                                                                                                 | \$10.86 million in cash<br>(\$6.5 million + \$2.65 million + \$1.71 million less \$0 million of unassumed liabilities)                                                                                                                                                                                                                                                                           |
| NBV of 50% share interest (Higher is better, less debt) | \$2,951,500.00                                                                                                                                                                                        | \$2,951,500.00                                                                                                                                                                                                                                                                                                                                                    | \$2,951,500.00 (Equated)                                                                                                                                                                                                                                                                | \$2,951,500.00 (Equated)                                                                                                                                                                                                                                                                                                                                                                         |
| Closing Date                                            | Upon OEB approval                                                                                                                                                                                     | Upon OEB approval<br>MADD application required                                                                                                                                                                                                                                                                                                                    | Upon OEB approval<br>MADD application required                                                                                                                                                                                                                                          | Proposed closing date of April 2, 2012<br>Subject to OEB approval and MADD                                                                                                                                                                                                                                                                                                                       |
| Future Dividend Policy                                  | Pay dividends in profitable years<br>Board of Directors to make decision based on cash needs etc.                                                                                                     | Dividend policy to be determined based on policies of other LDCs<br>Expect to pay dividends in 2013 forward<br>Expect to pay out 50% of future net income, subject to sufficient working capital, capex needs<br>Estimate of \$400K to \$500 (100% basis) of dividends paid in 2013                                                                               | Adopt Horizon dividend policy<br>Dividends up to 60% of annual net income<br>Board of Director decision based on financial prudence                                                                                                                                                     | Dividend policy similar to that of Veridian<br>Board approval of dividends based on various factors and ability to pay a dividend<br>Need to create a Return on Equity Policy to optimize shareholder returns                                                                                                                                                                                    |
| Governance                                              | Board of Directors comprised of<br>20% Collingwood<br>20% Hydro One<br>60% Independents                                                                                                               | Board of Directors comprised of<br>50% Collingwood<br>50% Powerstream<br>Majority are independents<br>Two co-chairs                                                                                                                                                                                                                                               | Board of Directors comprised of<br>50% Collingwood<br>50% Powerstream<br>Majority are independents<br>4 or 6 directors                                                                                                                                                                  | Board of directors comprised of 2 members appointed by each of the Town and Veridian<br>These directors would be independent                                                                                                                                                                                                                                                                     |
| Transfer Tax                                            | Intention is for no transfer tax to be triggered on the transaction                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                         | Intention is for no transfer tax to be triggered on the transaction                                                                                                                                                                                                                                                                                                                              |

