

Message

From: Ed Houghton [/O=TOC/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EHOUGHTON]
Sent: 1/18/2012 8:02:58 PM
To: Dean Muncaster [/O=TOC/OU=First Administrative Group/cn=Recipients/cn=DeanMuncaster]
Subject: FW: working capital write up

Also FYI.....Ed

Mr. Ed Houghton, President & CEO

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From: Rockx, John [mailto:jrockx@kpmg.ca]
Sent: January-18-12 3:00 PM
To: Ed Houghton
Subject: RE: working capital write up

Ed:

We are trying to get to a dividend of \$5.3M. Based on the 2010 financial statements we are at \$4.6 M from Collus Power + \$0.2 M from Solutions = \$4.8M. Powerstream estimates that the recap dividend from Collus Power alone will be \$5.6 M once calculated based on 2011 financial statements.

I think Powerstream is too aggressive and that the 2011 financial statements will show a \$5.0 to \$5.1 M recap dividend from Collus Power + \$0.2 M from Solutions = \$5.2M to \$5.3 M. This increase over 2010 values is more in line with expected profits from Collus Power for 2011. However, I cannot confirm the Recap Dividend until the 2011 financial statements are available. I also think it would be dangerous to include Powerstream's projected 2011 recap dividend of \$5.6M in the Recap Dividend Schedule attached to the Share Purchase Agreement since it is not realistic and will create unrealistic expectations.

So - \$4.8M of dividends is real (based on 2010 financial statements) + an estimated increase of \$400K to \$500K for 2011 +/- a possible pick-up for the stub period from December 31, 2011 to the closing date.

I hope that this helps a bit.

From: Ed Houghton [mailto:ehoughton@collus.com]
Sent: Wednesday, January 18, 2012 9:10 AM
To: Rockx, John
Subject: Re: working capital write up

So we are now from \$5.3 to \$4.6?

Sent from my iPad

On 2012-01-18, at 9:02 AM, "Rockx, John" <jrockx@kpmg.ca> wrote:

Ed;

I don't think Powerstream's calculation for 2011 will be achieved. Too much of an increase over the balance for 2010 - \$4.6 million.

From: Ed Houghton [<mailto:ehoughton@collus.com>]
Sent: Wednesday, January 18, 2012 8:18 AM
To: Rockx, John
Subject: Re: working capital write up

John:

Is the \$5.5 million noted in this attachment the new value of the re-cap?

Ed

Sent from my iPad

On 2012-01-17, at 4:49 PM, "Rockx, John" <jrockx@kpmg.ca> wrote:

Daniel / John:

Here is a revised schedule for the Recapitalization Dividend and a black-lined version. Sorry about the detailed changes – I wanted the calculation to be crystal clear.

PS – Note the final paragraph, I added this since I believe that there is a \$100K principal repayment on the Infrastructure Ontario debt on April 15, 2012. Also, I removed the projected recapitalization dividend calculation for 2011.

PSS - I will send through the calculation of the additional dividend from the other three companies in about an hour.

From: Daniel Miller [<mailto:daniel.miller@powerstream.ca>]
Sent: Tuesday, January 17, 2012 3:56 PM
To: Rockx, John
Cc: John Glicksman; Carolyn Young
Subject: RE: working capital write up

John R,

Thanks for taking the lead on the first go around at tidying up the SPA. When do you think you will have a draft for us to review?

Thanks,

Daniel

From: Rockx, John [<mailto:jrockx@kpmg.ca>]
Sent: Tuesday, January 17, 2012 8:35 AM
To: Daniel Miller
Cc: John Glicksman; Carolyn Young
Subject: RE: working capital write up

Collus has accepted Recap Dividend formula. I will tidy up Schedule wording for SPA.

From: Daniel Miller
[\[mailto:daniel.miller@powerstream.ca\]](mailto:daniel.miller@powerstream.ca)
Sent: Monday, January 16, 2012 1:39 PM
To: Rockx, John
Cc: John Glicksman; Carolyn Young
Subject: RE: working capital write up

Thanks John.

From: Rockx, John [<mailto:jrockx@kpmg.ca>]
Sent: Monday, January 16, 2012 1:38 PM
To: Daniel Miller
Cc: John Glicksman; Carolyn Young
Subject: RE: working capital write up

Daniel:

Thanks for the updated schedule. The 2010 numbers tie in based on the adjustments John and I discussed earlier today. Once I get Collus Power approval of the final methodology, I will let you know. I will also make a few wording changes to the Schedule, but these won't impact the 2010 calculation per se.

The revised schedule probably won't be sent to you until Tuesday.

From: Daniel Miller
[\[mailto:daniel.miller@powerstream.ca\]](mailto:daniel.miller@powerstream.ca)
Sent: Monday, January 16, 2012 12:20 PM
To: Rockx, John
Cc: John Glicksman; Carolyn Young
Subject: working capital write up

Hi John,

I have revised the working capital write-up as per your phone call with John Glicksman. Please review and let me know if further changes are required.

Daniel

Daniel Miller, MBA
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<Working Capital Write Up - Revised.doc.docx>

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