N:\M0000075

| Business Issue                  | Hydro One                                                                                                                                | Powerstream                                                                                                                                                                                                                                            | Horizon Utilities                                                                                                                                                                                                  | Verdian                                                                                                                                                                                  |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employee Issues                 | Presumably no change to Collus employees<br>Collus Solutions employees TBD                                                               | Presumably no change to Collus employees<br>Collus Solutions employees TBD                                                                                                                                                                             | Presumably no change to Collus employees<br><del>Acquire Collus Solutions employees</del>                                                                                                                          | Presumably no change to Collus employees<br>Collus Solutions employees TBD                                                                                                               |
| Base Offer                      | <del>Assumes \$17.9 million rate base</del>                                                                                              | <del>Work to closing December 31, 2011</del>                                                                                                                                                                                                           |                                                                                                                                                                                                                    | Closing NBV not less than Dec 31, 2010 NBV                                                                                                                                               |
| Closing Adjustments             | Some closing adjustments TBD                                                                                                             | <del>balance sheet</del>                                                                                                                                                                                                                               |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Legal conditions precedent      |                                                                                                                                          |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| IFRS compliance                 | With no major change in FS                                                                                                               |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Due diligence                   |                                                                                                                                          | Satisfactory due diligence                                                                                                                                                                                                                             | Satisfactory due diligence/ mgmt discussions                                                                                                                                                                       | Satisfactory due diligence                                                                                                                                                               |
| Shareholder Agreement           | Required - to be negotiated                                                                                                              | Required - to be negotiated                                                                                                                                                                                                                            | Required - to be negotiated                                                                                                                                                                                        | Required - to be negotiated                                                                                                                                                              |
| Share Purchase Agreement        | Required - to be negotiated                                                                                                              | Required - to be negotiated                                                                                                                                                                                                                            | Required - to be negotiated                                                                                                                                                                                        | Required - to be negotiated                                                                                                                                                              |
| Reps and warranties             | Customary items                                                                                                                          | Customary items                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Outstanding litigation          | No outstanding litigation                                                                                                                |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Approvals                       | Town approval, Hydro One Board                                                                                                           | Town approval, Powerstream Board                                                                                                                                                                                                                       | Town approval, Horizon Board                                                                                                                                                                                       | Town approval, Verdian Board                                                                                                                                                             |
| Mearle claims                   | Not assuming pre-closing claims                                                                                                          |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Normal operations               | No material change in business                                                                                                           |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    | No material change in business                                                                                                                                                           |
| Financial conditions precedent  |                                                                                                                                          |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Regulatory liabilities          | <del>Nominal net regulatory liabilities (&lt; \$0)</del>                                                                                 |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Rate base requirement           | <del>\$17.9 million minimum at Closing</del>                                                                                             | <del>Have deemed net working capital at closing</del>                                                                                                                                                                                                  | <del>Appropriate level of W/C / cash at closing</del>                                                                                                                                                              |                                                                                                                                                                                          |
| Working capital                 | Silent                                                                                                                                   |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Pension / OPEB liabilities      |                                                                                                                                          |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Assets                          | Unencumbered at Closing                                                                                                                  |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Mearle obligations              | No Mearle obligations                                                                                                                    |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Water liabilities               | Not accepted                                                                                                                             |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Future rates of Collus          | Keep rates as low as possible<br>No harmonization of rates/separate company<br>2013 rate filing at maximum allowable<br>return on equity | Keep rates as low as possible<br>No harmonization of rates as Collus will be a<br>separate company                                                                                                                                                     | Keep rates as low as possible<br>Seek increased investment value for<br>shareholders<br>Horizon has low OMA costs per customer;<br>However, no rate harmonization of rates as<br>Collus will be a separate company | Keep rates as low as possible<br>Need to create a Return on Equity Policy<br>to optimize shareholder returns<br>No harmonization of rates/separate company                               |
| Participation in future growth  | Assist in organic growth of Collus<br>Silent on approach to participating in<br>future LDC acquisitions                                  | Assist in organic growth of Collus<br>Silent on approach to participating in<br>future LDC acquisitions                                                                                                                                                | Silent                                                                                                                                                                                                             | Silent                                                                                                                                                                                   |
| Exit strategy                   | Right of first refusal to Hydro One                                                                                                      | Liquidity rights to be negotiated and<br>included in Shareholders Agreement<br>Right of first refusal to both Parties<br>Town of Collingwood will have right to put shares<br>to Powerstream at FMV calculated on same basis<br>as initial transaction | Right of first refusal to both Parties<br>Other liquidity clauses to be negotiated                                                                                                                                 | Liquidity rights to be negotiated and<br>included in Shareholders Agreement<br>Right of first refusal to both Parties<br>Also include a shot-gun provision and<br>a piggy-back provision |
| Shared services / relationships | To be determined                                                                                                                         | To be determined<br>Service Level Agreement to be negotiated                                                                                                                                                                                           | To be determined<br>Need to consider management services<br>to Water / Wastewater utility if acquire<br>Collus Solutions; disentangle from water                                                                   | To be determined                                                                                                                                                                         |
| Collus Solutions                | <del>Can be included if appropriate</del>                                                                                                | <del>Can be included if appropriate</del>                                                                                                                                                                                                              | <del>Ideally include Collus Solutions in the<br/>transaction with merger after closing</del>                                                                                                                       |                                                                                                                                                                                          |
| Transaction Costs               | Each party pays own                                                                                                                      |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Other matters                   |                                                                                                                                          |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                          |
| Community Support               | <del>Yes - various financial support to Collingwood<br/>20 Jobs transferred to Collingwood</del>                                         | <del>Town of Collingwood Community Fund - \$25,000</del>                                                                                                                                                                                               |                                                                                                                                                                                                                    |                                                                                                                                                                                          |

**Collus Power Corp.**  
**Proforma Balance Sheet as at December 31, 2011**  
**Non-IFRS Basis**  
**(\$ 000's)**

Schedule 1

**Hydro One Proformas**

|                                             | Net Book<br>Value as at<br>31-Dec<br>2010<br>(Actual) | Net Book<br>Value as at<br>31-Dec<br>2011<br>(Projected) | Unassumed<br>Liabilities | Recapitalization | Revised<br>Balance<br>Sheet |        |
|---------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|--------------------------|------------------|-----------------------------|--------|
| <b>ASSETS</b>                               |                                                       |                                                          |                          |                  |                             |        |
| <b>Current Assets</b>                       |                                                       |                                                          |                          |                  |                             |        |
| Cash                                        | \$ 2,923                                              | 2,550                                                    | -                        | 1,090            | 3,640                       |        |
| Other current assets                        | 8,528                                                 | 8,029                                                    | -                        | -                | 8,029                       |        |
|                                             | 11,451                                                | 10,579                                                   | -                        | 1,090            | 11,669                      |        |
| Property, plant and equipment               | 12,764                                                | 13,007                                                   | -                        | -                | 13,007                      |        |
| Goodwill                                    | 277                                                   | 277                                                      | -                        | -                | 277                         |        |
| Intangible - software                       | 278                                                   | 278                                                      | -                        | -                | 278                         |        |
| Future taxes recoverable                    | 157                                                   | 157                                                      | -                        | -                | 157                         |        |
|                                             | 24,927                                                | 24,298                                                   | -                        | 1,090            | 25,388                      |        |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b> |                                                       |                                                          |                          |                  |                             |        |
| <b>Current Liabilities</b>                  |                                                       |                                                          |                          |                  |                             |        |
| Accounts payable and accruals               | 7,384                                                 | 6,634                                                    | -                        | -                | 6,634                       |        |
| Customer deposits, current                  | 431                                                   | 331                                                      | -                        | -                | 331                         |        |
| Income taxes payable                        | -                                                     | -                                                        | -                        | -                | -                           |        |
|                                             | 7,815                                                 | 6,965                                                    | -                        | -                | 6,965                       | 18,146 |
| Employee future benefit costs               | 308                                                   | 308                                                      | -                        | -                | 308                         |        |
| Long-term net regulatory liabilities        | 1,412                                                 | 1,412                                                    | -                        | -                | 1,412                       |        |
| Proposed new financing                      | -                                                     | -                                                        | -                        | 8,100            | 8,100                       |        |
| Note payable to Town of Collingwood         | 1,710                                                 | 1,710                                                    | -                        | (1,710)          | -                           |        |
| Long-term debt - Ontario Infrastructure     | 2,900                                                 | 2,700                                                    | -                        | -                | 2,700                       |        |
|                                             | 14,145                                                | 13,095                                                   | -                        | 6,390            | 19,485                      |        |
| Shareholder's Equity                        | \$ 10,782                                             | 11,203                                                   | -                        | (5,300)          | 5,903                       |        |
|                                             |                                                       | 1,710                                                    |                          |                  |                             |        |
| Town's net investment                       |                                                       | 12,913                                                   |                          |                  |                             |        |
|                                             |                                                       |                                                          |                          | NBV              | Rate Base                   |        |
| Debt                                        |                                                       |                                                          | 10,800                   | 64.7%            | 60.3%                       |        |
| Equity                                      |                                                       |                                                          | 5,903                    | 35.3%            | 39.7%                       |        |
|                                             |                                                       |                                                          | 16,703                   | 100.0%           | 100.0%                      |        |

|                                                               | NBV    | Paid to Town |       |
|---------------------------------------------------------------|--------|--------------|-------|
| Shares (50%)                                                  | -      | 13,600       |       |
| Less: Allowance for regulatory liabilities @ \$0              | -      | (1,412)      | (*)   |
| Less: Estimated NWC shortfall within \$17.9 million rate base | (550)  | (1,100)      | (**)  |
| Less: Unassumed liabilities                                   | -      | -            |       |
|                                                               | 5,602  | 11,088       |       |
| Post-closing dividend (50% of \$6.4 million)                  | 3,200  | 3,200        |       |
| Note payable                                                  | 1,710  | 1,710        |       |
| Cash proceeds                                                 | 9,962  | 15,998       |       |
| Remaining shares (50%)                                        | 2,952  | 4,427        | (***) |
| Total proceeds                                                | 12,913 | 20,425       |       |

(\*) Assumed deduction from share purchase price for 100% of estimated net regulatory liabilities at closing.

(\*\*) Assumed deduction for 100% of estimated shortfall in net working capital at closing (within \$17.9 million rate base requirement).

(\*\*\*) Assumes FMV equals (closing NBV x 1.50 x 50% interest).



Strictly Private and Confidential

**Collus Power Corp.**  
**Proforma Balance Sheet as at December 31, 2011**  
**Non-IFRS Basis**  
**(\$ 000's)**

Schedule 2

**PowerStream Proformas**

|                                             | Net Book<br>Value as at<br>31-Dec<br>2010<br>(Actual) | Net Book<br>Value as at<br>31-Dec<br>2011<br>(Projected) | Unassumed<br>Liabilities | Recapitalization | Revised<br>Balance<br>Sheet |                 |
|---------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|--------------------------|------------------|-----------------------------|-----------------|
| <b>ASSETS</b>                               |                                                       |                                                          |                          |                  |                             |                 |
| <b>Current Assets</b>                       |                                                       |                                                          |                          |                  |                             |                 |
| Cash                                        | \$ 2,923                                              | 2,550                                                    | -                        | 1,090            | 3,640                       |                 |
| Other current assets                        | 8,528                                                 | 8,029                                                    | -                        | -                | 8,029                       |                 |
|                                             | 11,451                                                | 10,579                                                   | -                        | 1,090            | 11,669                      |                 |
| Property, plant and equipment               | 12,764                                                | 13,007                                                   | -                        | -                | 13,007                      |                 |
| Goodwill                                    | 277                                                   | 277                                                      | -                        | -                | 277                         |                 |
| Intangible - software                       | 278                                                   | 278                                                      | -                        | -                | 278                         |                 |
| Future taxes recoverable                    | 157                                                   | 157                                                      | -                        | -                | 157                         |                 |
|                                             | 24,927                                                | 24,298                                                   | -                        | 1,090            | 25,388                      |                 |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b> |                                                       |                                                          |                          |                  |                             |                 |
| <b>Current Liabilities</b>                  |                                                       |                                                          |                          |                  |                             |                 |
| Accounts payable and accruals               | 7,384                                                 | 6,634                                                    | -                        | -                | 6,634                       |                 |
| Customer deposits, current                  | 431                                                   | 331                                                      | -                        | -                | 331                         |                 |
| Income taxes payable                        | -                                                     | -                                                        | -                        | -                | -                           |                 |
|                                             | 7,815                                                 | 6,965                                                    | -                        | -                | 6,965                       | 18,146          |
| Employee future benefit costs               | 308                                                   | 308                                                      | -                        | -                | 308                         |                 |
| Long-term net regulatory liabilities        | 1,412                                                 | 1,412                                                    | -                        | -                | 1,412                       |                 |
| Proposed new financing                      | -                                                     | -                                                        | -                        | 8,100            | 8,100                       |                 |
| Note payable to Town of Collingwood         | 1,710                                                 | 1,710                                                    | -                        | (1,710)          | -                           |                 |
| Long-term debt - Ontario infrastructure     | 2,900                                                 | 2,700                                                    | -                        | -                | 2,700                       |                 |
|                                             | 14,145                                                | 13,095                                                   | -                        | 6,390            | 19,485                      |                 |
| Shareholder's Equity                        | \$ 10,782                                             | 11,203                                                   | -                        | (5,300)          | 5,903                       |                 |
| Town's net investment                       |                                                       | 1,710                                                    |                          |                  |                             |                 |
|                                             |                                                       | 12,913                                                   |                          |                  |                             |                 |
|                                             |                                                       |                                                          | Debt                     | 10,800           | NBV 64.7%                   | Rate Base 60.3% |
|                                             |                                                       |                                                          | Equity                   | 5,903            | 35.3%                       | 39.7%           |
|                                             |                                                       |                                                          |                          | 16,703           | 100.0%                      | 100.0%          |

|                             | NBV    | Paid to Town |      |
|-----------------------------|--------|--------------|------|
| Shares (50%)                |        | 8,000        |      |
| Less: Unassumed liabilities | -      | -            |      |
|                             | 2,952  | 8,000        |      |
| Pre-closing dividend (100%) | 5,300  | 5,300        | (*)  |
| Note payable                | 1,710  | 1,710        |      |
| Cash proceeds               | 9,962  | 15,010       |      |
| Remaining shares (50%)      | 2,952  | 4,427        | (**) |
| Total proceeds              | 12,913 | 19,437       |      |

(\*) \$5.5 million dividend reduced by \$200K for slight difference in estimated shortfall in net working capital at closing.

(\*\*) Assumes FMV equals (closing NBV x 1.50 x 50% interest).